Want to pay additional money into your home loan and redraw it later?



Redraw guide

Redraw allows you to withdraw the amount that you're ahead on your loan. It's available on most variable rate home loans and is designed for occasional use. Some conditions apply. This can be helpful if you want to use the money at a later date for something else – like an unexpected bill, renovations or a holiday.

The available redraw on your loan may reduce so that by the end of your agreed loan term, both your loan balance and the available redraw will be zero. Other options, such as using Everyday Offset account(s) may be more suitable if you plan on using the money more regularly.

This guide will help you understand more about redraw and how it works.

006-788 140326

Key considerations for redraw



Eligibility

- One redraw facility is available per eligible home loan.
- Redraw is not available where there is a second or subsequent mortgage to another financial institution.

Eligible home loans
Standard Variable Rate home loan
Digi Home Loan
Simple Home Loan
Redraw may be available on other home loan products that are no longer for sale. Go to **commbank.com.au/homeloantandc** to see the full list.



Financial

- No set up or monthly account keeping fees.
- Every cent you deposit into your home loan, reduces the loan balance and saves you interest over time.



Benefits

- Any money available in your redraw – whether its $10 or $10,000 – reduces the balance owing on your home loan. This means you'll be paying less interest on your home loan.
- You can make additional one-off lump sum payments or regularly pay more than your minimum required repayment. This will build up the balance you have available to withdraw at a later date and may reduce the time it takes to pay off your home loan.
- Having redraw may also give you the opportunity to take a break (repayment holiday) from upcoming scheduled repayments. You may be able to use the additional payments you've made, to put future repayments on hold for a period of time (from 3 to up to 12 months), giving you the control to use your money when it's needed the most. Speak to your Home Lending Specialist or Broker for more information.

Access options

- If you have more than one borrower on your home loan, your selected method of operation (either to operate or all must sign) will affect how you access your available redraw.
  - Either to operate – means only one loan account holder needs to authorise the transaction.
  - All must sign – means all loan account holders need to be present to authorise the transaction.

If your method of operation is:	Branch	NetBank	CommBank app	Telephone Banking	Keycard or Debit Mastercard
Either to operate	✔	✔	✔	✔	✔
All must sign	✔*	✔*	✘	✘	✘
	$1000 minimum withdrawal limit	No minimum withdrawal limit			

* Both borrowers will need to be present to successfully make the redraw through a branch or NetBank. For NetBank redraw, each person will need to enter their NetBank log in details where prompted to process the withdrawal. This option is not available where:
  - There are more than two borrowers on the home loan; and/or
  - Authorised Third Party Operators and Powers of Attorney are operating on the home loan.

Other considerations

- If you have not made sufficient total payment/s to meet your monthly repayment amount by the monthly repayment due date, but have an additional repayment balance or available redraw balance to cover the shortfall, you will not be considered in default, but your additional repayment balance or available redraw balance will be reduced accordingly.
- Redraw is available on most CommBank variable rate home loans. You should have access to redraw unless your home loan is one of the following products:
  - Fixed Rate home loans
  - Economiser Interest Only home loans
  - 3 Year Economiser Interest Only home loans
  - Where there is a second or subsequent mortgage to another financial institution.
- If you are switching your home loan, you should consider if the new loan type has redraw. For example, if you switch from a Standard Variable Rate home loan to a Fixed Rate home loan, you will no longer have access to your redraw during the fixed rate term.
- If you have a Fixed Rate home loan you can make additional payments of up to $10,000 for each year[1] of your fixed term without incurring an Early Repayment Adjustment (ERA) and an Administrative fee.
- If you make additional payments during a fixed rate term, or had available redraw when you entered your fixed rate term, redraw will be adjusted and any available redraw can be accessed at the end of the fixed rate term.
- Over time, your available redraw (on all eligible variable and fixed rate home loans) is adjusted so that at the end of your agreed loan term, both your loan balance and the available redraw will be zero.
- It can take up to one business day for money to transfer from your CommBank account to your home loan and become available for redraw. If you make a transfer into your home loan from another bank, it may take longer.
- Payments we attempt to collect via Direct Debit may be reflected in your available redraw balance but can take up to 5 business days to clear. Accessing these funds before they clear will result in the loan being adjusted by the drawn amount.
- If you choose to withdraw money from your available redraw, your home loan balance will increase. This means that the amount of interest you'll be charged will also increase, and may cause your minimum required repayment amounts to increase.
- If your loan balance is less than or equal to $0.20 or has a credit balance, redraw may only be available by visiting a branch or by calling us.

