

How would you like to make your savings work even better

Traditionally savings accounts are kept separate from your mortgage. If you put them together in a Hinckley & Rugby Offset Mortgage you could save money and reduce the term of your mortgage.

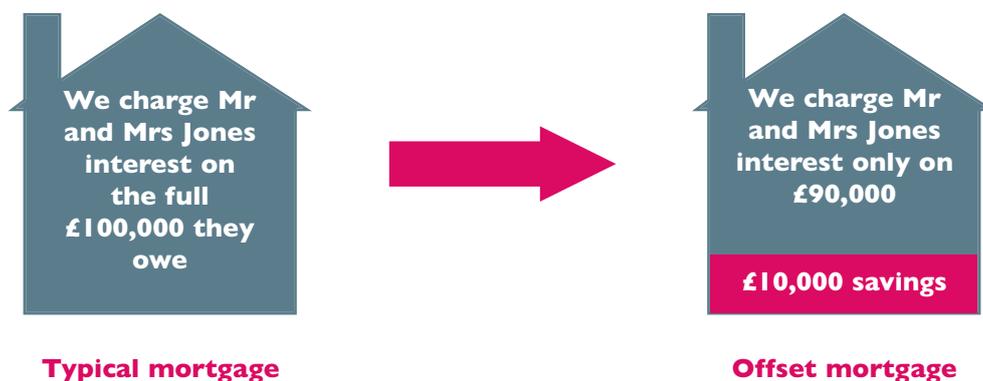
Making your savings work even better for you is easy – the amount of your savings is offset against your mortgage and over the life of your mortgage we only charge you interest on the difference.

A Hinckley & Rugby Offset Mortgage is designed to save you money over the long term. Your monthly payments will not be automatically reduced by offsetting. This is because your savings balance could vary each month meaning your mortgage payments would also have to change each month, making budgeting complex.

Because your monthly payments remain the same you are effectively overpaying on your mortgage every single month, reducing your mortgage balance and leading in turn to a reduction in the amount of interest you will be charged over the mortgage term.

Example

For instance, Mr and Mrs Jones have a £100,000 mortgage but also have savings of £10,000 which they want to invest. If they took out a Hinckley & Rugby Offset Mortgage, interest would be effectively charged on just £90,000 rather than the full £100,000, which may help them to pay off their mortgage earlier and could therefore save them money.



Assuming that Mr and Mrs Jones make no payments or withdrawals from their Offset savings account, with a repayment Hinckley & Rugby Offset Mortgage they could potentially reduce their mortgage term of 25 years by up to two years and five months and save themselves approximately £15,000.

If Mr and Mrs Jones have a 25-year term interest-only Hinckley & Rugby Offset Mortgage, they could save themselves approximately £22,000.

The example overleaf can be shown in graphical form as follows:



The figures in the example assume a continual current interest rate of 3.99%.

What if I need my savings for something else?

The Hinckley & Rugby Offset Savings account is totally flexible. You can access your savings at any time.

The minimum withdrawal is £250 and can be made by cheque (which can be made payable to third parties, if required) or by electronic funds transfer to the bank account from which your monthly mortgage payment is paid.

Subject to the conditions set out above, money can be paid out against a cheque from the start of the sixth business day following the day of deposit. Business day means a day other than a Saturday, Sunday or Bank Holiday. Funds are available for immediate withdrawal for all other types of deposit.

The minimum balance is £250 - if you wish to go below this figure you can do so, but the balance must be taken down to nil.

You can add to your savings at any time as long as you do not exceed the balance of your mortgage.

The Hinckley & Rugby Offset Savings account has been kept as simple as possible so it does not offer current account facilities but it is still quick and easy to gain access to your savings and to arrange telephone or online electronic funds transfers from your savings account directly into your bank account.

Please see our Offset Savings account leaflet for full details of the savings account.

H&R Online – operating your Offset accounts online

H&R Online is our web platform that allows you to view your Offset Savings and Offset Mortgage balances online. If you pay your mortgage repayments by direct debit, you can also transfer funds to your nominated bank account. In addition, you will be able to add any other savings accounts you hold with us and view those balances too.

When your mortgage has completed you will be sent details of how to register.

Will I earn interest on my savings?

The linking of mortgage and offset savings can be very tax efficient because no actual interest is paid on your savings. Instead, mortgage interest is only charged on the net balance of your accounts. This means that you receive a notional interest credit on your savings equivalent to the full gross rate of interest charged on your mortgage.

What happens when there is an Offset Mortgage interest rate change?

When there is a change in the interest rate applicable to your mortgage, your monthly payments will be recalculated based on your reduced mortgage balance to ensure your mortgage will be paid off over the term agreed originally. At this time, your monthly payments could reduce.

Should you wish to pay off your mortgage sooner you can contact us to arrange to maintain your monthly payments at a higher level or to ask us to reduce the original contractual mortgage term.

WE HAVE NOT GIVEN ADVICE IN RESPECT OF YOUR SAVINGS OR INVESTMENTS. WE RECOMMEND THAT YOU TAKE SPECIALIST FINANCIAL ADVICE NOW OR IN THE EVENT OF ANY CHANGE IN YOUR CIRCUMSTANCES DURING THE LIFE OF THE MORTGAGE.