your home loan CONSULTANT

FREE GUIDE FOR HOMEOWNERS

The Interest Reduction Blueprint

Three loan and bank account structures that can help you pay off your home loan sooner, and build equity you can put to work.

STRUCTURE #1 ALONE, MODELLED EXAMPLE

$220,304
estimated interest saved

5 yrs 10 mths
estimated time saved

$750,000 loan, 6.50% p.a., 30-year term. Fortnightly repayments of half the monthly amount vs standard monthly repayments. Estimate only; see important information on the last page.

START HERE

A lower rate helps. A better structure helps for longer.

On most home loans, interest is calculated daily on the balance you owe. So the question that matters is not only "what is my rate?" It is "how much of my money is sitting against the loan, and for how many days?"

Your loan and bank account structure decides that. It determines when your income reaches the loan, how often you repay, and whether your everyday cash works for you or sits idle in a transaction account earning nothing.

THE BASELINE: A STANDARD 30-YEAR LOAN

$956,583

total interest on $750,000 at 6.50% p.a., repaying $4,740.51 monthly

Three structures, one goal

	1. Fortnightly repayments	2. Redraw	3. Offset accounts
How it works	Half the monthly repayment, every fortnight	Income goes into the loan; you redraw spending money as needed	Income sits in linked accounts, each with a job, reducing interest daily
Discipline needed	Low	High	Moderate (the structure builds the habit)
Best suited to	A simple, automatic first step	Disciplined savers who want the loan balance to fall	Households wanting control, clarity and flexibility

Features, limits and fees for redraw and offset differ between lenders and products.

Why this matters beyond interest. Every dollar you stop paying to interest is a dollar that can reduce your debt, build your usable equity, and eventually be used to invest. We come back to that on page 7.

Check your foundation first.

The three structures work on almost any home loan. But if the loan itself is holding you back, or other debts are soaking up your cash flow, fixing that first makes every structure work harder.

1

Is your rate still competitive?

Lenders often keep their sharpest rates for new customers, and a small gap adds up daily. If yours is competitive, keep it.

2

Does your loan have the right features?

Structures 2 and 3 need redraw or offset accounts. Some basic or older loans don't offer them, or limit how many you can hold.

3

Are other debts draining your cash flow?

Cards, car and personal loans often charge 10% to 22% p.a. Every dollar they absorb can't work against your home loan.

Competitive rate, the right features and no consumer debt? Your foundation is sound. Go straight to the structures on the next page.

Not quite? A refinance, and possibly debt consolidation, may be the first step. Done well, it sets up everything that follows. Done poorly, it can cost more, as the example below shows.

Consolidating debt: the repayment decides the result

A household with a $750,000 home loan at 6.50% p.a. also carries three debts:

Credit card	Credit card	Personal loan	Total
$3,702	**$28,969**	**$4,956**	**$37,627**
22.24% p.a. · $149.50/mth	13.99% p.a. · $577.00/mth	9.99% p.a. · $190.00/mth	$916.50/mth

	TODAY **Keep debts separate**	OPTION A **Consolidate, pay the new minimum**	OPTION B **Consolidate, keep paying the same**
Monthly repayments	$5,657	$4,978	**$5,657**
Total interest	$973,388	$1,004,575	**$681,688**
Compared with today	–	**$31,187 more**	**$291,700 less**
Home loan paid off	30 years	30 years	**21 yrs 8 mths**

The trap and the opportunity. Spread over 30 years, this $37,627 attracts about $48,000 in interest, versus about $16,800 on its current repayments. That's why Option A costs more. Option B keeps the budget exactly the same, and most of its saving comes from continuing the $916.50 a month against the loan. **The saving comes from what you do with the repayments, not just where the debt sits.**

Check first

- Close cleared credit cards, or reduce their limits, so the debt doesn't rebuild
- Switching costs (discharge, application, valuation) reduce the saving
- Consolidation increases the debt secured against your home
- Subject to lender approval, credit assessment and your borrowing capacity

Modelled example: $750,000 home loan, 6.50% p.a., 30-year term, rates constant, no fees. "Keep debts separate" assumes current repayments until each debt clears (about 6 years 4 months), then those payments stop, with no further card use. Option B continues the $916.50 a month for the life of the loan. Your result will differ. Estimate only; see important information on the last page.

