

Offset Account - Case Studies

Below are case studies which will help you understand how the Accord Offset could benefit you. The rates used in these examples may not be available at the time of application.

Case study: Reduced Current Payments (Net payment option)

Chris and Susan took out a repayment mortgage for £200,000 on a 4.29% Offset product. Their monthly payment is £1,086.91, with a mortgage term of 25 years. The couple have £30,000 in their Offset Savings Account.

Susan has reduced her hours at work so that she can spend more time with the children. With less money coming in the couple have decided to reduce the amount they pay monthly on their mortgage, rather than dipping into their Offset savings.

The £30,000 they have kept in their Offset Savings Account gives them the potential to reduce their monthly mortgage payment to £982.63. The monthly mortgage payments are less than they would have been had they not had the benefit of the savings in their Offset Savings Account.

The reduction in mortgage payment of nearly £100 gives Susan the flexibility to choose the lifestyle she wants to meet her family needs, but with the knowledge that their £30,000 Offset savings remain intact.

This illustration is based on the rate, savings balance, repayment method and mortgage term remaining the same throughout the life of the mortgage. The product rate used in this example is 4.29% for the term of the mortgage.

Case study: Reduced payments in future years (Gross payment option)

Mark and Sam took out a repayment mortgage for £100,000 on a 4.29% Offset product. Their monthly payment is £543.46 with a mortgage term of 25 years.

The couple have £15,000 in their Offset Savings Account. Their savings will help to reduce their monthly mortgage payment for the following year to £539.79. Over the course of the mortgage the couple will save approximately £20,000 in mortgage interest.

Choosing 'reduced payments in future years' means each year at Account Review, the gross payment is recalculated based on the reduced mortgage balance and remaining mortgage term.

Mark and Sam prefer this option as it allows them to reduce their monthly payments annually and they will pay less interest overall than with a traditional non-offset mortgage because the gross payment is based on a lower mortgage balance each time it is recalculated. **This is the default option which all Offset customers are placed on unless we are advised otherwise.**

This illustration is based on the rate, savings balance, repayment method and mortgage term remaining the same throughout the life of the mortgage. The product rate used in this example is 4.29% for the term of the mortgage.

Case study: Reduced Term (Static payment option)

David and Sarah have a repayment mortgage for £150,000 on a 4.29% Offset product. Their original mortgage term was 25 years with a monthly mortgage payment of £815.18

The couple also have £15,000 in their Offset Savings Account. They have access to their savings if they wish, but it will help them save interest on their mortgage if they choose to leave the savings in the Offset Savings Account.

David and Sarah also decide to increase the amount they pay towards their monthly mortgage payment to £950. By choosing to overpay together with the fact that they have £15,000 in their Offset Savings Account, the couple can reduce their mortgage term.

David and Sarah could save approximately £41,000 in interest on their mortgage, meaning they could repay it in 17 years and 11 months; 7 years and 1 month early. It allows David and Sarah to make their dream of paying off their mortgage early a reality.

Please note: If you wish to use offsetting to pay off your mortgage quicker then you will need to contact us to register a static (i.e. fixed) payment. Otherwise at Account Review your payments will be recalculated every year rather than reducing the term of your mortgage.

This illustration is based on the rate, savings balance, repayment method and mortgage term remaining the same throughout the life of the mortgage. The product rate used in this example is 4.29% for the term of the mortgage.