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SERVICES

HOME LOANS

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Ready, set, offset

An offset account can be a powerful tool to pay your mortgage off quicker.

Angelo Benedetti

Mortgage reduction is a priority for most property owners, with debt free homeownership the goal. But what are the most effective ways to achieve this?

The 'offset account' is one tool that is growing in popularity with borrowers looking to drive their mortgage down, but still have access to cash should they need to draw on it quickly.

An offset account is simply a savings account that's attached to your home loan. It operates like a regular transaction account but any money that goes into it is deducted from your loan balance before the interest is calculated. Your savings remain in the offset account and can be easily accessed when needed.

Why use an offset account?

Some of the key benefits of using an offset account include:

- Your income works for you the minute it lands in your account as it saves interest on your home loan.
- While your income and savings work to reduce your loan, your funds are still easily accessible should you require cash quickly.
- Though interest isn't paid on your savings, through using an offset account you're saving through lowering the principal of your mortgage, which means paying less interest!
- Since the 'earnings' in the account go towards paying off your mortgage, it's not considered taxable income.

Is an offset account right for me?

An offset account is an effective mortgage reduction tool for most borrowers as it allows easy access to your cash, but still ensures that

regular payments go towards reducing the loan. Offset accounts are particularly effective for borrowers with higher disposable incomes since the larger amount of excess funds placed into a mortgage has a greater impact on reducing the loan's principal.

If you're interested in looking at how an offset account might work for you, ask us what products we recommend. When discussing your options keep the following points in mind:

- There are two types of offset accounts, 'partial' and 'full'. Partial offset accounts are usually less beneficial than full offset accounts as the interest rate is generally below the mortgage rate.
- Some offset accounts charge monthly fees or transaction fees, and you may be charged a higher interest rate on your mortgage for the privilege of adding an offset facility.
- Most offset accounts require a minimum balance
- You may incur charges if you decide to refinance your current home loan to include an offset account.



Family Holidays that won't break the bank

Dreaming of a summer holiday that's relaxing, fun and most of all affordable? Taking a great family holiday without impacting too heavily on your mortgage

repayments is possible - it just takes some careful planning and budgeting! So what's the secret?

- ◆ Get organised. Book in advance and not only will you find better deals, you'll also avoid any last-minute stress.
- ◆ It doesn't need to be five star. Think outside the square, a family holiday doesn't need to be an expensive foray to a fancy island resort. Camping is one cost effective idea to keep kids busy exploring the bush or beach, swimming and fishing...they'll never be bored
- ◆ Be self-sufficient. Self-contained accommodation is handy for preparing meals rather than dining out three times a day.
- ◆ Choose cost-effective outings. Search for museums and interesting places to visit that have family deals or free entry for children.
- ◆ Bring back up entertainment. Take along some gear to keep the kids happy such as frisbees, balls and a deck of cards.

◆ Spread the cost. Try to allocate a little out of each pay packet to your holiday over the months before hand. Spreading the costs will help ease the financial burden.

◆ Avoid using the credit card. Try to pay everything in cash, come a few weeks after your holiday the last thing you want is a nasty credit card bill to remind you that you've overspent. If you want to finance some of your holiday speak to us to see how you can package that into your mortgage.

If you would like to discuss your options, please call Angelo Benedetti for a no obligation assessment.