



**Interest rates have dropped a lot in recent months. Is now a good time to fix the interest on our mortgage?**

**Sophie, Windsor Downs NSW**

With interest rates at its lowest level since 1964, it is a great question about when (not if) we should start lock in a low rate for the next 2, 3 or 5 years.

The best time to fix your rate is when you think interest rates will start rising again. With most experts predicting a further fall from the current RBA rate (3.25%) you could probably afford to wait a bit longer. But definitely re-visit that decision in 6 to 12 months time Sophie when rates may start rising again.

Remember that the certainty associated with fixing interest rates does come at a cost as they are generally at a higher rate than the variable rate at the same time. And there is also a high economic cost in breaking one. Perhaps consider hedging your bets by fixing a portion of your loan between fixed and variable later in the year. It gives you the best of both worlds.