



FACT SHEET



Offset Accounts

An Offset Account can help you make the most of your income and other available funds to reduce interest payable on your loan and reduce your loan term. It also gives you access to your available funds whenever you need them.

Offset Accounts come in two forms:

(1) Transactional

A transactional account allows you to make day to day purchases and deposits using eftpos, cheque book, internet and phone banking.

(2) Non-transaction.

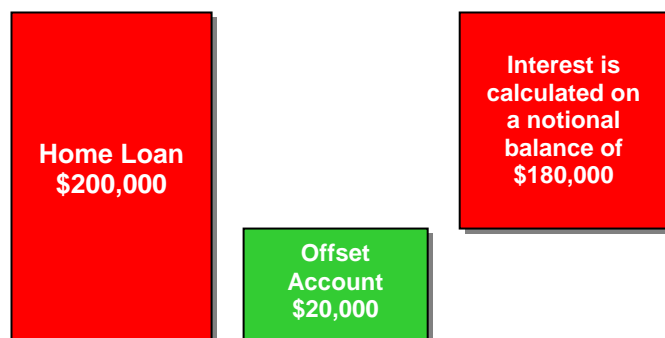
A Non-transactional offset account works like a cash management account with deposits and withdrawals made via the internet or phone banking.

Things to watch out for?

- You should check for any fees charged on the offset account including transaction fees.
- Some offset accounts are not “100% offset”. This means the Bank does not pass on the full amount of the offset benefit. This is especially the case with fixed rates.
- You should check to see if your money in the offset account is easily assessable.
- You should also check that you are getting the best rate. Some Banks charge an additional interest rate if you take an offset facility

EXAMPLE - OFFSET ACCOUNT

In the following example you have a Home Loan with \$200,000 owing and a 100% account with a credit balance of \$20,000, in effect, you will only pay interest on your home loan on a notional balance of \$180,000.



COMPARE IT TO A TERM DEPOSIT?

One way to look at an offset account is to compare it to a term deposit or similar cash management account. The deposit rate will actually be the same as your loan. For example if you are paying 7.5% on your loan you will effectively be receiving 7.5% on your deposit.

Similar Products

A **Line of Credit** (or All in One Facility) - used in the same way will have the same effect as having you money in an offset account.

A traditional loan with **REDRAW** will have a similar effect however some lenders can charge for this. Depending on your situation there may be longer term differences. Please refer to our Fact Sheet “Offset or Redraw”