

# Understanding Offset Accounts

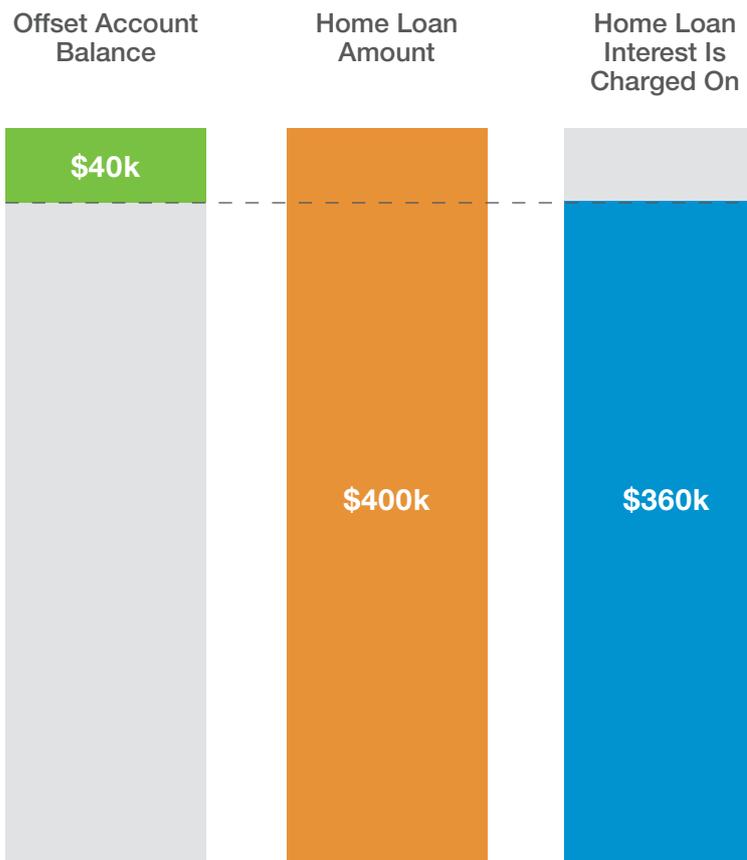
## What is an offset account?

An offset account is a transaction account linked to your home loan that may be able to help reduce the interest you pay on your home loan. The balance in the transaction account is effectively offset daily against your outstanding home loan balance.



## Features

- You could reduce interest: offset the balance of your eligible transaction account against the balance of your home loan. You will only pay interest on the balance outstanding in your home loan account, less the amount sitting in your offset transaction account.<sup>1</sup>
- You could reduce the term of your loan: reducing the interest you pay over time means that if you are making principal and interest repayments and you do not redraw your available funds in your home loan account, you could pay off the principal of your home loan sooner and reduce your overall loan term.
- Easy access: an offset account allows you to make the most of your income and other funds to reduce the amount of interest payable on your home loan, while keeping access to that money, should you need it.



## Offset scenario

Chloe and James have a \$400,000 variable rate home loan and \$40,000 in a RAMS Action with Offset account. As the offset account is linked to their home loan, the amount on which they pay interest is

\$360,000 (\$400,000 – \$40,000). If the interest rate on the loan was 4.5% p.a., the interest for the month would be \$1,376, which is \$152 less than what

they would have been charged without the offset facility.<sup>2</sup> The good thing is, the money sitting in the transaction account is easily accessible when required.

Assumes a 31 day month and no other transactions on the home loan or offset account during the month.

No interest is paid on the funds in the RAMS Action with Offset while it is linked to the RAMS home loan.

