

TERM DEPOSIT (PREMIER INVESTMENT ACCOUNT) EARLY PAYOUT FACT SHEET

A fixed term deposit interest rate gives you the certainty of knowing exactly what your interest will be for the fixed term that you choose. If advertised fixed term deposit interest rates drop and your money is held in a fixed term deposit account, your rate won't drop. On the flip side, when advertised fixed term deposit interest rates rise, you do not receive the benefit of the higher fixed term deposit interest rates.

There are some rules that will apply to your fixed term deposit, including when you can and can't make deposits and withdrawals. Breaking your term deposit earlier than your maturity date will result in an interest rate adjustment and incur an early payout fee.

Accessing your money outside of the renewal grace period

You can access your money (also known as 'breaking' the term deposit) before maturity by providing us with 31 days' notice, unless you are in a financial hardship situation. An interest adjustment and early payout fee will apply to your fixed term account if you close it before the maturity date.

If you are in financial hardship, you must provide evidence and meet our criteria for verifying financial hardship. If your term deposit account is used as security for your loan agreement or your lease, then you can close your account and withdraw all of your funds without providing 31 days prior notice, but you will need to have satisfied the criteria for release of the security over this account.

Making deposits and withdrawals to your term deposit

You can make additional deposits to your term deposit account or make withdrawals from your term deposit account within 7 days from the renewal date of your fixed term account. This is known as the renewal grace period, which starts on the day your term deposit account matures/renews.

Costs to break your Term Deposit

At BOQ, we keep our fees to a minimum. The early payout fee is \$30. This fee is charged if you break the term deposit.

Breaking a term deposit also results in an interest rate adjustment to your fixed term account. As well as paying a fee, the interest rate for your term deposit will be adjusted and re-calculated. The interest rate that will be applied is half of the interest rate that applied on the balance of your account on the day your term deposit was taken out or renewed and based on the actual term that you held the term deposit.

There are some exceptions, including for customers who are experiencing financial hardship.

Calculating the interest rate adjustment

The formula can be expressed as:

Initial investment + interest adjustment - early payout fee = amount you will receive

An Example

- On 1 June, Thomas invests \$100,000 in a term deposit for 7 months at an interest rate of 2.5%pa
- On 30 August, Thomas gives 31 days' notice that he requires access to his money (also known as a 'notice of withdrawal')
- 32 days later, on 1 October, Thomas receives access to his money. Thomas' actual term from 1 June to 30 September is 121 days
- To calculate the interest adjustment, we recognise that the actual term is 121 days, and the term deposit rate applicable at 1 June for 121 days was 0.10%
- Thomas's applied interest rate is therefore 0.05% (50% of 0.10%)
- The applied interest rate is then used to calculate the daily rate of interest, and this is multiplied by the number of days the money was invested. The calculation for this example will be: **$\$100,000 \times (0.05\% / 365) \times 121 = \16.57 interest earned**
- To calculate how much money Thomas will receive when he gets access to his money, we add the initial investment to the interest earned, then subtract the break fee. The calculation for this example will be: **$\$100,000$ (initial investment) + $\$16.57$ (interest adjustment) - $\$30$ (early payout fee) = $\$99,986.57$**

Note: Where interest is paid progressively during the duration of the term deposit, this adjustment of your interest sometimes means we take money from the balance of your deposit, or you may need to refund interest that we have already paid you.

Determining if a Term Deposit is right for you

Investing your money in a fixed interest rate term deposit implies you are seeking security about how much interest you will earn. This product is best suited for customers who don't anticipate needing access to their money until the term has expired. If you want flexible alternatives, discuss your needs with us and we can look at options that better suit your needs.

Important Information

You can obtain an indicative early payout amount at any time from one of our branches.

If you are concerned or worried about your financial position and feel that you are struggling to meet your financial commitments and would like access to your term deposit funds before the account maturity date, then we might be able to help.

For further information, please get in touch with our **Customer Assistance Team** on **1800 079 866** between 8:30 am – 5:00 pm AEST, Monday to Friday.