

# Quick GUIDES

## What's the deal with split rate loans?

A split rate home loan is a loan that allows you to split your loan into multiple 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 need a loan of \$350,000, you might split your loan with \$250,000 at a variable rate and the remaining \$100,000 at a fixed rate. You will have the flexibility a variable rate loan offers, while still enjoying interest rate certainty on the fixed rate portion.

### Benefits of split rate loans

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. Whilst the variable rate portion provides flexibility and allows you to take advantage of decreases in interest rates, should they occur.

One of the great benefits is that you can often make extra repayments on the variable portion of the home loan, which could help you pay it off sooner. Plus, your variable portion can have additional benefits such as an offset account or a redraw facility.

Finally, there are no restrictions on how you split your home loan. For example, you can split it down the middle 50/50, or you might choose 30/70. It's up to you.

### Some things to consider

A split rate loan sounds terrific but you need to be mindful of the following considerations:

- You may miss out on potential savings on the fixed portion 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, you'll incur early repayment costs.

**It's important to 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.**

**GOT A QUESTION?**  
*Let's chat.*

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### Important information

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