

What Higher Rates Mean for You

October 2026

Another interest rate rise. If you have a mortgage, that probably isn't the news you wanted.

On 30 September, the Reserve Bank increased the cash rate by 0.25 percentage points to 4.60%. It is the highest cash rate since 2011, with the RBA pointing to inflation that remains too high and recent economic data that has been stronger than expected.

For many households, the immediate question is simple: what does this mean for my mortgage and my household budget?

But higher interest rates aren't necessarily all bad news.

Start with your mortgage

For borrowers with variable-rate home loans, higher interest rates generally translate into higher repayments. The impact will depend on factors such as your loan balance, remaining loan term and whether your lender passes on the full increase.

Beyond the effect on monthly repayments, higher rates also mean a larger portion of each repayment goes towards interest rather than reducing your loan balance.

This makes it a good time to revisit your home loan arrangements. Consider checking:

- Your current interest rate
- Whether your loan remains competitive
- The benefits of any offset or redraw facilities
- Opportunities to make additional repayments if affordable

Small adjustments can often have a meaningful long-term impact on reducing interest costs.

Look at the whole household budget

When mortgage repayments rise, something else in the household budget may need to change.

The problem is that many expenses don't feel particularly large on their own. A few subscriptions here, takeaway meals there, insurance, utilities, school costs, groceries and the occasional online purchase can all add up.

And with inflation running at 4.0% in the year to August 2026, household expenses are already under pressure.

Rather than focusing on individual expenses, it's helpful to look at overall cash flow:

- How much income is coming in each month?
- What are your regular expenses?
- How much is left over after essential costs?

Understanding these figures provides greater control and can help identify areas where small changes may improve financial flexibility.

There is a positive side to higher rates

While borrowers face higher costs, savers may benefit from improved returns on savings accounts and term deposits.

For many years, low interest rates meant cash holdings generated minimal income. Today's higher-rate environment has changed that, allowing savings to earn more meaningful returns.

This can particularly benefit households building emergency funds or keeping cash aside for upcoming expenses. Having savings available can provide valuable flexibility and reduce the need to rely on credit during unexpected events.

Don't let rates take over the conversation

Interest rates are important, but they are only one part of your financial picture.

Your mortgage, savings, superannuation, other debts, household expenses and longer-term goals all fit together.

And while nobody can know exactly where interest rates will go next, understanding where you stand can make changes in the economic environment easier to manage.

Important Updates

Centrelink Clients

The government indexes twice a year and the last rate increase was 20 September 2026 which is why you would have noticed an increased amount hitting the bank account

Office Xmas Closure

Please note that the office will be closed from 18/12/25 to 04/01/26 for the Christmas period.
