



# Barclays Offset Mortgage

## 2018 Help & Support Guide

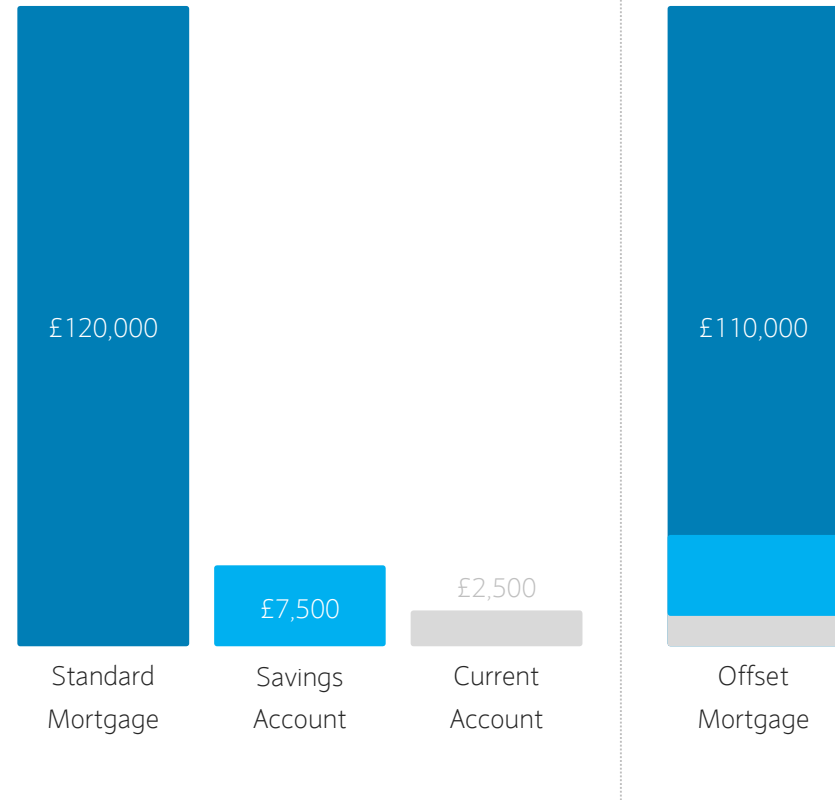
## What is a Barclays Offset Mortgage?

A Barclays Offset Mortgage is a flexible mortgage, linking current and savings accounts to help make your client's money work harder, reducing the mortgage balance they pay interest on.

## How does it work?

If your client has a mortgage of £120,000 and has £10,000 in linked Barclays savings and current accounts, by offsetting they will only be charged mortgage interest on the £110,000 difference.

Depending on how much your client can offset over the course of the mortgage, they could save thousands of pounds in interest payments. And, of course because their Barclays current account and savings accounts are not earning interest, tax will not be relevant on their savings, which can be particularly efficient for a higher-rate tax payer.