1 We count a year as 12 months from the date you commence your fixed rate term and every 12 months after that.

How does it work?

Here's an example to help explain redraw.

Meet Ethan

Ethan has a $500,000 variable rate home loan, an agreed loan term of 30 years and his interest rate is 6.5% p.a. He chooses to make Principal and Interest repayments.



When you take out a home loan, you agree to make your minimum required repayment every week, fortnight or month over the life of your loan. If you choose to make additional payments over and above what is required, it becomes 'Available Redraw'. For weekly and fortnightly direct debit payers, only funds over and above the minimum required repayments will be available. You can check your available redraw balance in NetBank or the CommBank app.

Scenario 1 – Gradual additional repayments

Minimum required repayment	$3,161^[2]
Repayment frequency	Monthly
Monthly direct debit amount	$3,311 (additional payment of $150 per month)

The extra $150 is available for Ethan to withdraw. As he continues to make additional payments his available redraw will continue to build.

By making these additional payments on his home loan, Ethan saved $93,191 in interest over the life of his home loan, which also resulted in him paying off his home loan more than 3 years early.

2 This example is for illustrative purposes only and all amounts have been rounded to the nearest dollar. Actual amounts may involve dollars and cents. It assumes Ethan makes monthly Principal and Interest repayments and also assumes the interest rate remains unchanged over the life of the loan. Fees and charges are payable. The calculations do not take into account fees, charges or other amounts that may be charged to the loan (such as establishment, monthly services fees or stamp duty). Other than those shown in the scenarios provided there are no other additional payments or redraws made.

Scenario 2 – Lump sum repayment

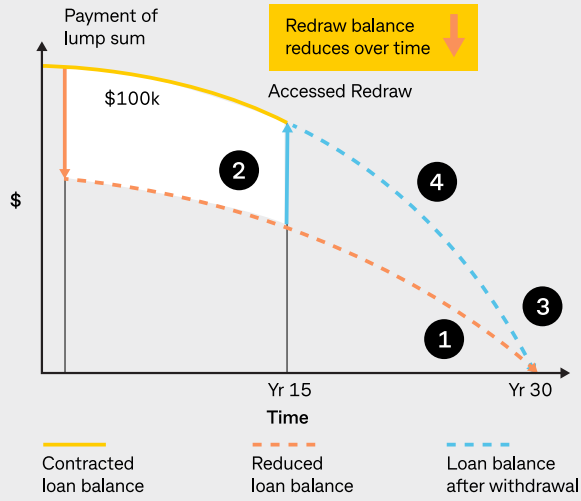
Ethan has a **$500,000** variable rate home loan, an agreed loan term of 30 years and his interest rate is 6.5% p.a. He chooses to make Principal and Interest repayments.

Minimum required repayment	$3,161^[2]
Repayment frequency	Monthly
Monthly direct debit amount	$3,161 (no additional payments)

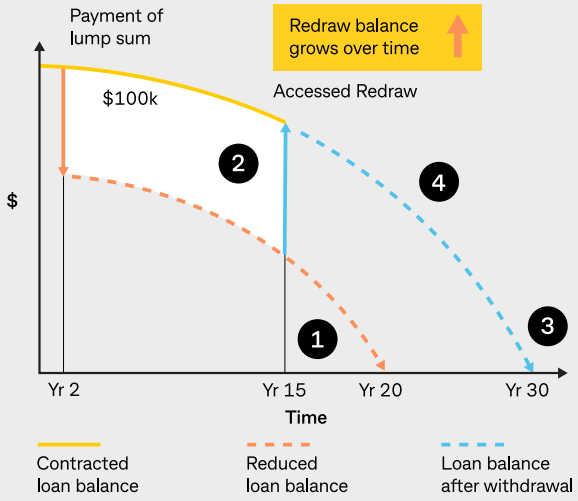
Two years later he receives an inheritance payment and pays a lump sum of **$100,000** into his home loan. As a result of the lump sum payment, Ethan's minimum required repayment is reduced.

Two options Ethan can choose from are to:

Reduce his monthly direct debit repayment to the lower minimum required repayment of $2,510^[2] now that his home loan balance has reduced.



Maintain his current direct debit repayment of $3,161 per month.



