

# Account Fact Sheet

## 100% INTEREST OFFSET SUB-ACCOUNT

An offset sub-account is a feature linked to a home loan and may help to reduce the amount of interest paid on the total balance of a borrower's home loan account. Any money paid into in this linked sub-account (e.g. salary), can be used to offset the balance of the loan, which then reduces the amount of total interest charged.

For example, if a borrower has a home loan balance of \$200,000 and \$2,000 is paid into the offset account and not withdrawn, interest will only be charged on the balance of \$198,000. **The minimum monthly instalment (MMI) or repayment will however remain the same**, which means the borrower will not only save on interest payments, but may even pay off their home loan quicker.

### WHAT IS THE DIFFERENCE BETWEEN AN OFFSET SUB-ACCOUNT AND REPAYMENT OFFSET ACCOUNT?

Some lenders offer 'repayment offset' accounts, where the offset account balance reduces the minimum monthly instalment (MMI) amount. Pepper Money does not offer repayment offset accounts so the borrower's scheduled MMI will not change.

### WHAT PRODUCTS OFFER THE OFFSET SUB-ACCOUNT FEATURE?

A 100% interest offset sub-account can be added to any of Pepper Money's variable rate home loan products excluding construction loans.

### IS THERE A FEE CHARGED FOR THE OFFSET SUB-ACCOUNT?

No fees or charges apply for access to the offset sub-account feature.

### HOW DOES THE OFFSET SUB-ACCOUNT FEATURE WORK?

A Pepper Money home loan facility may have up to 4 'splits' or 'sub-accounts'. One of these splits or sub-accounts may be designated as an offset sub-account and additional payments may be made into and redrawn from this sub-account. An offset sub-account must always be linked to a loan account split. The interest payable on the linked loan account split will be calculated on the daily balance of that loan account split less the balance in the linked offset sub-account.

### IS THE OFFSET SUB-ACCOUNT A SEPARATE DEPOSIT ACCOUNT?

No, as Pepper is not an 'Authorised Deposit-taking Institution' (or 'ADI'), it cannot provide deposit accounts to its customers. The offset sub-account is not a stand-alone account, it is a sub-account forming part of a loan facility and must always be linked to a loan account split.

### WHEN ARE STATEMENTS ISSUED?

Statements for the offset sub-account split are sent monthly on the second business day of each month. Statements for all other splits including the account linked to the offset sub-account will continue to be issued half yearly.

### HOW MANY OFFSET SUB-ACCOUNTS CAN BE SET-UP?

Limit of one offset sub-account per loan facility. The offset sub-account cannot operate independently so therefore must be linked to a loan account. Note - an offset sub-account is considered one loan split and there is a maximum of four account splits per loan. There is no monthly fee applied to the offset sub-account split.

### DO I NEED A NOMINATED BANK ACCOUNT FOR DIRECT DEBITS IF I HAVE AN OFFSET SUB-ACCOUNT?

Similar to banks, you must nominate a separate bank account the time of settlement of your loan for the purposes of salary crediting or electronic transfer. Once your loan has settled and you have sufficient funds in your offset sub-account, you can set up internal transfers from your off set sub-account to make your minimum monthly instalments.

### CAN A LOAN WITH MULTIPLE SPLITS HAVE A SINGLE DIRECT DEBIT LINKED TO THE OFFSET SUB-ACCOUNT?

Yes, it is not compulsory for each split to have a separate direct debit or a direct debit linked to an external bank account. A single direct debit linked to the offset sub-account can be used to channel loan repayments for each loan split.

### WILL THE MINIMUM MONTHLY INSTALMENT (MMI) BE ADJUSTED AS A RESULT OF THE OFFSET SUB-ACCOUNT BALANCE?

The minimum monthly installment stays the same regardless of the offset sub-account balance (including Interest Only loans). However, any funds kept in the offset sub-account will reduce the overall interest charged on the loan.

### WHAT HAPPENS IF A LOAN ACCOUNT GOES INTO ARREARS AND THERE ARE AVAILABLE FUNDS IN THE OFFSET SUB-ACCOUNT?

If any loan account goes into arrears and the offset sub-account has available funds there will be an automatic transfer of funds from the offset sub-account to the appropriate loan account(s) to clear any arrears. This can happen any time after a payment becomes overdue but will generally be processed 14 days after a payment was due.

