

# OFFSETS

## WHAT IS IT?

In simple terms, an offset is an everyday banking account linked to your loan, with a very special feature. Money that's deposited into it can be used to reduce the interest you pay on your principal. Offset accounts are only available on our Flex Variable rate home loan.

## HOW DOES IT WORK?

Offsets work by reducing how much interest is charged on your loan. Put simply, the interest you're charged will be based on the amount remaining on your loan, minus the amount you keep in an offset. For example, if you have a \$500K loan and \$20K is kept in an offset account, you'll only get charged interest on \$480K.

The more money in an offset, the more you can reduce your interest. As it's an everyday banking account you can use the cash anytime, but the less in the account, the less you'll reduce the interest on your loan.

## WHAT ARE THE BENEFITS?

The key benefit of using an offset account is that you are charged less interest, which means you can pay off your loan faster.

While your loan repayments remain the same, more of your repayment will go towards paying off your principal, as your interest will be reduced. This can help you pay off your loan faster. In simple terms, it's quicker to pay off the principal and interest on \$480K than \$500K.

To use an example again, if you have a \$500K loan and consistently leave \$20K in an offset account you could reduce your loan duration by 3 years\*.

## LINKING AN OFFSET

Before settlement you can request your Spend, Bills or Save accounts be linked as offset accounts to your variable loan. This is done via the Home Loan Repayment and Offset Authority Form. It's worth noting if you link your Save account that you won't receive bonus interest from that month onwards while it's offsetting your loan.

Alternatively, you can link an offset account after your loan is settled or after your fixed loan switches to a variable rate by calling the ubank team on 13 30 80.

If you've got any questions, get in touch with our lending specialists on 02 9058 7404. We're available Monday to Friday, 9am–8pm, and Saturday & Sunday, 9am–6pm (Sydney time).

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home loans

\*Estimation based on making monthly P&I repayments of a \$500K loan over a 30 year loan term at 7.00%p.a. with no additional repayments.

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