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:	Debits:
$Salary	*$Loan Repayments*
$Investment	*$Direct Debits*
$Rent	*$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