

# Handy hints

## Fixed rate loans made easy



Our fixed rate home loans provide you with the certainty of knowing what your repayments will be for a fixed period, and protect you from interest rate rises.

We offer you a competitive interest rate with the option to fix your loan for a period of one to five years, meaning the interest rate is guaranteed not to change during the time period you select.

At the end of the fixed period, the interest rate will automatically revert to our Mortgage Simplifier variable rate loan, or you can instruct us to fix your loan for another period.

### Flexible features

You can choose between interest only repayments (paid monthly) or principal and interest repayments (paid either monthly or fortnightly).

You can also make additional payments via online or phone banking of less than \$10,000 per year\* with no additional costs. However redraw is not available whilst your interest rate is fixed.

### Important information I should know about fixed rate loans

If you decide to take one of the following actions during your fixed term, break costs may apply:

- Pay out your loan
- Make additional payments of \$10,000 or more per year\*
- Change your loan type whether fixed or variable or fixed interest period that applies to your loan.

**WARNING:** If you are planning on completing any of the above points during your fixed interest period, you should consider whether a fixed rate loan is suitable for you as break costs in some circumstances are tens of thousands of dollars.

Here is an example of how we calculate break costs. To find out more about what break costs are, and how they are calculated, visit our FAQs at [ing.com.au](http://ing.com.au) and look under the Home Loans section for “Managing your home loan” or refer to the Home Loan Terms and Conditions - “What happens if you repay early?”.

#### Example:

You borrow \$350,000 from us for a fixed period of three years.

One year later, you decide to pay out your fixed rate loan in full. On this date you have two years remaining of your fixed interest period and your loan balance has reduced to \$340,000.

On the date we provided you the funds (settlement date), the wholesale swap rate for a three year fixed term was 7.50% p.a. and now one year later, the wholesale swap rate for a two year fixed term (the amount of your fixed interest period remaining) is 4.50% p.a. The difference or the movement in our cost of funds will be 3.00% p.a.

The break cost calculation will be:

$$\begin{array}{rcccl} \$340,000 & & 2 & & 3.00\% \text{ p.a.} \\ \text{(the amount of)} & & \text{(the remaining term of)} & & \text{(the movement in)} \\ \text{principal remaining)} & \text{X} & \text{the fixed interest period)} & \text{X} & \text{our cost of funds)} \end{array}$$

$$\$340,000 \times 2 \times 3.00\% \text{ p.a.} = \mathbf{\$20,400.00}$$

The above example is based on a situation where you pay out your fixed rate loan in full, and would also apply to a situation where you wish to switch your fixed rate loan to a variable rate loan or to a different fixed interest period.

**WARNING:** Break cost could be substantial, particularly if interest rates fall during the fixed interest period. Before you decide to repay a portion or pay out a fixed rate loan, or ask us to change your loan type or fixed interest period, contact us for an estimate of the amount of break costs.

## How do I fix my existing ING loan?

To switch your loan to a fixed rate home loan, you will need to complete a Product Switch form and have it signed by all borrowers. Some questions you may want to ask yourself:

- For how many years would I like to fix my loan?
- Do I want to make interest only or principal and interest repayments?
- If principal and interest, do I want to make fortnightly or monthly repayments?

## What will my interest rate be?

1. If you currently hold an ING fixed rate loan which is about to mature, the interest rate you will receive if you choose to re-fix is the applicable rate offered on the day your current fixed rate loan matures.
2. If you are switching your current ING variable rate loan, the interest rate you will receive is the fixed interest rate available on the day we receive your request. This is subject to us receiving all required information in your application (including the Product Switch fee).
3. If you wish to increase and switch your loan simultaneously, the interest rate you will receive is the fixed interest rate available the day the increase settles (the day the increase funds are released to you). You can also opt to lock in your rate for a fee, for more information simply download our Fixed Rate Lock In form.

## Other stuff I need to know

Please note that fixing your interest rate is a separate variation to changing your repayment type. Changing your repayment type from principal and interest to interest only or vice versa can be done without fixing your interest rate. Standard fees and charges apply.

To find out what the current interest rates are for our fixed rate loans, or to obtain a Product Switch form, simply visit [ing.com.au](http://ing.com.au) or phone our Contact Centre on **133 464**, our Customer Care Specialists are available 24 hours a day, 7 days a week.

\* Per year is defined as from anniversary date of settlement to the day before the following anniversary date.

All applications for credit are subject to ING's credit approval criteria. Fees and charges apply. Details of these and the terms and conditions are available on request.