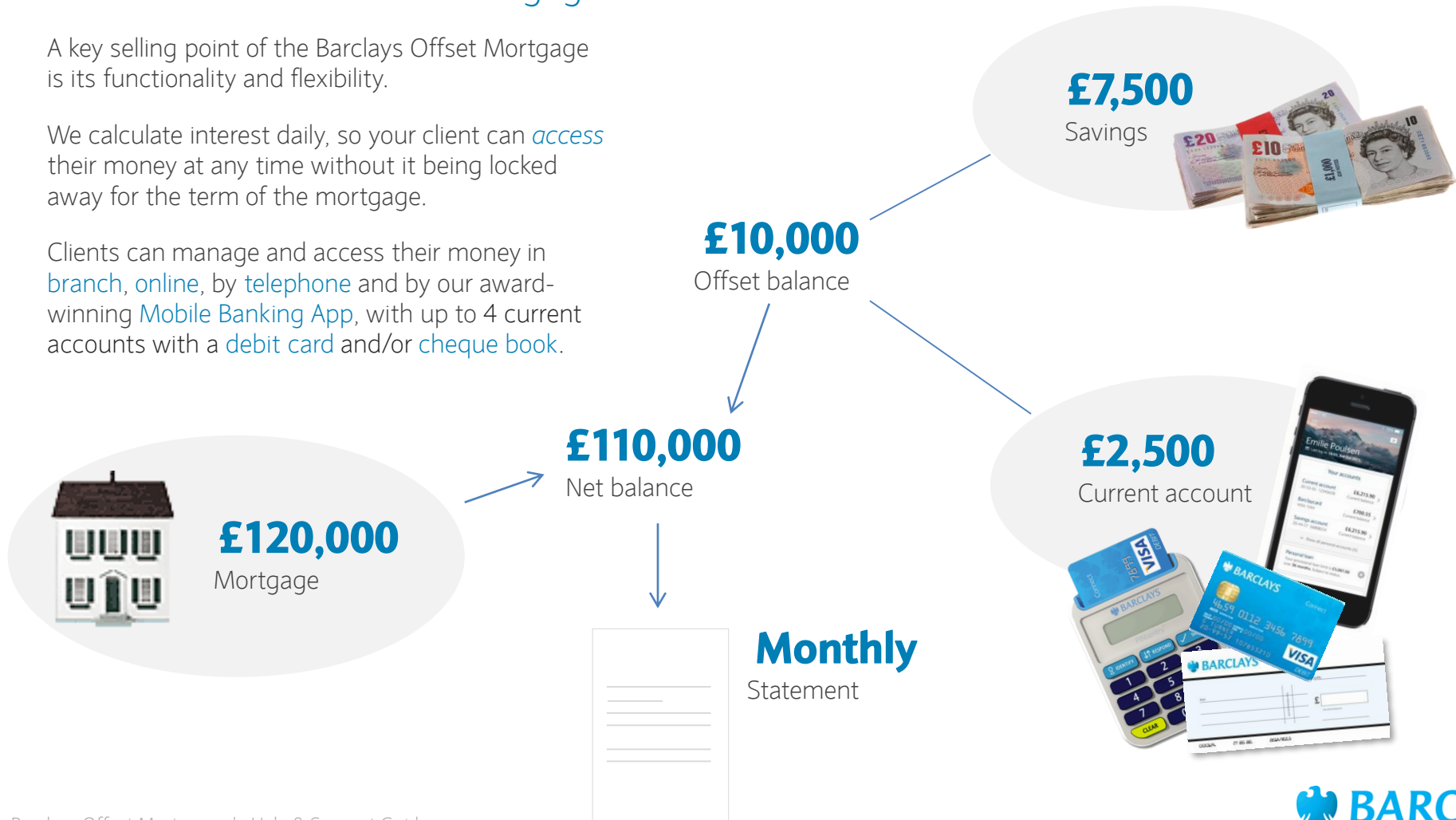
# Barclays Offset Mortgage

## A functional and flexible mortgage

A key selling point of the Barclays Offset Mortgage is its functionality and flexibility.

We calculate interest daily, so your client can [access](#) their money at any time without it being locked away for the term of the mortgage.

Clients can manage and access their money in [branch](#), [online](#), by [telephone](#) and by our award-winning [Mobile Banking App](#), with up to 4 current accounts with a [debit card](#) and/or [cheque book](#).



## How many accounts can I use?

A mortgage current account (MCA) is automatically opened when an offset mortgage is created. This is linked to the mortgage and can also act as the client's everyday account.

Up to 12 eligible accounts can be linked to the offset mortgage (up to 4 current accounts including the MCA *(with cheque book and debit cards)* and up to 8 cash ISA's and instant access savings accounts).

4

The number of Barclays current accounts that can be included in an offset mortgage.

8

The number of savings accounts that can be included in an offset mortgage.

12

There is the ability to offset 12 accounts which can include the four Barclays current accounts plus cash ISA's and a number of instant access savings accounts.



## What are the benefits for your client?

Your client can choose to benefit from term reduction or payment reduction. Clients can switch between either option at any time.



### **Benefit later** with *'Term Reduction'*

This could be ideal if your client wants to pay off their mortgage early.

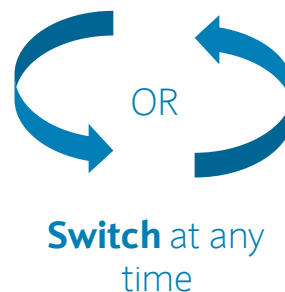
They make their regular monthly mortgage payment but the mortgage interest they save is used to reduce the balance each month and pay off the mortgage earlier. This could be by days, months or even years.



### **Benefit now** with *'Payment Reduction'*

Payment reduction could be the best option if your client wants to reduce their monthly expenditure.

The mortgage interest they save one month is used to reduce the monthly mortgage payment in the following month.



## What are the benefits for you?

It is not only your clients who could benefit from a better financial planning tool, there are also many benefits for you:



Opportunity to build deeper client relationships



Clients becoming advocates for your business and a source of referrals



Increased loyalty from your clients



Increase in sales and income depending on your client's circumstances

## The myths and the facts

*“Offset/Current Account Mortgages are only applicable to high net worth customers”*

Research shows that 1 in 3 households could be better off by having an offset mortgage\*.

Almost any household that lives within their means could save money using this type of product.

*“Offset is only for the super rich with huge savings”*

\*Research carried out by Intelligent Finance (Sept 2007)



## Who might benefit from an Offset Mortgage?

An Offset Mortgage could benefit your client if they:

- ✓ Have [unpredictable cash flows](#) through self-employment or a high bonus to salary ratio (saving for tax bill)
- ✓ Looking for an option to [overpay](#)
- ✓ [Landlords](#), buy to lets utilising Multi savings accounts
- ✓ [Excess funds](#) left in a current account at the end of each month
- ✓ [Higher Rate Tax](#) Payers



## Client Example 1

A client with a small one-off lump sum, no savings



|                           |                   |
|---------------------------|-------------------|
| Loan                      | £100,000          |
| LTV                       | 50%               |
| Existing savings          | £0                |
| Savings Lump Sum expected | £10,000 (one-off) |
| Regular monthly savings   | £500              |
| Average c/a balance       | £1,000            |
| Term                      | 25 Years          |
| Repayment/IO              | Repayment         |
| Mortgage Rate             | 1.89%             |
| Tax bracket               | 20%               |



