

Fact sheet

# Mortgage Offset

Effective 5 December 2024

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## What is an Offset?

It's an everyday transaction account that is linked to a customer's Home Loan

## Which Home Loans are eligible?

Offset Home Loan & Clean Energy Home Loans

## Benefits of Offset Accounts

- No monthly account fee
- Unlimited amount of offsets and 100% offset on variable rate products including IO
- Reduces the interest charged on home loan
- Account can be linked to a Visa Debit Card

## How does an Offset Account work?

The balance of the offset is subtracted from the linked home loan each day before daily interest is calculated then offset benefit is applied at the end of each month when accrued interest is charged.

For example: John has a \$500,000 loan with \$50,000 in their offset account for 15 days of the month. The remainder of the month, John has \$20,000 in their offset. So for 15 days of the month, John will accrue interest on \$450,000. The remainder of the month, John will accrue interest on \$480,000.



### **Will my offset reduce my repayments?**

The amount the customer has in their offset simply reduces the amount of interest charged at the end of the month. It won't put the customer ahead/in advance on their repayments nor will it reduce their P&I repayment amount. Their standard monthly repayment will still be due.

### **So where is the benefit?**

As a result of having an offset benefit applied, the customers' principal balance will reduce faster, resulting in the loan effectively being paid out quicker than the contracted loan term due to less interest being charged.

### **Are there any limitations?**

Yes. If an eligible product is fixed, customers are limited to one offset linked to the home loan with a capped balance of \$20,000.



