

Your home loan features.

General information on offset, redraw and dynamic repayment loan features.

What is an offset account?

An offset sub-account is an everyday transaction sub-account that's linked to your home loan (it is not a separate account). Any money that you put into your offset sub-account over a period of time reduces the amount of interest you pay on your home loan.

The more money in your offset sub-account and the longer the money is there, the less interest you will pay. This could help you pay off your home loan sooner.

For example, if you have a home loan of \$500,000 and \$50,000 in your offset sub-account, you'll only be charged interest on a loan balance of \$450,000 (\$500,000 - \$50,000).

- ✔ Offset sub-accounts do not impact your repayments.
- ✔ Offset sub-accounts are usually only available on variable home loans.

What is redraw?

Redraw allows you to access any extra repayments that you have made to your home loan over and above the minimum repayment amount required.

Because you are reducing your loan account balance, this can help reduce the amount of interest you pay on your home loan. It is not a separate account.

A Redraw facility is usually only available on variable home loans.

What is the difference between offset and redraw?

Firstly, let's look at how these are the same:

- ✔ Both allow you to reduce the interest you are paying on your loan by reducing the outstanding loan balance on which interest is calculated.

What's different is:

- ✔ Redraw is a loan feature (i.e. part of the loan) whereas an offset account is a sub-account.
- ✔ As redraw is a loan feature, you will see a reduced loan balance. As offset is a sub-account, you will not see a reduced loan balance.

What are dynamic repayments?

Dynamic repayments allow you to make additional payments but rather than reduce the loan term the repayment amount reduces while the original term of the loan remains the same. With a dynamic repayment feature, the money in your redraw is used to reduce the outstanding balance on which your repayments are calculated meaning that your monthly repayments are reduced.

This means that your repayments will change each month depending on your redraw balance. The more funds you have available for redraw, the lower your repayments - but you should be aware that if you only make the minimum required repayment, you will not pay your loan off faster.

Dynamic repayments are not available for Interest Only or Fixed Rate loans.

Get in touch

To find out more, contact Customer Care on 1300 764 447 or email customercare@resimac.com.au