STRUCTURE 1

Pay half the monthly repayment, every fortnight

The simplest change you can make. Instead of 12 monthly repayments a year, you make 26 fortnightly repayments of half the amount. That is the equivalent of 13 monthly repayments, so you make one extra repayment each year without noticing it.

MONTHLY

$4,740.51

12 repayments a year

FORTNIGHTLY

$2,370.26

26 repayments a year

$750,000 at 6.50% p.a., 30-year term	Monthly	Fortnightly
Time to repay	30 yrs	24 yrs 2 mths
Total interest	$956,583	$736,279
Estimated saving		**$220,304 and 5 yrs 10 mths**

Why it works

- Extra principal goes in earlier, so less interest accrues
- Automatic, so it needs no willpower
- Compounds over decades

Check first

- The repayment must be genuinely half the monthly amount, every fortnight
- Lenders apply fortnightly repayments differently, so confirm yours does so on receipt
- It can be combined with structures 2 and 3

The honest limit: this structure improves the schedule, but it does nothing with your surplus cash. That is where structures 2 and 3 do the heavier lifting.

STRUCTURE 2

Redraw: let your income work against the loan

With a redraw structure, your full income is paid straight into the loan. Each day, your balance is lower than it would otherwise be, so less interest is charged. When you need money, you redraw your planned living expenses and agreed spending allowance.

1. Income in
Salary, rent and bonuses go directly into the loan account.

›

2. Balance falls
Interest is calculated on a lower balance each day.

›

3. Redraw as needed
Living expenses and your set spending money are redrawn.

MODELLED EXAMPLE

Net monthly income	Living costs + spending	Net to loan each month
$12,200	**$5,400**	**$6,800**

$561,241
estimated interest saved

15 yrs 11 mths
estimated time saved

$750,000 loan, 6.50% p.a., 30-year term, $4,741 minimum monthly repayment, compared with paying the minimum only. Assumes the surplus is consistently directed to the loan and the loan is cleared in about 14 years. Your result will differ.

Where it shines

- Everything works against the loan from day one
- Simple: one account to manage
- Strong for people who already budget well

Where to be careful

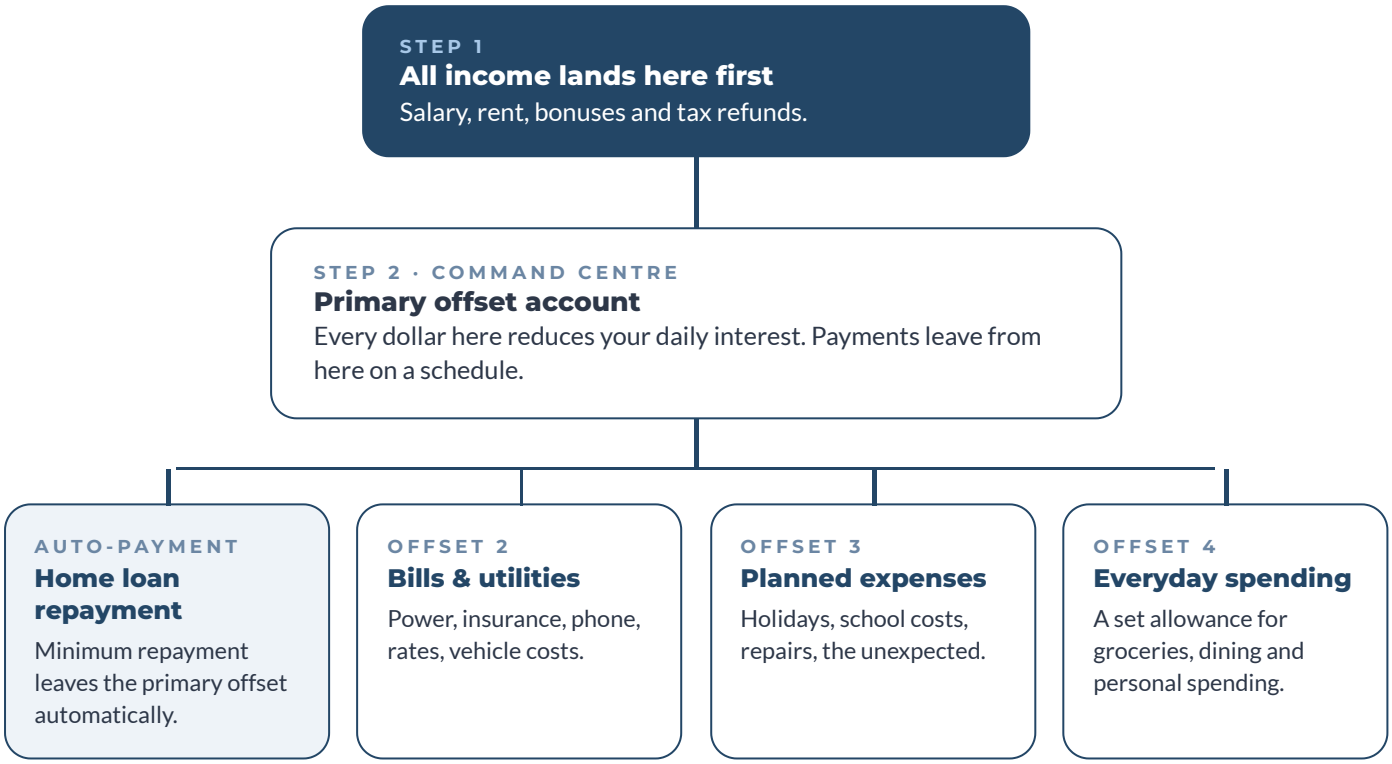
- It only works if you redraw the plan, not more
- Redraw rules, limits and fees vary by lender
- Available redraw can be restricted by the lender

