

Offset case study - retiring

By saving just £100 a month and leaving it in their Offset account, Bob and Jean could pay off their mortgage 5 years and 4 months early.

Bob and Jean would like to retire early and save a small amount each month. Their incomes are modest, so they like the security of an Offset mortgage with an easy access account.

Their savings can make a difference

They'd love to pay off their mortgage early, and even a small amount saved each month could make a big difference.



**Property value
£200,000**



**Income
£30,500**



**Savings
£1,000 (lump)
£100 (monthly)**



Bob and Jean have **29 years remaining** on their **mortgage of £100,000**.



**A saving of £26,757 in mortgage interest.
A reduced term of 5 years and 4 months.^**

^ Coventry Offset @ 4.86% Fixed to 31.10.2028 compared to a non-Offset mortgage and assuming that:

- 'Initial rate' based upon an average of top 10, 50% LTV, remortgage 5 year products, on a true cost basis, in the Intermediary channel only, against a loan size of £100K. Source: Moneyfacts @ 30.03.2023
- 'Reversion rate' based upon the average Revert rate of available market. Source: Moneyfacts @ 30.03.2023
- 'Current Savings interest rate' based upon the average top 10 non-ISA Instant access savings rates. Source: Moneyfacts @ 30.03.2023
- Source: Moneyfacts @ 30.03.2023, Instant Access, via all channels, no opening restrictions, based on a £25k AER balance, using the top 10 highest rates available to get an average of 3.25%.
- Monthly deposits continue each month and no withdrawals are made.
- The variable rate on the mortgage doesn't change.
- The variable rate on the comparable non-Offset savings account doesn't change.
- The customer's tax status stays the same throughout the term.



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How does our Offset mortgage work?



**Only pay
interest on
£99,000**

**Save mortgage
interest on £1,000**
(+ monthly regular savings)

**Pay capital
repayments
on £100,000**



(with no income tax liability on the savings)

Here's how our Offset calculator looks

Offset calculator

Offset mortgage details	Savings details	Comparison mortgage details
Loan amount: £199,000	Initial offset deposit: £1,000	Enter details of the non-offset mortgage
Property value: £299,000	Regular monthly savings: £100	Initial rate: 4.87% for 60 months
The LTV is 34%	You currently do not have any additional savings defined	Reversion rate: 7.26%
Term: 29 years, 0 months	Additional savings	Current savings interest rate: 3.25%
Select mortgage type: <input checked="" type="radio"/> Repayment <input type="radio"/> Interest-only	Which tax rate does your client pay on the savings? <input checked="" type="radio"/> 0% <input type="radio"/> 20% <input type="radio"/> 40% <input type="radio"/> 45%	Reduce mortgage term
Select an offset mortgage: OFU68 - Offset 4.66% Fixed to 31.10.25		Reduce monthly payments

Summary | Mortgage term | Payments | Savings comparison | Information

The offset mortgage term is reduced by 5 years and 4 months

At this point, your client will have saved £26,757 of mortgage interest compared to the non-offset mortgage.

The offset savings balance exceeds the mortgage balance after 20 years

Your client will not receive any benefit on excess savings held in their offset savings account. They could:

1. Repay the mortgage in full
2. Reduce their offset savings balance in line with their reducing mortgage balance