Once Ethan makes an additional $100,000 payment to his home loan his:

1. **Estimated Loan Term** remains as per agreed loan term.
2. **Available redraw balance reduces** over the agreed remaining loan term.

1. **Estimated Loan Term** reduces because he's paying more than what is required.
2. **Available redraw balance** continues to **grow**[3] because he's paying more than his minimum required repayment. He'll likely pay his loan off earlier if he doesn't access his redraw.

13 years later, Ethan accesses all of his available redraw balance. This means his:

3. **Estimated Loan Term** remains as per agreed loan term.
4. **Repayments increase**, however are no higher than the original minimum required repayment, assuming there is no change to interest rates.

3. Estimated Loan Term reverts to the agreed remaining loan term.
4. Repayments do not change, assuming there is no change to interest rates.

3 Redraw will continue to grow however it is important to note that the redraw balance may not increase by the full amount of the additional payment made.

Why does the redraw balance reduce over time?

We adjust your redraw regularly over the life of your home loan so that at the end of your agreed loan term, both your loan balance and the available redraw will be zero. This protects you against an unexpected large increase in your loan repayments if you withdraw a lump sum (if you had previously reduced your minimum required repayment based on your redraw balance). The rate at which available redraw balance reduces, will depend on a number of factors and will be different for everyone. Some of these factors include:

- Your chosen repayment type
- If you choose to make lump sum payments
- If you choose to withdraw from your available redraw
- If you choose to make minimum repayments or additional payments

Redraw is adjusted monthly on your interest due date if needed.

Your Home Lending Specialist or Broker can discuss these with you in more detail.

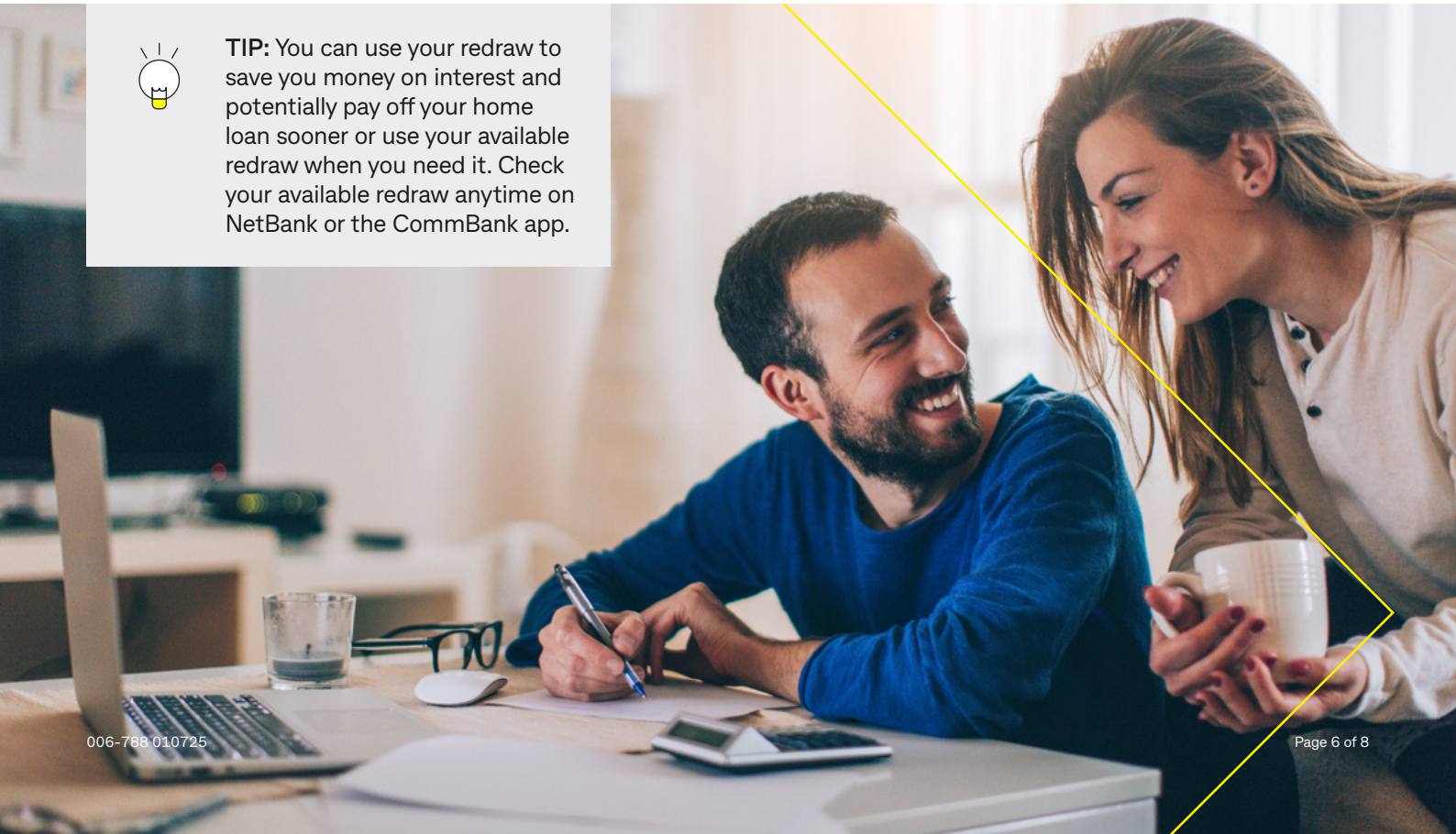
Simplified redraw adjustment calculation

