

NEWS

Mortgage advisers make NZ borrowers better off – survey

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New Zealanders who get help from a mortgage adviser are better off than those who don't.

They are more likely to own a home in the first place and to pay less for it in the long run.

These are among the findings of a new survey of 2000 people, which was carried out last October.

The survey was commissioned by the body that actually represents advisers – Financial Advice New Zealand.

But it engaged an established survey company, CoreData Research, to carry out the study by interviewing 2000 people last October. The report was called 'Better Behaviours' and was a follow up to an earlier exercise a year ago.

It found 65% of advised people owned their own home, compared with 60% of unadvised people.

And having bought their home, 65% reviewed their mortgage rates more often, changed the terms more often and overwhelmingly believed they would save money in the process.

The survey found 86% of advised people had reviewed their mortgage in the past year compared with 68% of unadvised New Zealanders.

A clear majority of advised mortgagees used their review to change their arrangements, using schemes like offset mortgages or revolving mortgages to reduce the gross amount of money they would eventually pay on their homes.

But a minority of unadvised home owners did the same thing. And advised mortgagees also responded with long term thinking when interest rates fell and their fortnightly payments had the chance to be reduced.

Advised home owners also responded positively when their incomes rose, deciding to pay off a mortgage faster instead of pocketing the extra cash.

Financial Advice New Zealand chief executive Katrina Shanks, said the results showed the benefits of advice surpassed the cost of paying for advice in the first place.

“Many of our advisers in New Zealand are commission based so there is no upfront cost to the consumer.

“And where there is an upfront cost, if you talk to anybody who has sought advice, they will say to you that the change in their financial wellbeing has been so significant that it totally outweighs any cost they may have incurred.”

Shanks also said the fact that Financial Advice NZ commissioned the survey did not mean it got the outcome it wanted.

“Some of the results did not show a big difference. What we tried to do was to get a balanced result, and to use research that had integrity, that had a lot of open questions that could have gone either way.”

As well as looking at mortgages, the survey considered issues like insurance, retirement planning and KiwiSaver.