

Interest rate on funds

The **Interest Rate on Funds** represents the annual return (in percentage) earned on your maintenance fund balance.

It reflects the interest your organisation receives from the bank or financial institution where your maintenance fund is held.

How it works

Each year, your maintenance fund earns interest based on the **closing balance** of the previous year and the interest rate you specify.

This interest is added to the fund, helping to offset future expenses and keep the plan sustainable over time.

Example:

- Opening balance (start of year): **\$50,000**
- Interest rate: **2%**
- Interest earned: **\$1,000**

Over time, this compounding effect can significantly improve the fund's long-term health, especially for large or multi-year maintenance plans.

Updating the interest rate

You can update the interest rate at any time to reflect changes in your bank account or investment terms.

Adjusting the rate recalculates **future balances** but does not alter past years that have already been approved or finalised.

Keeping this rate up to date ensures that the **closing balance** displayed in your maintenance plan remains accurate and aligned with real-world financial conditions.

Summary

- The interest rate represents the **annual return** on your maintenance fund.
 - It is used to calculate the **closing balance** for each financial year.
 - Updating the rate affects **future projections**, not past approved years.
 - Accurate interest rates help keep your plan's financial forecasts realistic.
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