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Just Because The Bank Says Yes... Doesn't Mean You Have To.

Is the bank's maximum limit your personal borrowing limit?

A young couple came to me excited.
"We've been approved to borrow $1.2 million."
They were smiling. They thought they'd won.

I asked them one question: Do you actually want to bor $1.2 million?

The room went quiet.

Like many borrowers, they assumed the bank's maximum borrowing limit was the amount they should spend. It's not.

After 25 years in banking, here's what the bank's number doesn't factor in:

- Banks calculate what you can afford today, using their lending policies, your income and expenses, and a range of assumptions.
- Life doesn't follow lending policies — a first child, parental leave, rising childcare costs or rate rises aren't in the model.
- Unexpected costs — a new car, a medical bill, a change land regardless of what the bank in work hours approved.

The bank doesn't revisit your budget every six months. You do.

- The smartest borrowers I've worked with rarely borrowed the maximum on offer.
- They borrowed the amount that still let them sleep well at night.
- A mortgage shouldn't leave you wondering if you can afford a weekend away, a broken fridge, or saying yes when life changes

> The question isn't: "How much will the bank lend me?" The better question is: "How much debt lets me enjoy my life while still building wealth?" There's often a big difference. Just because the bank says yes doesn't mean you have to borrow every dollar.

Not Sure How Much You Should Borrow?

Let's work out your personal number before you sign on the bank's.

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