



Accessing ANZ COVID-19 Assistance Offering – Transcript

If you're experiencing financial difficulty due to COVID-19, you may be able to put your home loan repayments on hold for up to six months.

During that period, interest will continue to be added to your loan balance and will need to be paid back over your remaining loan term.

This is known as Interest Capitalisation.

It's important to understand that you may end up paying more interest over the life of your loan if you take up ANZ's COVID-19 assistance.

To catch up on the repayments you put on hold, your repayments will need to be adjusted at the end of the 6 months which means they could increase because you'll be paying off a higher balance in the same period of time.

Depending on your repayment type, you may also have the option to extend your loan term for up to 6 months, meaning you'll have more time to pay off your loan.

In this case the new repayment amount could be higher because interest is being charged on the loan for a longer period.

Let's have a look at an example of how these two options could work.

Meet Pam and Ivy - each has a loan balance of \$500,000 and they each take up ANZ's COVID-19 assistance.

They both have 25 years left to repay their loans, their variable interest rate is 3.79% per annum and their minimum repayments are currently \$2,582 each month.

Pam chooses to extend her loan term by 6 months, which means she will have 25 years and 6 months to finish repaying her loan.

To do that, her minimum monthly repayments will need to increase to \$2,631.

This means Pam could end up paying over \$14,000 more in interest than if she had not put her repayments on hold.

Ivy decides to pay off her loan within the remaining 25 years. To do that, her minimum monthly repayments will need to increase to \$2,663.

This means Ivy could end up paying about \$8,500 more in interest than if she had not put her repayments on hold.

These are just examples, the outcome for you could be different depending on your circumstances.

So think carefully before applying for assistance, and consider if there are other options available to you to help make your loan repayments.

To apply for assistance, please submit the form available at anz.com/hardship and we'll be in touch with you.

Disclaimer

We made assumptions in these examples, such as no change to interest rates, the only payments Pam and Ivy make are their minimum monthly repayments of principal and interest and they don't access any funds in redraw.