

Offset mortgages explained



We've made it easier for you to pay off your mortgage and at the same time made it possible to reduce your tax payments. Our Offset Mortgage means you can use savings to reduce the interest you pay on your mortgage, while the savings account holders still have easy access to the money in savings accounts. Up to three Offset savings accounts can be linked to the mortgage. It has the effect of deducting the amount of your savings from your mortgage balance so you only pay the interest on the difference.

Tax benefits

With mortgage and savings products, you usually pay a higher rate of interest on the amount you borrow for your mortgage than you receive on your savings. If you are a taxpayer, you will pay tax on interest earned from your savings. With our Offset Mortgage, the balance on savings accounts linked to your mortgage is deducted from your mortgage balance before the mortgage interest is calculated. Therefore your savings benefit by the equivalent of the mortgage interest rate and there's no tax to pay as your Offset Savings don't earn interest.

“There's no tax to pay as your Offset Savings don't earn interest”

Availability

The product is available if you are 21 years and over and buying your first home, moving somewhere new or if you're looking to move from your current lender. The features of the mortgage are flexible so they work for you the way you need them to. If regular deposits are made into linked Offset Savings accounts but the interest you pay on your mortgage will reduce and you could pay off your mortgage early.

Your Offset Mortgage consists of two parts which are operated separately:

1. The mortgage part.
2. The savings part.

These parts are linked and we calculate the amount of daily interest we charge on the difference between the mortgage balance and the total balance in all linked Offset savings accounts. Instead of earning interest on the savings, the balance of linked Offset Savings accounts is used to reduce the interest charged on your mortgage. Therefore the greater the balance in the savings accounts, the less interest you pay on your mortgage.

Here's an example of how it works:

If the balance of your Offset mortgage account is	£150,000
and	
The balance of your linked Offset savings account is	£15,000
The balance your mortgage interest will be calculated on is (£150,000 - £15,000)	£135,000

Please note: the difference between the mortgage balance and total savings balance must not fall below £25,000 for the first 3 years of the mortgage.

Monthly payments are calculated on the full mortgage balance over the remaining mortgage term. Therefore in the above example, the monthly payment will be calculated on £150,000.

Because you can't predict the future, you don't know what life changing events will happen to you. You may decide to set up your own business, start a family or decide to help your family financially. The Offset Mortgage is flexible enough for you to handle these ups and downs with ease.

We will recalculate your payments following a rate change or if you contact us to change your term, repayment method or to make a capital repayment.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

WE HAVE NO CURRENT PLANS TO WITHDRAW THIS PRODUCT BUT IT MAY BE WITHDRAWN WITHOUT NOTICE

Newbury Building Society is authorised and regulated by the Financial Services Authority (registration no. 206077). English Law applies and we will communicate with you in English. We are participants of the Financial Ombudsman Service. We have a complaints procedure which we will provide on request. Most complaints that we cannot resolve can be referred to the Financial Ombudsman Service.

Features of the mortgage part

Paying a lump sum or making overpayments

If you decide to pay a lump sum off your mortgage or make smaller overpayments, the amount you pay will be deducted from your outstanding balance as soon as we receive it. This will reduce your interest payments as interest is calculated daily.

Even paying as little as £20 per month can make a big difference over time, saving you money on interest payments and potentially reducing the term of the mortgage.

With our Offset Mortgage, you can make unlimited lump sum payments and overpayments without charge, providing you do not pay off the loan in full.

Mortgage payments

When you make a payment to your mortgage, the interest is affected as follows:

Cash	Day of receipt
Cheque	After 2 business days*
Standing order	Day of receipt
Direct debit	Day of receipt

**Business days exclude Saturdays, Sundays and Bank Holidays.*

If you miss a mortgage payment or pay date, more interest will be added to your account as we charge interest daily.

If you would like a payment holiday or to make underpayments for a period of time, these must be agreed in advance and must not exceed the amount of your previous overpayments. The amount of interest charged on your mortgage will increase if you make underpayments.

Features of the savings part

Offset Savings accounts

You must open at least one Offset Savings account at the same time as your offset mortgage completes.

You also have the option of linking up to two more Offset Savings accounts to your Offset Mortgage in your names (single or joint).

Family offset savings

NEW FEATURE

With Family offset, the first savings account must be in the names of the borrower(s). However, the remaining two can be opened in the names of others from age 18 and operated by them. At least once a year we will notify the borrower(s) of the balances in all linked Offset savings accounts.

Offset savings accounts cannot be opened by trusts, companies or charities.

Savings deposits

When you make a deposit to your savings account, the interest on the mortgage is affected as follows:

Cheque	After 2 business days*
Standing order	Day of receipt
Direct debit	Day of receipt

**Business days exclude Saturdays, Sundays and Bank Holidays.*

You can pay in to your savings account at any of our branches, regardless of where your account was opened, subject to our terms and conditions (see our General Investment terms and conditions booklet). No cash deposits are allowed.

You can also make payments into your account from your online accounts or by standing order via our bank (please ask for a standing order form at your branch, otherwise contact your bank and quote the sort code). The sort code of our Bank, NatWest, is 62 28 74; and the account number is 00000000 (there is no specific number as it is just a collection account). Enter your savings account number as the reference. You will also need to tell your bank that the standing order is for Newbury Building Society. We are unable to accept direct debits into or out of our savings accounts.

Cheques need to be payable to the account holder(s) or 'Newbury Building Society' followed by the account number or the account holder(s) name(s).

Accessing your savings

You can withdraw up to £350 in cash and £200,000 by cheque from any of our branches.

Larger withdrawals can be arranged by contacting your local branch (subject to the terms & conditions of your account).

IMPORTANT INFORMATION - When your mortgage rate changes, your new payment will be based on the outstanding mortgage balance (including overpayments and excluding Offset savings balances) and remaining mortgage term. If you are overpaying to your mortgage in order to reduce your term, then you may want to adjust the amount of your overpayments to compensate. You cannot make your regular mortgage payments directly from your Offset savings account(s).

Call **01635 555777** Visit **newbury.co.uk**