

Offset Mortgages

A healthy combination

(that helps save you money)





Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.

What is an Offset Mortgage?

Very simply described, an Offset Mortgage is a way of using what's in your savings and current accounts to reduce the mortgage balance you are charged interest on.

Offsetting like this reduces the amount of interest you need to pay the lender each month. So you can either simply pay less each month, or keep payments the same and pay off your mortgage earlier. You won't receive interest on your savings as a result, but you'll still have access to them when you need them. So really, it gives you the opportunity to manage your money as it suits you.

As you'll see on page 6, to save more interest you can also make overpayments on your mortgage if it suits you. We calculate your interest daily, so anything you put in your savings or current account starts working immediately to reduce interest on your mortgage.

Term reduction

We will collect the monthly mortgage payment as normal. We will deduct any offset benefit from the capital balance, thus reducing the mortgage term.

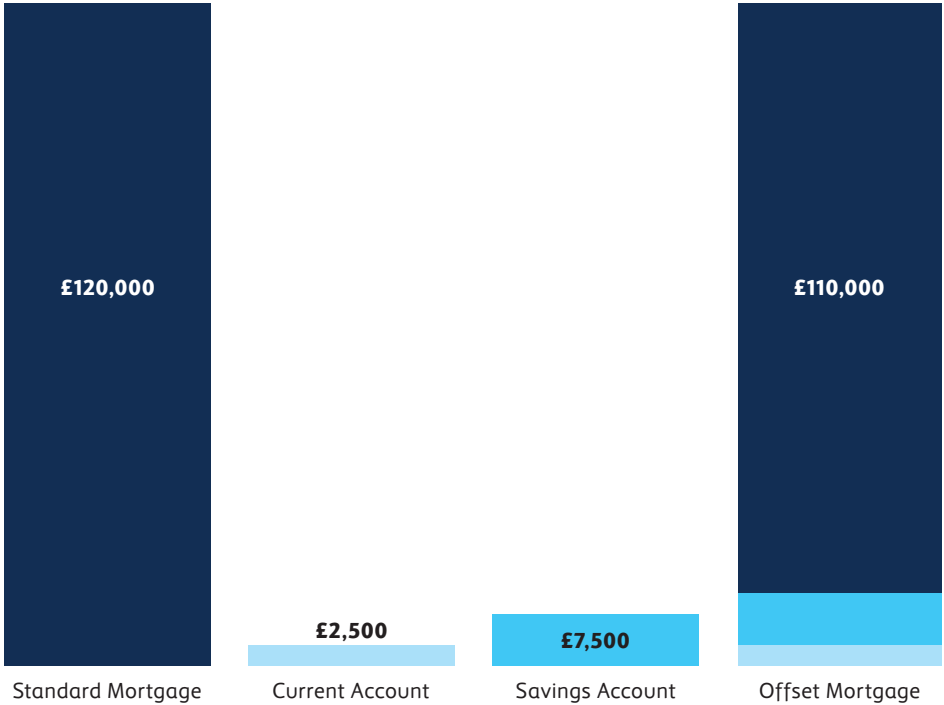
Although the default option is to reduce the term, you can switch between term and payment reduction at any time with no fee – just contact us.

Payment reduction

Your monthly mortgage interest payment is reduced to reflect the credit balances in the offset arrangement. Depending on how much you're able to offset over the course of the mortgage you could save thousands of pounds in interest payments – contact us to find out how.



How does it work?



If you have a mortgage of £120,000, but have £10,000 in savings and current accounts, by offsetting, you will only pay the mortgage interest on the £110,000 difference. You can then choose to either pay less each month as you are only charged interest on £110,000 or you can choose to overpay, without incurring early repayment charges, each month to reduce the term of the mortgage.

Is an Offset Mortgage right for you?

If you have savings or a little left over each month, an Offset Mortgage could suit you. That applies whether you're remortgaging or buying a new home.

It could be particularly useful if you:

- have excess funds left in your current account to put in your savings
- already have savings - as you can have these effectively working for you at the full mortgage rate by offsetting them
- are looking to reduce your mortgage – you can do this by either regularly saving and offsetting or make as many capital overpayments as you like
- require flexibility to access your Barclays savings and current accounts whenever you want - you can dip in and dip out as you need, and even transfer money online between accounts
- are a higher rate tax payer - you will not pay any tax on interest you would have earned on your savings or current accounts
- have unpredictable cash flow - if you are self-employed, receive occasional large bonuses or commission, or work on highly-paid short-term contracts, any large sums you receive will start working hard for you immediately, as your interest is calculated daily. This could also be the case with other sources of income such as rent
- save regularly towards your annual tax bill - as you can have this money working efficiently all year to reduce your mortgage payments.

Why choose a Woolwich Offset Mortgage?

It's designed to work around you - rather than change the way you deal with your daily finances. And because it's a Woolwich mortgage from Barclays, you know you're in safe and expert hands. Let's look at some of the special features of a Woolwich Offset Mortgage:

Unlimited overpayments available

Unlike many Offset Mortgages, ours lets you overpay as much as you like, whenever you are able.*

We calculate interest daily - so your money works harder

Anything you put in your savings or current account starts working immediately to reduce the interest payable on your mortgage.

You can choose from many eligible accounts, and view and manage them online

You choose up to 12 of your eligible Barclays current and savings accounts - see page 9 for a list of eligible accounts. You can then see all your accounts online, alongside your mortgage account, and make transfers when it suits you.

* Fees may apply on full redemption

You keep any historical ISA allowances

If you've saved money in an ISA in the past you can offset this. But if in the future you don't need to offset your ISA accounts, you will have retained your historical tax-free savings capability.