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### **CAN THE OFFSET SUB-ACCOUNT GO INTO DEBIT?**

If the offset sub-account has a debit balance the funds will be automatically cleared by a transfer from any existing loan account(s) with available funds, or otherwise the linked account, on the same day as the offset sub-account incurs a debit balance.

The linked account will go into arrears if the sub-account goes into debit and there are insufficient redraw available in an existing loan account(s) to clear the debit balance.

### **WHAT HAPPENS IF THERE IS A NET CREDIT BALANCE AT THE LOAN FACILITY LEVEL?**

The offset sub-account credit balance may not exceed the amount it offsets in the linked account. If the offset sub-account exceeds this amount, a Pepper Money customer service officer will contact the customer and inform them the additional funds will be returned to them. As Pepper Money is not an ADI (Authorised Deposit taking Institution) loans cannot have a net positive balance. For the avoidance of doubt, interest will not accrue on the excess balance.

### **WILL THE OFFSET SUB-ACCOUNT EVER BE SUSPENDED?**

The offset sub-account, along with other active loan accounts, will be suspended when a discharge request is raised, and may also be suspended in other circumstances. These circumstances are detailed in the terms and conditions of the customers' loan agreement. Customers are advised to read the terms of their loan agreement and ask if they have any questions.

If you have any questions please contact your Pepper Money BDM or email [salesupport@pepper.com.au](mailto:salesupport@pepper.com.au)

# Account Fact Sheet

## VISA DEBIT CARDS

The Visa debit card is another way borrowers can access their available funds or redraw.

### WHAT PRODUCTS OFFER VISA DEBIT CARD(S)?

Pepper Money's full range of variable rate home loan products when a customer opts in for an offset sub-account. Applicable for new applications on and from 22 September 2015 only.

### IS THERE A FEE CHARGED FOR A VISA DEBIT CARD(S)?

No charges for issuing new or replacing expired Visa debit cards.

A \$4.50 fee applies for lost, stolen or replacement Visa debit cards. Other fees and charges apply to the use of the Visa debit card and these are set out in the customer's loan agreement and the Conditions of Use relating to the Visa debit card.

### WHEN ARE STATEMENTS ISSUED?

Loan accounts with a Visa debit card or offset sub-account attached will have statements produced on a monthly basis; otherwise, current statement cycle applies (half yearly).

Monthly statements are sent on the second business day of each month; half yearly statements are available in January and July.

Note: If a Visa debit card is cancelled or removed from a loan split or offset sub-account, statements will continue to be produced monthly.

### CAN A SEPARATE VISA DEBIT CARD BE REQUESTED FOR EACH LOAN SPLIT?

Visa debit card(s) are limited to one loan split. If the split has an offset sub-account, the Visa debit card(s) will be linked to the offset sub-account.

### WHAT IS THE DAILY CARD TRANSACTION LIMIT?

Daily card transaction limit is \$5,000 (across all card holders).

### WHAT IS THE DAILY CASH LIMIT?

Daily cash limit per card is \$1,020 (including \$20 to cover potential ATM fees).

### HOW MUCH ARE INTERNATIONAL TRANSACTIONS USING THE VISA DEBIT CARD?

\$4.00 is charged for each balance enquiry and/or cash withdrawal transaction made overseas.

A fee of 3% of the AUD value of any foreign currency purchase or overseas cash transaction applies.

Standard Visa Global cardholder assistance fees apply while travelling overseas.

### IS PAYWAVE® AVAILABLE ON THE VISA DEBIT CARD?

Yes - for transactions under \$100 where Visa PayWave® is accepted.

Use of the Visa debit card is subject to the Conditions of Use of the Visa debit card and the customer's loan agreement. Other fees and charges may apply, for example if a customer requests assistance from Visa whilst travelling overseas. Merchants and other institutions through which a customer may use their Visa Debit Card may also charge additional fees or impose additional obligations or restrictions on its use.

For a copy of the full Visa debit card Conditions of Use please contact Pepper Money Customer Service on 1300 650 931.