

SECURITY THROUGH AN OFFSET ACCOUNT

<HOW IT WORKS>

The Thakur's Story

Dev Thakur is 27. After a few years living back home he's landed his dream job. With his new salary he's finally able to afford the monthly payments on the kind of house he'd like to buy. He's saved £10,000 for a deposit and Dev's grandparents, Tanika and Anil, have savings that they want to use to help him.

15 GARDEN CLOSE - VALUE: £200,000

Tanika and Anil put £50,000 of their savings into a Family Offset Account with the Family Building Society.

By not receiving interest on the money, they pass on the benefit to Dev. By using the Family Mortgage in this way, instead of paying interest on the full mortgage, Dev pays interest on the loan amount minus his grandparents' savings of £50,000, which leaves £140,000. This reduces his monthly payments and also acts as security for Dev's mortgage which means the interest rate that he pays is also lower than he might otherwise be able to get.

The money remains Tanika and Anil's and provided Dev keeps up the payments on his mortgage, they can expect it to be returned in full after 10 years. The precise return date depends on the combination of fixed rate periods chosen by Dev.

The amount Dev will save on his monthly payments is likely to be more than the interest Tanika and Anil would have earned, especially as that interest may also have been subject to tax.



