

# SPLIT LOANS

A split rate home loan is a loan that allows you to split your home loan into multiple loan accounts that attract different interest rates.

A common example is to split your home loan to obtain a variable interest rate on one portion of the loan and a fixed rate on the other.

For example, if you require a loan amount of \$350,000, you can decide to split your loan with \$250,000 at a variable interest rate and the remaining \$100,000 at a fixed interest rate. You will have the flexibility a variable rate loan offers, while still enjoying the interest rate certainty of a fixed rate on a portion of the loan.

## Benefits of a split loan

- Split loans are a comfortable compromise that allows you to enjoy the benefits of both types of mortgages—variable and fixed—at the same time.
- The fixed rate portion of a split loan offers you some security and protection against sudden interest rate rises.
- The variable rate portion of a split loan provides flexibility and allows you to take advantage of decreases in interest rates.
- You can often make extra repayments on the variable portion of the home loan, which could help you pay it off sooner.

- If you choose a variable and fixed portion split, your variable portion can have additional benefits such as an offset account or a redraw facility.
- There are no restrictions on how you split your home loan. For example, you can split your home loan down the middle 50/50, or you can split it 30% variable and 70% fixed. However, most lenders only allow two splits.

## Things to consider

- You may miss out on potential savings on the fixed portion of your loan if interest rates should fall.
- You will pay more on the variable portion of your loan if interest rates rise.
- There may be additional costs associated with this type of loan.
- If you need to pay out the loan early within the fixed term, early repayment costs will be charged.
- Consider where you want to be in the next five years. This will help you choose a loan with features suitable to your goals and objectives.

Disclaimer: The information provided in this fact sheet is not legal, taxation or financial planning advice. It has been prepared without considering your specific needs, objectives and personal financial situation. Before acting on this information, we recommend that you consider carefully if it is appropriate for your needs, objectives and personal financial situation. All loan products are subject to lender criteria and approval. Fees, terms and conditions apply. V1-0718

Disclaimer: The information contained in this website is for general information purposes only. The information is provided by Financial Link Loans and whilst we endeavor to keep the information up to date and correct, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability with respect to the website or the information, products, services, or related graphics contained on the website for any purpose. Any reliance you place on such information is therefore strictly at your own risk. Before deciding on any product Financial Link Loans recommends that you first obtain a copy of the relevant Product Disclosure Document before making any decision regarding a product of a Bank or any loan that might be offered you need to ensure that it is suitable for your own personal financial needs and circumstances