Basic Product

VERSUS

Package Product

Before choosing what's right for you, it is important to take into consideration the different features and limitations of each type of loan.

	
A basic loan is light on features and usually offers less ongoing fees and lower interest rates.	*A package home loan involves combining the home loan and other commonly used financial products, such as offset account and/or a credit card, into one bundle.*
If you are a borrower looking for simple features of a loan, such as having a redraw facility available and does not require an offset account, then a basic loan is perfect for you. *It is also useful for home buyers who don't really want to pay for features they won't use.*	*A package loan includes a range of products like an offset account in addition to redraw being available on variable rate loans.* *This type of home loan is useful for borrowers who have savings or cash flow that will reduce their monthly loan interest cost and help pay off the loan faster.*
A basic loan commonly uses a variable interest rate.	*A package loan might include a combination of both variable and fixed interest rates.* *The loan is also usually at a lower discounted interest rate compared to the standard variable or standard fixed rate.*
This type of home loan is preferred by borrowers who want lower regular repayments and no ongoing costs.	*You will usually need to pay an annual fee of $300-400 for the package benefits.* *From time to time, a bank may have a special promotion which offers a discounted or a waived package fee.*

SCENARIO WITH A BASIC LOAN

Loan Amount	Interest Rate	Loan Term
$500,000	4.5% (standard variable)	30 years

Monthly Repayments	Credit Card Fee	Savings Account Fee
$2,533	$180/year, $15/month	$60/year, $5/month

Total each month: $2,553
Total each year: $30,636

SCENARIO WITH A PACKAGE LOAN

Loan Amount	Interest Rate	Loan Term	Package Fee	Monthly repayments
$500,000	3.75% (includes 0.75% package discount)	30 years	$360/year, $30/month	$2,316

Total each month: $2,346
Total each year: $28,152

WHEN SHOULD I CONSIDER A BASIC?

A basic loan is often simple to apply for, and convenient for people borrowing smaller amounts.

Basic loans are also a lot cheaper for one-off single loans on a single property since the interest rate is usually competitive and there are often low establishment costs and no ongoing fees.

WHEN SHOULD I CONSIDER A PACKAGE?

Package loans are best advised for people who want to grow their investment portfolio or for those who already have multiple properties and/or multiple loan accounts eg: home loan and investments loan.

It is also suitable for high income earners, as an offset account can be very useful to save money.

A basic and a package loan has its own benefits and limitations. Your Peasy broker is here to support you through every step of the process and explain the pros and cons, specific to your situation.

If at any time you have any questions or concerns, feel free to contact us on 1800-3-PEASY