

## **Benefits of mortgage offset accounts**

An offset account is a type of savings account that is linked to a borrower's mortgage. The balance in the offset account is used to offset the balance of the mortgage, effectively reducing the amount of interest that the borrower has to pay on the loan. This can result in significant savings over the life of the mortgage.

For example, if a borrower has a mortgage balance of \$300,000 and an offset account balance of \$50,000, the borrower would only pay interest on \$250,000 of the mortgage balance.

Another benefit of an offset account is that it can be used as a savings tool. Borrowers can make regular deposits into the offset account, effectively saving money while also reducing the amount of interest they pay on their mortgage. This can help borrowers to pay off their mortgage more quickly and save money in the long term.

Additionally, offset accounts are flexible, they allow borrowers to make additional payments or withdraw money without penalty. This can be useful for borrowers who may have unexpected expenses or need to access their savings quickly.

However, it's important to note that offset accounts may not be available with all mortgages, and they may come with higher interest rates or fees, so borrowers should do their research and compare different options before choosing a mortgage. This is not always the case and your Chocolate Money Mortgage Broker will guide you with this.

Overall, an offset account can be a valuable tool for borrowers looking to save money and pay off their mortgage more quickly. By reducing the amount of interest paid on the loan and providing a convenient savings option, an offset account can help borrowers to achieve their financial goals.