

# 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 6.09% Offset fixed rate product for 3 years. Their monthly payment is £1312, 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 £1,115. The monthly mortgage payments are less than they would have been without the benefit of the savings they have in their Offset Savings Account.

The reduction in mortgage payment of nearly £200 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 6.09% fixed for 3 years. The overall cost for comparison is 6.4% APR.

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

Mark and Sam took out a repayment mortgage for £100,000 on a 5.69% Offset fixed rate for 3 years. Their monthly payment is £624.74 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 £619.24. Over the course of the mortgage the couple will save £30,141.34 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 5.69% fixed for 3 years. The overall cost for comparison is 5.7% APR.

## Case study: Reduced Term (Static payment option)

David and Sarah have a repayment mortgage for £150,000 on a 5.39% Offset fixed rate for 3 years. Their original mortgage term was 25 years.

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 choose to pay the same monthly mortgage payment that would have been paid if their savings were not being used to reduce the mortgage interest. They are effectively overpaying, and with a repayment mortgage this means they can reduce their mortgage term.

David and Sarah could save £35,126 in interest on their mortgage, meaning they could repay it in 21 years and 10 months; 3 years and 2 months 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 5.39% fixed for 3 years. The overall cost for comparison is 5.6% APR.