

# Offset account



An offset account lets you deposit and withdraw funds at will, reducing the interest you pay on your home loan.

## 1 Interest charged

Interest is charged on your home loan reduced by the amount in your offset account.

## 2 It's not free

Most lenders charge for the facility, usually through a higher interest rate.

## 3 Direct deposit

It may be more beneficial to pay funds directly into the home loan rather than into an offset account.

## How it works — a worked example

Home loan: \$500,000

Interest charged on \$450,000

\$50k  
offset

- \$50,000 sitting in the offset account is subtracted from the loan balance.
- You are charged interest on \$450,000, not the full \$500,000.
- At a 6% rate, that saves roughly **\$3,000 a year** in interest.

Indicative only. The 6% rate is illustrative; actual savings depend on your rate and offset balance.

This is general information only and does not take into account your personal circumstances. Consult a licensed adviser before making any decision.