

## Offset Facility

### Frequently Asked Questions

#### **What is the difference between an Offset Facility and a Redraw Facility?**

Offset Facilities and Redraw Facilities are loan components that allow you to make additional payments to reduce interest.

The Offset Facility has a separate running balance and appears on your loan statement. For example, if your loan is \$500,000 and you transfer \$100,000 to the Offset Facility, your loan balance remains \$500,000, but interest is charged on the net balance of \$400,000. If the interest rate is 7%, your monthly savings would be about \$575.34.

In contrast, the Redraw Facility does not show interest savings. There's no running balance on your statement, and the Redraw balance reduces your loan balance. For example, with a \$500,000 loan and \$100,000 in the Redraw Facility, your loan balance becomes \$400,000. You will still be saving interest; however, you won't be able to see how much interest is saved.

The way you transact will be the same for both Redraw and Offset Facilities.

#### **Is the Offset Facility a bank account?**

No, Thinktank is not a bank, the Offset Facility is a component of the loan.

#### **How many Offset Facilities can I have?**

Currently you can have one Offset Facility per loan.

#### **Do I need a nominated bank account set up for direct debits if I have an Offset Facility?**

Yes, you need a nominated bank account with an Australian bank for us to collect direct debit repayments and for you to withdraw funds from the Offset Facility.

#### **Does the Offset Facility have a BSB and Account number?**

No, it does not, payments can be made to Offset Facility via Bpay.

#### **What happens with my funds in an Offset Facility if I miss a repayment?**

Funds in the Offset Facility will be treated the same as funds in a Redraw Facility. When the loan is in arrears, Thinktank will reduce the Offset Facility funds to meet the contractual minimum repayment of the loan and clear any arrears.

**What happens to my Offset Facility if I close my loan?**

As the Offset Facility is part of the loan, it will be closed when the loan is closed.

**Will I get tax benefits for an Offset Facility?**

As everyone's situation differs, we recommended that you seek independent tax advice.

**Can I have more money in an Offset Facility than the loan amount?**

No, as Thinktank is not a bank, we are not permitted to hold funds in excess of your loan balance. Excess funds will be transferred back to your nominated external bank account.

**What is the daily transfer/withdraw limit for my Offset Facility?**

The daily limit is \$5,000 for both Offset and Redraw Facilities which can be done by submitting a withdrawal request via the customer portal. You can also request a larger withdrawal by contacting Thinktank.

**Can Thinktank decline my withdrawal request?**

While it is extremely uncommon for Thinktank to decline borrowers' withdrawal requests, it is at Thinktank's discretion.

**I am an existing borrower, and I have a loan with a Redraw Facility, can I switch to an Offset Facility?**

Our Offset Facility is currently in a pilot stage and will be available for new loans only. We plan to offer Offset Facilities to existing loans in the first half of 2025. Please note that each loan can only have either an Offset Facility or a Redraw Facility, not both.

**How do I make a payment to my Offset Facility?**

For now, you can make payments to your Offset Facility by setting up regular direct debits from your nominated bank account or transferring funds via BPAY.

**Can I close my Offset Facility and switch to a Redraw Facility?**

Not right now, our Offset Facility is a new feature that we are continually building on. We will offer the ability to switch between Offset Facility and Redraw and in the first half 2025.

**Can I have both Redraw and Offset facility for one loan?**

No, each loan can only have one Offset Facility or Redraw facility.

### **Will you charge additional fees or a higher interest rate for an Offset Facility?**

We won't charge additional interest or fees for Offset functionality.

### **How do monthly repayments work with an Offset Facility?**

The minimum monthly repayment will be calculated based on the gross loan balance, excluding the Offset Facility balance. For example, if the loan balance is \$500,000 and the Offset Facility balance is \$100,000, the minimum repayment will be based on the loan balance of \$500,000, with interest calculated on the net balance of \$400,000. Funds in an Offset Facility will not reduce the minimum monthly repayment for loans with Principal and Interest repayments, but will reduce the interest component of that repayment, and the saved amount will reduce the loan balance.

### **Why is my repayment sometimes split between the loan and the Offset Facility?**

On the monthly repayment date, if the direct debit or BPAY amount exceeds the minimum monthly repayment, an amount equal to the minimum repayment will go toward the loan, and any additional amount will be paid into the Offset Facility. For example, if the minimum monthly repayment is \$1,500 and you make a BPAY payment of \$2,000, then \$1,500 will reduce the loan, and \$500 will be added to the Offset Facility. You will see these transactions separately on your statement: one in the loan ledger and one in the Offset Facility ledger.

### **Will I receive a statement for the Offset facility?**

Yes, the Offset Facility transactions will be listed in a separate section on your loan statement. You will be able to see your loan balance, Offset Facility balance, interest savings from the Offset Facility, and other relevant information on your statement.

### **Why is Thinktank's Offset Facility different from a bank's offset account?**

As Thinktank is not a bank, our Offset Facility is not a transaction account, but rather a component attached to the loan.

### **Are funds in the Thinktank Offset Facility covered by the Government deposit guarantee?**

No, Thinktank is not a bank which means that the Government deposit guarantee does not cover the Offset Facility balance.