### Term Reduction

#### Term savings

Client could reduce the term of their mortgage by 3 years and 7 months

#### Mortgage Interest Savings

Client could save £4,131.6 in mortgage interest when they offset their savings

#### Term savings

Client could save paying £2,982.5 in tax on their savings interest



### Payment Reduction

#### Monthly payments

Client could save £58.49 on their monthly payments

#### Mortgage Interest Savings

Client could save £17,548.25 in mortgage interest when they offset their savings

#### Term savings

Client could save paying £3,775.94 in tax on their savings interest

## Client Example 2

Landlord with monthly rental income paid into savings account



|                           |           |
|---------------------------|-----------|
| Loan                      | £200,000  |
| LTV                       | 67%       |
| Existing savings          | £3,000    |
| Savings Lump Sum expected | 0         |
| Regular monthly savings   | £800      |
| Average c/a balance       | £1,000    |
| Term                      | 25 Years  |
| Repayment/IO              | Repayment |
| Mortgage Rate             | 1.99%     |
| Tax bracket               | 20%       |



### Term Reduction

#### Term savings

Client could reduce the term of their mortgage by 3 years and 1 month

#### Mortgage Interest Savings

Client could save £7,119.12 in mortgage interest when they offset your savings

#### Term savings

Client could save paying £5,080.91 in tax on their savings interest



### Payment Reduction

#### Monthly payments

Client could save £101.96 on their monthly payments

#### Mortgage Interest Savings

Client could save £30,588.16 in mortgage interest when they offset their savings

#### Term savings

Client could save paying £6,323.33 in tax on their savings interest

## Client Example 3

Regular high bonus earner with existing savings, high tax bracket



|                           |                     |
|---------------------------|---------------------|
| Loan                      | £700,000            |
| LTV                       | 70%                 |
| Existing savings          | £50,000             |
| Savings Lump Sum expected | £50,000 (each year) |
| Regular monthly savings   | £2,000              |
| Average c/a balance       | £4,000              |
| Term                      | 25 Years            |
| Repayment/IO              | Interest Only       |
| Mortgage Rate             | 1.99%               |
| Tax bracket               | 45%                 |



### Term Reduction

#### Term savings

n/a interest-only mortgage

#### Mortgage Interest Savings

Client could save £61,611.33 in mortgage interest when they offset their savings

#### Term savings

Client could save paying £105,390.16 in tax on their savings interest



### Payment Reduction

#### Monthly payments

Client could save £961.43 on their monthly payments

#### Mortgage Interest Savings

Client could save £288,428.94 in mortgage interest when they offset their savings

#### Term savings

Client could save paying £131,932.07 in tax on their savings interest

## Client Example 4

Professional with existing savings but now lump sum



|                           |           |
|---------------------------|-----------|
| Loan                      | £300,000  |
| LTV                       | 60%       |
| Existing savings          | £20,000   |
| Savings Lump Sum expected | 0         |
| Regular monthly savings   | £500      |
| Average c/a balance       | £2,000    |
| Term                      | 25 Years  |
| Repayment/IO              | Repayment |
| Mortgage Rate             | 1.89%     |
| Tax bracket               | 40%       |



### Term Reduction

#### Term savings

Client could reduce the term of their mortgage by 2 years and 3 months

#### Mortgage Interest Savings

Client could save £7,230.52 in mortgage interest when they offset their savings

#### Term savings

Client could save paying £12,369.72 in tax on their savings interest



### Payment Reduction

#### Monthly payments

Client could reduce monthly payments by £107.39

#### Mortgage Interest Savings

Client could save £32,215.66 in mortgage interest when they offset their savings

#### Term savings

Client could save paying £14,508.7 in tax on their savings interest

## Why recommend a Barclays Offset Mortgage?

There are 8 reasons why you should recommend a Barclays Offset Mortgage to your client.

- 1 Your client can choose from many eligible Barclays accounts, and access at any time via branch, online, telephone or BMB
- 2 Your client can keep any historical cash ISA allowances
- 3 We calculate interest daily, so your client's money works harder
- 4 Offsetting can make sense whatever the level of interest rates
- 5 Our Switch and Save offer can help make switching as painless as possible
- 6 Unlimited overpayments available\*
- 7 We are covered by the Financial Services Compensation Scheme (FSCS)
- 8 Your client has access to their savings whenever they want

*\*Subject to change*

## Award-winning products

We were proud to receive the award for 'Best Offset Mortgage Lender' at the 2015 Your Mortgage Awards.

Our offset products consistently appear in the 'best buy' tables. This isn't surprising considering we were the first lender to bring them to the UK. This demonstrates how competitive and innovative Barclays offset products are.



**BEST  
OFFSET  
MORTGAGE LENDER**

BARCLAYS

## Offset Calculator

We invest in tools to ensure you can provide the best service to your clients.

Our dedicated Offset Calculator will help you and your client to understand how much they could save on their term or interest.

Simply log into the Intermediary Hub and click the Offset Calculator button.

