

Media release – embargoed until 00.01 on 20th February

ONE IN THREE AUSTRALIANS EXPECT TO HAVE A MORTGAGE IN RETIREMENT

Sydney, 19 February 2006: New research from Citibank shows that it’s not only diamonds that are forever, but increasingly, mortgages too. Once something to be rid of as soon as possible, demographic and sociological changes mean that a mortgage is fast becoming a debt for life.

Offering an inside glimpse to Citibank’s forthcoming report titled ‘Home as a Financial Tool’ the findings revealed that while the importance of paying off a mortgage is still rated highly amongst 95% of people, the reality is vastly different.

Likelihood of mortgage in retirement by age

	Age of respondent				
	18-24	25-34	35-44	45-54	55+
Likely	45%	43%	47%	33%	20%
Not likely	55%	57%	53%	67%	80%

Martin Barter Head of Mortgages at Citibank said: “As first time buyers become older and more people start a new mortgage term when they move home, a growing number of people will see their mortgage ‘crash’ into their retirement.

“Our research paints a radically different picture of the mortgage landscape from say ten or 20 years ago. We are now seeing 45% of 18-44 year olds who expect to be shackled to a mortgage in retirement. At a time when their average income is set to drop and other financial pressures come into play, this is going to be an unwelcome burden for many.”

On the other side of the coin, the number of Australian’s who have paid off their mortgage shows that more education is required – particularly amongst younger age groups – on ways to pay off their mortgage faster.

Unencumbered homeowners by age

	Age of respondent				
	18-24	25-34	35-44	45-54	55+
% who own home outright	-	8%	14%	41%	75%

Martin Barter continued: “If this pattern continues, the great Australian dream of owning your own home will be dead and buried. There are a number of options people can use to get ahead with their mortgage – including the obvious ones like making additional and more frequent repayments or using an offset account to reduce interest.

“Used wisely, refinancing can also be a useful alternative to free up equity which can then be invested for higher returns. The end result can enable you to pay off a bigger chunk of your mortgage than would otherwise have been possible.”

Citibank offers a range of competitive mortgages including a two year fixed rate of 6.55% (comparison rate 7.30%). Until March 31st, new customers will also be able to take up the following offers;

- No application fee for Citibank's 'Red Hot Basic' loan (an upfront saving of \$590)
- First annual package fee waived on all Citibank Mortgage Plus applications (a saving of \$350)

Further information on Citibank's range of mortgages is available at www.citibank.com.au or by phoning 13 24 84.

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Methodology:

The data for the Citibank / IPSOS Poll was collected via an online survey methodology in all States and Territories and in both city and country areas. All interviewing was conducted between December 16-19, 2005. A total of 1,000 people were surveyed for the Poll. The sample was evenly divided between males and females. Age and regional quotas were set to ensure the sample was representative of Australia's voting age population. Based on the total sample, the maximum margin of sampling error is plus or minus 3 percentage points.

Note to editors:

All loans and credit are subject to Citibank's normal lending and credit criteria and applications must meet approval guidelines on individual products to qualify for relevant package discounts. Terms and conditions are available upon request. Fees and charges apply. Personal borrowers only (Australian Residents). The Citibank Mortgage Plus Package is not offered on: Loans with an introductory variable interest rate, Construction loans, Self-Certification loans and Basic Variable Rate loans. Interest rate current as at 6/2/06.

The comparison rate is calculated on a loan amount of \$150,000 over a term of 25 years. WARNING: This comparison rate is true only for the examples given and may not include fees and charges. Different terms, fees or other amounts might result in a different comparison rate. A comparison rate schedule is available at www.citibank.com.au and 2 Park St, Sydney.