

The power of Offset Accounts

Use your savings to
reduce your home loan.



Talk to us today

We can help you find the
right solution for you.

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One of the best ways to minimise the interest charged to your loan is to have an offset savings account.

An offset account allows you to 'offset' any money in the account against the balance of your home or investment loan.

For instance, if your home loan balance was \$400,000 and you had \$50,000 in your offset savings account you would only pay interest on \$350,000. That is, if your offset savings account was set up as a 100% structure – the two accounts (savings and home loan) having equal interest rates.

A mortgage offset account becomes a personal transaction account. Remember the daily limit of your account is offsetting your home loan when the lender calculates the interest.

An offset account will allow you to:

- **Pay off your loan sooner.** For example, you are only required to pay interest on the amount of \$350,000, however you will in practice keep paying interest on the full amount of \$400,000. This means you will make extra repayments and the loan period is eventually made shorter.
- **Earn tax-free interest on your savings.** Even though you are earning interest on the savings in your offset savings account at the same interest rate as your home loan, there will be no interest accumulating in your offset account, as it will have been applied in full to your home loan.
- **Put your savings to work.** It is likely that the rate of tax-free interest you are earning in your offset savings account is higher than the rate you are likely to get in any other savings account, where it will be liable for tax. You can make your savings work harder for you by transferring any money you have invested elsewhere as well as your salary, into your offset savings account.
- **Flexibility.** Your offset savings account will allow you to continue with your everyday banking such as paying bills and transferring money in or out at any time. Even if for some reason you need to use all the money in your offset account, your home loan remains unchanged.

**Talk to us today to see if an offset account is
suitable for you?**