

Offset case study - self-employed

Over 26 years, Offset could save Oti £65,771 in mortgage interest and reduce her mortgage term by 6 years and 4 months.

Oti is a self-employed architect who enjoys travelling. She loves the flexibility of working for herself even though her income varies from month to month.

Oti likes flexibility

She knows she can dip into her savings if she has to, but she prefers to use her Offset benefit to reduce her monthly payments.



Income

£52,300



Savings

£5,000 (lump)

£500 (monthly)



**Property value
£305,000**



Oti has **26 years remaining** on her **mortgage of £225,000**.



An Offset works well with her self-employed earnings.

A saving of £65,771 in mortgage interest.^

^ 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, 75% LTV, remortgage 5 year products, on a true cost basis, in the Intermediary channel only, against a loan size of £225K. 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
£220,000**

**Save mortgage
interest on £5,000
(+ monthly regular savings)**

**Pay capital
repayments
on £225,000**



(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: £ 225,000	Initial offset deposit: £ 5,000	Enter details of the non-offset mortgage
Property value: £ 305,000	Regular monthly savings: £ 500	Initial rate: 4.65 % (per 60 months)
The LTV is 74%	You currently do not have any additional savings defined	Reversion rate: 7.28 %
Term: 20 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: OFU69 - Offset 4.89% Fixed to 31.10.28		Reduce monthly payments: >

Summary Mortgage term Payments Savings comparison Information

The offset mortgage term is reduced by 6 years and 4 months.

At this point, your client will have saved £26,771 of mortgage interest compared to the non-offset mortgage.

The offset savings balance exceeds the mortgage balance after 14 years and 2 months.

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