

What is an Offset Account?

An offset account is a fully functioning transactional account which offsets against the interest on your home loan. Generally speaking, most lenders will only allow an offset account to offset against a variable rate loan, however if you would like fixed, you can “split” your loan and have a portion variable which you can offset.

Here's how it all works:

Offset Account

Credits:

*\$Salary
\$Investment
\$Rent*

Debits:

*\$Loan Repayments
\$Direct Debits
\$Expenses
\$ATM*



\$20,000

You put \$20,000 into your offset account

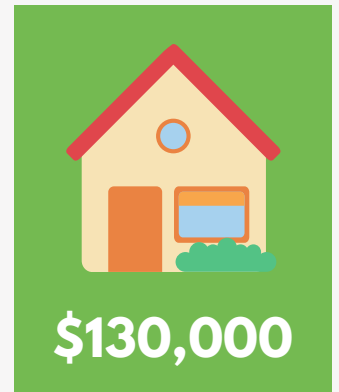
Your Mortgage



\$150,000

The \$20,000 is offset against your mortgage

Interest is charged on:



\$130,000

Your interest repayments are charged on your mortgage minus the offset

Benefits of an offset account:

- Better access to your funds, whilst still keeping the benefit of saving interest on your home loan
- You save interest, rather than earn interest, which means there isn't income tax to pay
- Your income can be paid directly into the offset account, meaning you save interest immediately when the funds are deposited