Discipline is the whole strategy. Because your spending money sits inside the loan, it is easy to redraw a little more each month. If that sounds familiar, structure 3 gives you built-in boundaries.

STRUCTURE 3

Offset accounts, each with a job

An offset account is a transaction account linked to your loan. Every dollar in it reduces the balance your interest is calculated on, while the loan balance itself stays intact. Using several accounts, each with a clear purpose, keeps your money organised and your spending inside its boundaries.



Why it works

- Money in offset reduces interest daily and remains accessible
- Your surplus stays in the primary offset, visible and working
- Boundaries stop lifestyle spending eroding the balance

Check first

- Offset products can carry a higher rate or annual fee
- The number of offset accounts varies by lender
- A 100% offset is not always available

YOUR CUSTOMISED OFFSET CASH FLOW PLAN

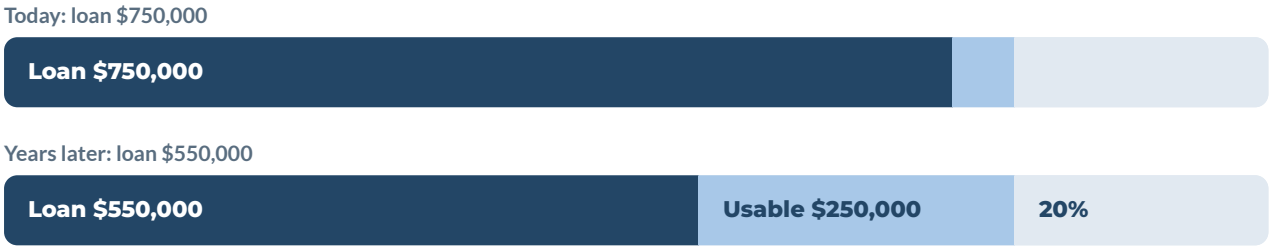
Once your loan is in place and we have your actual living expenses, you receive a plan showing exactly how much to transfer into each account, and when. No guesswork.

THE BIGGER PICTURE

Less interest means more equity, sooner

As your loan balance falls, your usable equity grows. Lenders generally allow you to borrow up to 80% of a property's value, and the equity above what you owe may be available to fund a deposit on an investment, subject to lender approval and your borrowing capacity.

ILLUSTRATION: $1,000,000 HOME, VALUE UNCHANGED



Usable equity = 80% of value less your loan. Same home, $200,000 more usable equity. The remaining 20% is kept as a buffer.

Keep it structured

Investment borrowing should sit in a separate loan from your home loan, so the purpose of each debt stays clear. Tax outcomes depend on your circumstances, so speak with a registered tax agent. The 2026 Federal Budget changes to negative gearing and capital gains tax apply from 1 July 2027, so confirm how they affect you before investing.

Investing carries risk

Not everyone should use equity to invest. The first goal is a stronger, less expensive home loan. What you do with the equity is a separate, considered decision.

YOUR NEXT STEP

See what a refinance and better structure could do for your loan

- Review your current rate, features and structure
- Check whether offset or redraw suits how you manage money
- Estimate your usable equity
- Weigh the costs of switching against the savings

Book a Free Strategy Call

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