Your savings offset at the whole mortgage rate

By offsetting with Woolwich, you are effectively getting interest on your savings at the full mortgage rate. For example, if your mortgage rate is at 6%, your savings and current account will offset the mortgage interest at that rate.

You can also reduce your tax bill.

Even though your current and savings accounts do not earn interest, they do reduce what you pay on your mortgage - and you won't pay tax on your savings because it's not earning any interest. This is particularly efficient if you're a higher rate tax payer because you won't pay tax on savings interest earned.



Your questions answered

How can an Offset Mortgage reduce the length of my mortgage?

If you choose term reduction, we'll collect your full monthly mortgage payment, and the benefit from offsetting your savings will be used to reduce the capital part of your mortgage, thus helping to pay it off sooner.

If I have chosen to reduce my monthly payments, how will I know what I'm paying each month?

We'll send you a monthly statement showing a daily breakdown of the benefit you receive from your linked accounts, and the monthly direct debit payment we will collect.

How and when do I choose which accounts to offset?

To ensure you make the most of your savings and current account balances, pick the accounts you want to offset as soon as you set up your Offset Mortgage. If you open new accounts after that time, you can add them when you do - up to the maximum of 12 eligible accounts.

What do I get when I open my offset account?

As part of your Offset Mortgage, we will open a Mortgage Current Account and a savings account for you. They will both be linked to your mortgage and you can keep your funds in one of the accounts or separate into the two accounts. The credit balance is offset against the mortgage which reduces the amount of interest charged on the mortgage.

How many people can be part of an Offset Mortgage?

The maximum number of applicants is two.

Can we offset joint savings accounts?

You can offset a joint account against a joint mortgage for the same names, but you can't use a joint savings account to offset an individual's mortgage.

Can I offset an individual named account on a joint mortgage?

Yes, you can use the savings or current account of an individual named on the mortgage to offset a joint mortgage they have. Please note that account information for their individual account will appear on the joint monthly mortgage statement.

When will my reduced payments show on my account?

This will not show on your first mortgage payment - this debit interest is always collected in full in the first month. Offsetting credit balances will begin to show in arrears, from the following month onwards.

What interest rate will I pay?

All Woolwich Offset Mortgages are tracker mortgages and so the interest rate moves up and down in line with Barclays Bank Base Rate. Rates are available online, on the telephone or you can discuss these with a Woolwich Mortgage Advisor in Branch.

Which accounts can I use to offset?

Please use the following table to see which types of accounts you can use. If you hold any other account, please ask and we can advise you of the best way to move funds, or open a new account. If you do not have a Barclays account, we can set up a suitable one for you.

Eligible Current Account Types	Barclays Bank Account Additions Platinum Flexible Current Account Staff Current Account Premier Life Current Accounts Plus Additions Active
Eligible Savings Account Types	Openplan Savings Reserve Openplan Savings Pot 1 Openplan Savings Pot 2-12 Barclays Mini cash ISA Barclays Flexible Savings Pot 1 Barclays Flexible Savings Pots 2-12 Barclays Cash ISA Tax Haven ISA Tax Beater Cash ISA

What happens if I have more in savings balances than I have outstanding on my mortgage?

Because of the way the Offset Mortgage is structured, you wouldn't receive any credit interest. If this becomes the case, you would be better off transferring the surplus into a savings account not linked to the Offset Mortgage.

If I have exactly the same in savings as I have on my mortgage, will I pay or receive any interest?

This is called 100% offset, and theoretically it will mean you pay no interest on your mortgage and receive no interest on your savings. In reality there will be slight anomalies as credit interest uses the actual number of days in the calendar month, while debit interest simply divides the year into 12 (so each 'month' is 30.4 days).

For example, in a 28 day February, the credit interest applied in March will be for 28 days whilst the debit charged will be for a twelfth of the year i.e. 30.4 days, there will therefore be a difference.

Will I get credit interest on my savings?

No, your savings will instead be used to reduce your mortgage interest. But it also means you won't pay tax on any savings interest you may otherwise have earned.

Can I withdraw an account from the offset arrangement?

Yes. Simply let us know which account you no longer wish to offset and we can arrange this for you. Please see the question below for the effect of this withdrawal.

What happens if I withdraw an account from the offset arrangement?

Any account you chose to withdraw from the offset arrangement will continue to operate under the terms and conditions of that particular product. You will earn interest (if applicable) on any credit balances held in that account in accordance with the terms and conditions for that particular account. Any credit balances held in the withdrawn account will not form part of the offset calculation. You can opt to return any eligible account to the offset arrangement at any time.

Would you like more information?

If you are interested in an Offset Mortgage or would like more information after reading this booklet, please make an appointment to see a Woolwich Mortgage Advisor in one of our branches, or call **0845 070 4431*** to speak to a mortgage specialist.

If you already have an Offset Mortgage and have any query or require assistance with your mortgage, please contact us on **0800 022 4022***.

ISA and additional accounts

If you have an ISA account or have opened a new account which you would like linked to your Offset Mortgage, please contact us on **0800 022 4022***.

Queries about offsetting accounts

If you have an Offset Mortgage and have any queries about which accounts you can offset, please contact us on **0800 022 4022*** and speak to the 'Offset Linking Team' to ensure the appropriate accounts are linked to your new mortgage.

You can also visit **www.woolwich.co.uk** for details.



This item can be provided in Braille, large print or audio by calling 0800 400 100* (via TextDirect if appropriate) or ordering online via our website www.barclays.co.uk/accessibleservices

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Your home may be repossessed if you do not keep up repayments
on your mortgage.**