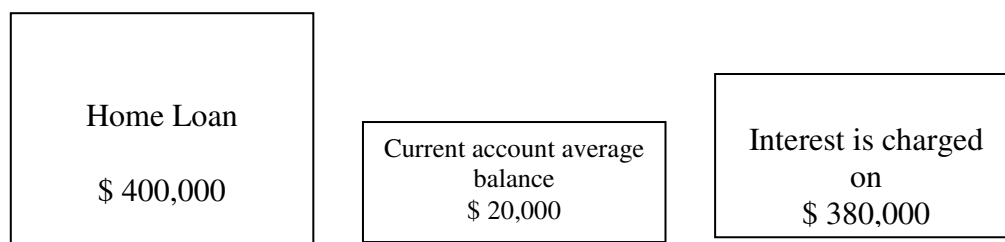
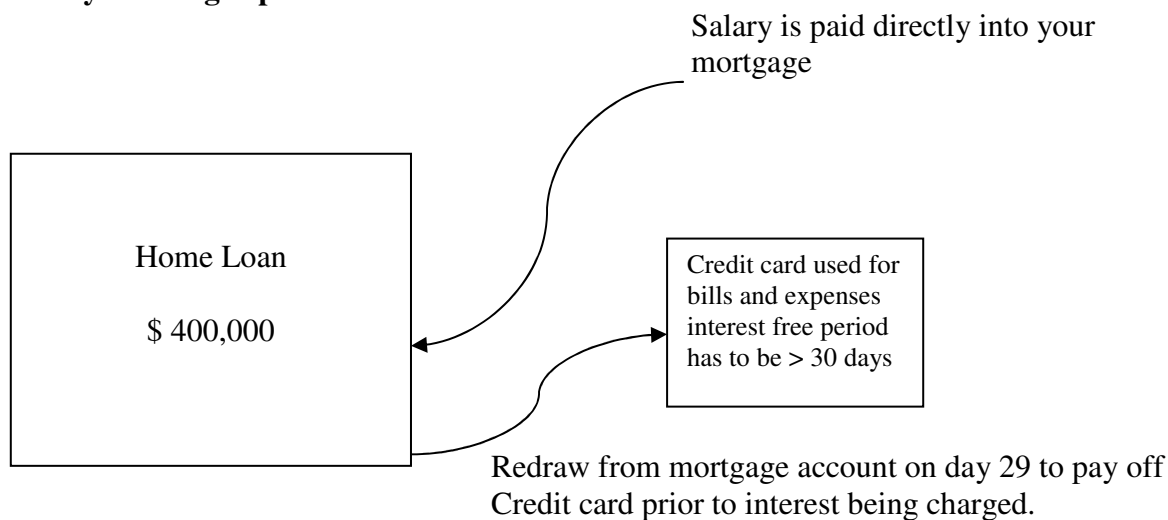


Offset accounts explained

If you borrow \$ 400,000 and are able to keep an average of \$ 20,000 (or whatever you can) in a current account that is a designated offset account then instead of earning interest at a nominal rate you effectively earn the mortgage rate for your money. The loan balance is netted off this balance and interest is charged on the residual value.



Salary debiting explained



If you are able to set a budget and “stick to it” this may be the set up for you. You are effectively debiting your mortgage account with your salary and if you are paid fortnightly then you may be able to get two payments in which will reduce the capital balance of your loan and reduce your interest expense.

Other combinations of the above include salary splitting where a portion of the salary goes to the mortgage another to an offset account which effectively achieves the same result but if expenses can be maintained to a level where they are less than the funds in the offset account the impact on the loan can be greater.