

Offset Facility

Frequently Asked Questions

What is the difference between an Offset Facility vs Redraw Facility?

Offset Facilities and Redraw Facilities are part of your loan, and you can make additional payments to the Offset Facility or Redraw Facility to reduce your interest repayment; the Offset Facility has its own running balance and a separate transaction listing on your loan statement. For example, if your loan amount is \$500,000 and you transfer \$100,000 to the Offset Facility, then your loan balance will remain at \$500,000 and the Offset Facility balance will be \$100,000. Interest will be charged on the net balance of \$400,000.

You can see how much interest you are saving with an Offset balance. In the example above, if the loan interest rate is 7% then the interest saving for a month will be \$575.34 if there are 30 days in the month in a non-leap year.

A Redraw Facility is different from an Offset Facility in that the Redraw Facility balance will reduce the loan balance. For example, if the loan amount is \$500,000 and you transfer \$100,000 into a Redraw Facility; then loan balance will become \$400,000 and the Redraw Facility balance will be \$100,000. 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 Redraw Facilities and Offset Facilities.

Is the Offset Facility a bank account?

No, Thinktank is not a bank, the Offset Facility is not a bank account, it is a facility offered as part of the loan.

How many Offset Facilities can I have?

Currently you can have one Offset Facility for each loan.

Do I need a nominated bank account 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 Offset Facility to.

Does the Offset Facility have a BSB and Account number?

No, it does not have a BSB or Account number, payments can be made to the 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 a 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, the Offset Facility will be closed when the loan is closed.

Will I get tax benefits for an Offset Facility?

As everyone's situation is different you should 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.

How much is my daily transfer/withdraw limit?

The daily limit is the same between Offset Facilities and Redraw Facilities being \$5,000 and you can submit 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 at the pilot stage, and we will offer this to new loans only, while we will offer Offset Facilities to existing borrowers in the future. However, you can only have an Offset Facility or a Redraw Facility for a loan, not both.

How do I make payment to my Offset Facility?

For the time being, you can make payments to your Offset Facility via setting up regular direct debits from your nominated bank account or transferring funds in via Bpay.

Do you have **a payment** limit for Bpay?

Our Bpay limit is \$2,000,000 per transaction and there is no limit for number of transactions you can submit. The same limit applies for loans with Redraw Facility or Offset Facility. Please be aware your bank may impose transaction limits from the account you are transferring money from.

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

Not right now, our Offset Facility is a new feature we are continually building on. We will offer Offset to Redraw switch in the future. We understand Offset Facilities are not for everyone and we will have the capability in place to switch.

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

No, each loan can have only an Offset Facility or a 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 loan balance gross of the Offset Facility balance. For example, if the loan balance is \$500,000 and the Offset Facility balance \$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. Having funds in an Offset Facility will

not reduce the minimum monthly repayment for loans with Principal and Interest repayment but will reduce the interest component of the minimum monthly 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 amount or Bpay amount is higher than minimum monthly repayment, an amount equal to the minimum monthly repayment will be paid off the loan and any additional amount will be in 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 go to reduce the loan and \$500 will be placed in the Offset Facility). You will be able to see the 2 transactions on your statement, one in for the loan and one for the Offset Facility.

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 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 a Facility attached to the loan.

Are the amounts in the Thinktank Offset Facility covered by the Government deposit guarantee?

No, Thinktank is not a bank and so the Government deposit guarantee does not cover the Offset Facility balance.