

Variable vs Fixed Rate

Variable

- Rate changes at the banks discretion, typically based on the RBA's cash rate.
- Minimum repayment can also change based on the rate changes above.
- No penalty for additional repayments or early payout (i.e. if you sell or refinance your loan)
- Offset account can be linked in all cases.

Fixed

- Rate is locked in for between 1-5 years.
- Minimum repayment will not change within that time.
- Penalty fees apply if the loan is repaid within the fixed term, or the set limit of additional repayments is exceeded (typically this is \$10,000 per year)
- Offset account only available with very limited lenders.