FREE RATE REVIEW KIT . DOCUMENT 3 OF 4

The Repayment Strategy Blueprint

Five repayment structure levers that compound quietly into years off your home loan, plus a clear refinance cost checklist so you know what to budget for.

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A note before you read this

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How small repayment changes quietly compound

Most homeowners think the only way to get ahead on a mortgage is to either refinance to a lower rate or make a big lump sum repayment. Both work. But there are also three or four smaller repayment structure changes that, applied consistently, can shave years off the life of a typical Australian mortgage without changing how much money leaves your account each month.

This blueprint walks through the main repayment strategy levers, how each one works, and where the trade-offs sit. It also includes a basic refinance cost checklist at the end, so you know what to budget for if you do decide to switch.

Lever 1. The offset account

An offset account is a transaction account linked to your home loan. Every dollar sitting in the offset reduces the loan balance the lender calculates interest on. The money is still yours and you can spend it any time. The interest saving is dollar-for-dollar.

For a household keeping its salary, emergency fund and short-term savings in an offset rather than a separate savings account, the effective interest saving over a year can be substantial. The figures vary entirely by your specific balance and rate, but on a $700,000 loan at 6% with an average $40,000 sitting in offset, the annual interest saving runs into the thousands.

- dot Not every loan comes with a genuine 100% offset. Some only offer "partial offset".
- dot Some basic / discount loans have no offset at all. The lower rate can be a trap.
- dot You do not pay tax on interest "saved" through an offset, unlike interest earned in a savings account. That makes the after-tax benefit even higher.

Lever 2. Repayment frequency

Most lenders default to monthly repayments because it suits their reporting cycles. From a borrower perspective, switching to fortnightly repayments has a quiet but real benefit. Because there are 26 fortnights in a year and only 12 months, paying half your monthly repayment every fortnight means you make the equivalent of 13 monthly repayments per year instead of 12. That one extra repayment per year, applied consistently, takes meaningful time off the loan.

Some lenders charge slightly differently for weekly versus fortnightly repayments. The maths gets more complex with weekly. Fortnightly is usually the sweet spot.

Lever 3. Small extra repayments, treated as standard

An extra $200 a fortnight on a $700,000 loan does not feel like much. Over the life of a 25-year mortgage it adds up to multiple years off the term and tens of thousands of dollars in interest avoided, again the actual figures depend on your rate and balance.

The psychological trick is to set the extra repayment as automatic at the same time you set your standard repayment, then never touch it. If it never feels like "extra", you keep it going.

Lever 4. Lump sum injections at the right time

Tax refunds, work bonuses, inheritances, sale proceeds. Money that arrives sporadically should be treated as a strategic weapon, not topped up into a lifestyle account. A $10,000 lump sum applied to the loan principal in year 3 of a 25-year mortgage saves significantly more interest than the same lump sum applied in year 20, because the saving compounds for longer.

Lever 5. Loan structure: split, fixed and variable

A split loan lets you fix one portion of your balance for rate certainty and keep the rest variable for flexibility (including offset). The right mix depends on your income certainty, your appetite for rate movement, and your repayment capacity. There is no universally correct ratio. This is the kind of question your strategy call is designed to answer.

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The refinance cost checklist

If you decide to refinance to a different lender, here is what to budget for so you are not caught out. Most fees are modest in the context of the saving, but they need to be in the calculation.

Cost item	Indicative range	Notes
Discharge fee from your current lender	$300 to $400	Charged once for closing your current loan. Some lenders waive it for long-term customers.
Mortgage registration fee	$150 to $250	State government fee for registering the new mortgage. Varies by state.
Mortgage de-registration fee	$150 to $250	State government fee for removing the old mortgage. Varies by state.
New lender application fee	$0 to $600	Often waived when the loan is brokered. Worth asking about specifically.
Valuation fee	$0 to $400	Many lenders cover the valuation as part of the refinance package.
Break costs if exiting a fixed term	Variable	Can be significant. Ask your current lender for a specific break cost quote in writing before deciding.
Loan establishment fee	$0 to $400	Sometimes packaged into the rate as part of a "professional package".

The simple rule

A typical refinance costs $500 to $1,500 in net fees once cashback offers are taken into account. If the interest saving over the first 12 months meaningfully exceeds that, the refinance pays for itself inside year one and every year after that is upside.