

# Understanding redraw and repayments

## Which loans permit additional payments?

**Fixed rate loan:** Only up to \$20,000 during the fixed rate period without incurring Economic Costs. (Important: redraw is not available on fixed rate loans)

**Variable rate loan:** Any amount of additional repayments can be made.

## What is the difference between an offset account and redraw?

An offset account is a separate deposit account, similar to a transaction account, which is linked to your loan. This account allows you to access your cleared funds while offsetting against the balance of your loan.

A redraw facility is not a separate account but a feature within your loan. It allows you to access additional payments (the amount above your scheduled payments) that you've made – refer to Scenario 2 and 3 to understand how it works. Both can help reduce the amount of interest you pay on your home loan.

## How does redraw affect your loan balance?

Accessing additional funds from your loan, including withdrawals or transfers, will lower your available redraw. This may cause your minimum repayments to increase in order to ensure that your loan is on track to be repaid within its contracted term.

## Can I adjust my repayments after I pay a lump sum payment to the loan?

Yes. You can request to reduce your repayments, however, this will reduce your available redraw over time (see scenario 2). Please call Customer Care to make this adjustment.

## How can I repay my loan earlier?

After making an additional or lump sum payment, you can also nominate a reduced maturity date by calling Customer Care on 1300 300 989.

## Why does my available redraw fluctuate?

Your available redraw is the difference between your loan balance and scheduled limit.

As interest is calculated daily and charged to your loan at the end of each month, your available redraw will sometimes appear lower until your next repayment is made.

## When will we recalculate your minimum repayments?

- ✓ Redraw (when total redraw, i.e. total deposits less total withdrawals, are greater than \$1,000 per calendar month)
- ✓ Rate increase
- ✓ Rate decrease
- ✓ Customer review request

## How can you manage your repayments with us?

	Star Net	Customer Request Form	Customer Care
Nominated / additional repayment	✓	✓	✓
Direct salary crediting	x	✓	✓
Once off lump sum payments	✓	✓	✓

**Please call Customer Care if you need further assistance - 1300 300 989**

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# Understanding redraw & repayments

Redraw is the term used to describe the ability to withdraw funds from your variable rate home loan account where additional payments have been made to the loan.

## Benefits of redraw

- Access to additional repayments made, any time through StarNet and debit card.
- Free EFTPOS and ATM transactions via NAB and rediATM networks.
- Set up unlimited direct debits for convenient bill payments to your nominated account at no cost.
- Flexible repayment options including BPAY® In, direct deposit, salary crediting and direct debit.

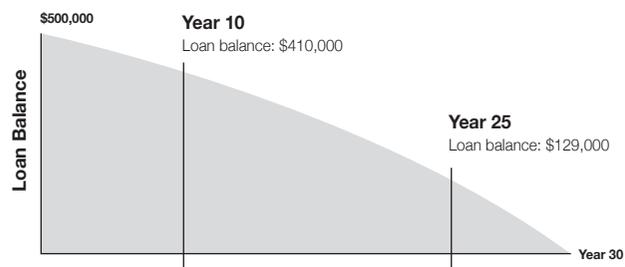
The amount of redraw available (or the amount of additional principal repaid) is calculated as the difference between your current loan balance and your scheduled loan limit (your planned loan position).

To ensure that your loan is paid off by the end of your contracted loan term, available redraw may reduce over time so that your loan balance will be zero. This will vary depending on how you choose to manage your repayments, as shown in the following scenarios:

### Scenario One<sup>1</sup>

Sarah takes out a \$500,000 variable rate home loan with a loan term of 30 years, and makes principal and interest repayments. The graph shows how her home loan balance will decrease over time.

<sup>1</sup>Examples assume no change to interest rates over 30 year loan term



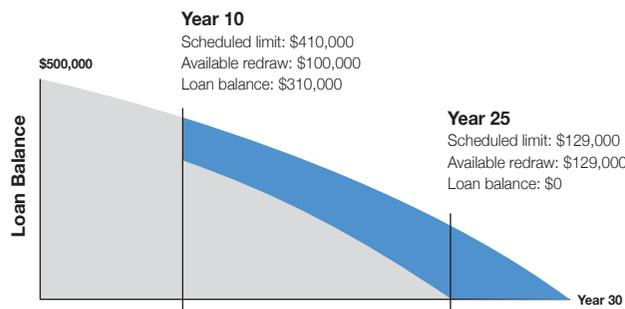
### Scenario Two<sup>1</sup>

Sarah makes a \$100,000 lump sum payment towards her loan in year 10, and her repayments are reduced to allow her to pay off her loan over remaining 20 years.



### Scenario Three<sup>1</sup>

Sarah makes a \$100,000 additional repayment toward her loan in year 10, and continues to make the same unadjusted repayments (i.e. higher than the minimum repayments required).



## Things to consider:

If you make a lump sum payment, your repayments will not be automatically adjusted. However please note: a total redraw (i.e. total deposits minus withdrawals) of \$1,000 or more in a calendar month, or a rate change, will trigger a repayment recalculation. This means your repayments will be adjusted in line with the loan balance to ensure your loan is repaid over the contracted term. As a result your loan won't be paid out early. Instead, it will be paid out on the original final repayment date. Withdrawals include direct debits, EFTPOS cards, ATM and redraw.

You can contact Customer Care team on 1300 300 989 if you'd like to arrange for your repayments to remain at a higher level following a repayment recalculation, or to be reduced following a lump sum payment.

'Once off Future' payment will offset any regular scheduled repayment for one calendar month from the date of payment clearance, which is 5 days after the repayment has been received (i.e. if a lump sum future payment of \$10,000 is deposited on the 5th January, and a repayment of \$2,000 is due on the 15th January; no direct debit will occur as the lump sum is more than the required \$2,000 repayment).

## Understanding your available redraw:

What happens when I make a **once off lump sum payment**, or **regular additional repayments** to my loan and I choose to...

Lower my monthly repayments? (See scenario 2)	
Is my redraw available?	What will happen to my redraw?
Yes	Your redraw will gradually reduce to help make up the difference from your lower repayment
Keep my current repayments the same? (See scenario 3)	
Is my redraw available?	What will happen to my redraw?
Yes	Your redraw may reduce in the event of a rate change or withdrawal > \$1000 in a calendar month

Your available redraw is always the difference between your loan balance and your scheduled limit.