If the total loan balance and available redraw is greater than the contracted loan balance, we will adjust the difference from the available redraw balance.

Total loan balance and available redraw	**>** (is more than)	**Contracted loan balance** (Where we expect your home loan balance to be had you never made additional payments)	**=**	**Redraw adjustment** (The difference is adjusted from the available redraw on the interest due date)

Important: Any amounts that are adjusted can't be accessed.

TIP: You can use your redraw to save you money on interest and potentially pay off your home loan sooner or use your available redraw when you need it. Check your available redraw anytime on NetBank or the CommBank app.



Common questions

Why has my available redraw reduced?	Your available redraw reduces over the lifetime of the loan to prevent you from withdrawing lump sums and incurring a repayment shock. This is so the loan balance and redraw balance will be zero by the end of the contracted loan term. For more information on redraw, go to **commbank.com.au/home-loans/redraw**
Where can I keep any additional money if I don't want it to reduce over time?	If you're currently using redraw to deposit money that you plan on using later, an Everyday Offset (only available if you have an eligible variable rate home loan) or savings account may better suit your needs. For more information on Everyday Offset go to **commbank.com.au/everydayoffset**
Why is my available redraw balance less than the total redraw account balance?	The total redraw account balance shows the amount you're ahead on your loan, which will include any repayments made towards your next monthly minimum repayment, uncleared Direct Debit payments, uncleared cheques and pending redraw adjustments. The available balance is money you can access right now.
Can I request a repayment holiday?	Yes, if you're ahead on your home loan repayments and have accumulated enough money in your redraw (only available when your repayment option is Principal and Interest), you may request a repayment holiday. The available redraw balance should include at least one month's extra repayment, than the term of the repayment holiday. E.g. If your repayment holiday period is three months, then your available redraw balance should cover at least four months' minimum required repayments. To apply for a repayment holiday from your existing CommBank home loan, you can call us on **13 2224** or speak to your Home Lending Specialist or Broker. If you're finding it hard to meet home loan repayments, we can help with guidance and support. For more information go to **commbank.com.au/support/financial-difficulty**

We're here to help

If you have any questions or want more information:

Book an appointment with a Home Lending Specialist at **commbank.com.au/appointment** or contact your Broker.

Call us on **13 2224**

Visit **commbank.com.au/homeloans**

Things you should know: An Everyday Offset account is linked to an eligible home loan, and account holder(s) must be also account holders of the linked home loan. Interest is not charged on the part of the Home Loan balance equal to the balance of the Transaction account. Full terms and conditions for **transaction and saving accounts** mentioned and our **Financial Services Guide** are available online or from any branch of the Commonwealth Bank. If you have a complaint in respect of this product, the Commonwealth Bank's dispute resolution service can be accessed on 13 2221.
This guide doesn't consider your individual objectives, financial situation or needs. Before basing any decisions on this information please:

- Consider its appropriateness to your circumstances.
- Consider obtaining professional advice specific to your needs, including financial, taxation and legal advice.

Loan applications are subject to credit approval and any loan offer includes full terms and conditions. Fees and charges apply – see our fees and charges brochure. All examples and scenarios are illustrative only. This guide is subject to change without notice.
Commonwealth Bank of Australia ABN 48 123 123 124, AFSL & Australian credit licence 234945.