How Myratecheck calculates your savings

A plain-English explanation of the numbers shown on the results page.

What we compare

We run a full month-by-month amortisation (not a shortcut formula) and show two scenarios side by side:

- **Your loan today** — your current balance, current interest rate, and remaining term, using the actual monthly payment amount you told us you pay today (fortnightly payments are converted to a monthly equivalent). This is the baseline every saving is measured against.
- **Continue paying your current amount** — the same balance refinanced at the lowest fixed rate currently available across the Myratecheck adviser panel for your chosen fixed term. The net cashback (1% of loan balance less an assumed $1,500 legal fee) is applied as a lump-sum reduction of principal on day one, and instead of dropping to the lower required payment you keep paying the same dollar amount you pay today. Every extra dollar each month goes straight to principal, so the loan pays off faster and you save more interest.

We removed the intermediate "refinance and drop to the new minimum" scenario because it added little insight on top of these two — the important comparison is between what you are doing today and what happens if you keep the same discipline on a better rate.

Which rate we use

We only use rates that appear in the Live Rates table maintained by Myratecheck (sourced from published lender rates and adviser-only updates). For scenarios 2 and 3 we automatically pick the **lowest fixed rate currently available across the whole adviser panel** for your fixed term — not the rate offered by your existing lender. The results narrative shows your current lender's best rate for that same term alongside the panel low so you can see the gap. We do not display which lender offers the panel-low rate on the public page; your adviser will confirm the specific lender and rate when they contact you.

If you're already on the panel-low rate for your term, we say so — no refinance is calculated because there's no rate gap to close.

How the maths works each month

For every month, on every scenario:

- `interest = balance × (annual rate ÷ 12)`
- `principal = payment − interest`
- `new balance = balance − principal`

We loop until the balance reaches zero. **Total interest** is the sum of the monthly interest amounts. **Interest saved** is the difference between the "Your loan today" total interest and the refinance scenario's total interest. **Months saved** is the difference in payoff length between the two scenarios.

Savings are shown as **signed** values: if a refinance scenario would cost you more over the life of the loan (for example because the panel-low rate is actually higher than your current rate), we display the extra cost and extra time rather than hiding it behind a zero.

How we handle the fixed period ending

At the end of the current fixed period we assume the borrower re-fixes at the same rate they started on for that scenario, rather than dropping to the (typically higher) floating rate. This assumption is applied identically to both scenarios so the comparison stays apples-to-apples. Documented so you know what "over the remaining term" means in the numbers.

How the LVR indicator works

Where you provide a property value, we calculate `LVR = loan balance ÷ property value`. When LVR is above 80% we flag the likelihood of a **Low Equity Margin (LEM)**: lenders typically add an interest premium (often 0.25%–1.50%) to loans above 80% LVR. We *do not* price a specific LEM into the calculator because each lender charges differently, so the savings shown for above-80% LVR loans should be treated as an upper bound. Your adviser will factor the correct LEM into any real quote.

Why the lifetime savings can look large

Two things amplify the headline number, and both are important to understand:

- **The rate gap is assumed to hold for the full remaining term.** If your remaining term is 25–30 years, even a 0.5–1.0% gap compounds monthly for decades. On a $600k loan over 30

years, a 0.6% gap alone can equate to tens of thousands of dollars of lifetime interest.

- **Continuing to pay your current amount compounds aggressively.** When you keep paying the same dollar amount into a loan with a lower required payment, the extra dollars each month go straight to principal, which shortens the loan and strips out further years of interest on top of the rate saving.

The result is a best-case, rates-stay-put, discipline-maintained projection. It is mathematically correct given those assumptions, but real-life outcomes will vary as market rates move up and down over time and as personal circumstances change.

What we do not include

- Break fees on your existing fixed loan (these are lender-specific and can materially change the picture in the short term).
- The specific Low Equity Margin premium for loans above 80% LVR — we flag it but don't price it in.
- Lender-specific special rates that are only available through an adviser — an adviser can often obtain a sharper rate than the published panel low shown here.
- Changes in your income, expenses, property value, or the level of market interest rates over time.
- The cost of any restructure, application, valuation or discharge fees on refinance beyond the standard $1,500 legal fee assumed in the cashback calculation.

> **Bottom line:** the savings shown are indicative and based on the gap between your current rate and today's lowest published panel rate remaining constant for the remaining term, with the actual monthly payment you told us as the baseline. Actual outcomes will differ. Please speak with a qualified adviser before making any decision.