



Property Investor Report

OFFSET ACCOUNTS - HOW THEY CAN SAVE YOU \$\$\$ ON YOUR HOME LOAN

An offset account may help you pay less interest on your home loan when you have your investment property's income deposited into it.

What is an offset account?

An offset account is a savings account or transaction account linked to your home loan account. The account's balance (or a proportion of that balance) is 'offset' daily against your home loan balance, and as a result you're only charged interest on the difference between the total loan balance and the amount offset.

This means the lender charges you less in interest because they are not charging you interest on the full, actual remaining balance of your loan.

Offset accounts may be linked to either a variable rate loan or a fixed rate loan. Some home loans may specify that the offset applies for a fixed term, such as a 100% offset for a year against a one-year fixed rate loan.

For example, if you had a loan of \$350,000, with \$100,000 in a linked 100% offset account and \$100,000 repaid, you may only pay interest on \$150,000 of your balance.



How much could you save using an offset account?

An offset account can be a great way to save thousands of dollars in interest on your home loan.

As a purely hypothetical example, Canstar has calculated the benefit of holding either \$20,000 or \$40,000 in a mortgage offset against a \$300,000 home loan.

As this table shows, even a relatively small amount of savings stored in an offset account could save you thousands of dollars in interest over just three years, allowing you to repay more of your loan amount faster. When you repay your loan faster, you pay even less in interest over the life of your loan

How can you take advantage of this for your investment property?

The way that many investors structure their loans, is that they have their rent paid into an offset account, and from here they make loan repayments into their investment account.

If interest is calculated daily, and your agent disburses rent more frequently (for example weekly as opposed to monthly or bi-monthly), this can have a big impact on the amount of interest you are charged over the life of your loan.

As this information is general in nature, we recommend you seek advice from your Accountant to see if you would benefit from using an offset account.

*By David Clair
Chief Financial Officer
Solutions Property Management*

Product	Interest Rate	Monthly Repayment	Amount owing after 3 years	Interest paid over 3 years	Amount repaid after 3 years
Variable	4.77%	\$1,568.56	\$285,476.22	\$41,944.40	\$14,523.78
Variable with \$20,000 in offset	4.77%	\$1,568.56	\$282,405.86	\$38,874.04	\$17,594.14
Variable with \$40,000 in offset	4.77%	\$1,568.56	\$279,335.50	\$35,803.68	\$20,664.50

Table: Interest paid on a \$300,000 loan over three years
Source: www.canstar.com.au

NOVEMBER LEASING REPORT

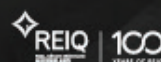
As Christmas approaches, we notice that tenanted properties seem to attract a higher number of better quality applicants who want to secure a property ahead of time. Once a property becomes vacant with no tenants secured, we seem to receive a higher number of 'desperate' applicants of a lower quality who have a limited time to move.

This is why pricing is so important during the early stages of advertising. If a property is above market value, it is too late to wait for it to become vacant before adjusting the price, because we lose all that prime marketing time and effectively have to start all over again.

Those owners who have agreed to early price adjustments (sometimes as little as \$10 per week less), have enjoyed minimum vacancy periods, resulting in more money in their bank accounts.

NORTHSIDE: 19 PROPERTIES LEASED
VACANCY RATE 0.53%

SOUTHSIDE: 20 PROPERTIES LEASED
VACANCY RATE 0.34%



We are very proud to announce that we have once more been named Finalists in the

REIQ Annual Awards For Excellence

We will be defending our current trophies for the categories:

Medium Residential Agency of the Year Property Manager of the Year

These awards recognise commitment to the highest standards of excellence, and we thank all our clients who have allowed us to be a part of their stories.

Winners will be announced at the Awards for Excellence Gala Event in March 2019.

DECEMBER DISBURSEMENTS

Wed 5th Dec
Wed 12th Dec
Wed 19th Dec
Thur 27th Dec

MONTHLY STATEMENT:

Thur 27th Dec

JANUARY DISBURSEMENTS

Wed 2nd Jan
Wed 9th Jan
Wed 16th Jan
Wed 23rd Jan
Wed 30th Jan

MONTHLY STATEMENT:

Wed 30th Jan



OFFICE HOLIDAYS

Sat 15th Dec
Mon 24th Dec
Tues 25th Dec
Wed 26th Dec
Sat 29th Dec
Mon 31st Dec
Tues 1st Jan

Australia Day

Mon 28th Jan