



ST. JAMES'S PLACE  
WEALTH MANAGEMENT



ST. JAMES'S PLACE INTERGENERATIONAL  
MORTGAGE RANGE

POWERED BY





To design a range of mortgages for the needs of our clients and their families, St. James's Place has worked closely with Metro Bank. While the St. James's Place Intergenerational Mortgage Range is exclusively available through the Partnership, Metro Bank provides all the mortgages within the range.

Metro Bank is the first new high street bank in the UK for over 100 years, offering client-focused banking through unparalleled levels of service and convenience. As testament to this, the St. James's Place Intergenerational Mortgage Range, powered by Metro Bank, includes innovative, market-leading features that offer St. James's Place clients the opportunity to help their young relatives to purchase their first home, or make their next move up the housing ladder.

**If you would like more information about Metro Bank, please speak to your St. James's Place Partner or visit [www.metrobankonline.co.uk](http://www.metrobankonline.co.uk)**

The St. James's Place Intergenerational Mortgage Range, including the Secured Deposit Account facility, is provided by Metro Bank. Mortgage conditions apply and are subject to status and approval by Metro Bank.

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## ST. JAMES'S PLACE INTERGENERATIONAL MORTGAGE RANGE POWERED BY METRO BANK



Buying a first home is one of the most exciting yet daunting financial decisions that we can make. Families have always supported each other through the ups and downs of purchasing a home. This includes financial support. More than half of UK first-time buyers in 2014 were given a helping hand by 'the bank of mum and dad', according to the Council of Mortgage Lenders.

### WAYS OF HELPING

Parents and grandparents can help their young relatives to save for a deposit, but they can also contribute to monthly mortgage payments. Some people jointly apply for a mortgage with their young relative – with the bank taking account of multiple incomes to calculate the maximum loan available. The higher the combined income, the higher the potential loan. Others ring-fence some of their own assets, in order to lower their young relative's interest rate.

### MORTGAGES DESIGNED FOR YOUR FAMILY

St. James's Place, in conjunction with Metro Bank, has designed a range of mortgages specifically for families. The St. James's Place Intergenerational Mortgage Range, exclusively available through the Partnership to the families of existing St. James's Place clients, allows your family to choose a mortgage that works for you all. The mortgage range provides flexibility in how you can support your young relative, enabling you to offer that helping hand.

Although the St. James's Place Intergenerational Mortgage Range is specifically designed to support families with affordable mortgages, it is still important that the property purchaser can actually afford the chosen mortgage. Your St. James's Place Partner will help you select a mortgage that suits your family's unique needs and circumstances. In addition to the St. James's Place Intergenerational Mortgage Range, we assess a comprehensive range of mortgages from across the market, that lenders make available to mortgage intermediaries, to ensure that we offer the right solution for you and your family.

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## OUR MORTGAGE RANGE CAN HELP YOUR YOUNG RELATIVE



- Home ownership is more achievable – family wealth can contribute towards a house deposit and provide extra mortgage security
- Home ownership is more affordable – mortgage interest repayments can be reduced
- The financial burden of the mortgage is shared by the family

## BUT IT ALSO HELPS YOU



- To assist your young relative in buying their first home, or moving to a new home
- To provide assistance in a way that is most appropriate for you
- To avoid unnecessarily gifting money
- To stay invested where appropriate, avoiding tax or withdrawal charges
- To continue to plan for your own future, while supporting your family today

THREE OPTIONS FOR YOU TO ASSIST  
YOUR FAMILY



If your child, or grandchild, chooses a mortgage from the St. James's Place Intergenerational Mortgage Range, there are three options as to how you could support them financially. Your Partner can explain the options, and advise you as to which is most suitable.

1



BY  
GIFTING

2



BY PROVIDING  
EXTRA MORTGAGE  
SECURITY

3



BY JOINTLY  
APPLYING FOR  
A MORTGAGE



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# 1

## I WISH TO GIFT



The simplest option may be to gift money to your young relative – thereby providing or increasing their deposit. This will reduce their initial mortgage debt and monthly repayments.

If you are unable to gift cash, it may be appropriate to borrow against your investments in order to fund the gift. Metro Bank provides a specialised facility, called the Money Management Account, that allows St. James's Place clients to borrow against their existing St. James's Place investments. By using this facility, you could remain invested, but at the same time provide financial assistance to your young relative.

Giftng, either using cash savings or by borrowing against your investments, may be preferable if it does not adversely impact your own financial plans. You would of course immediately lose control of the gifted money, and it is also important to consider any Inheritance Tax implications.

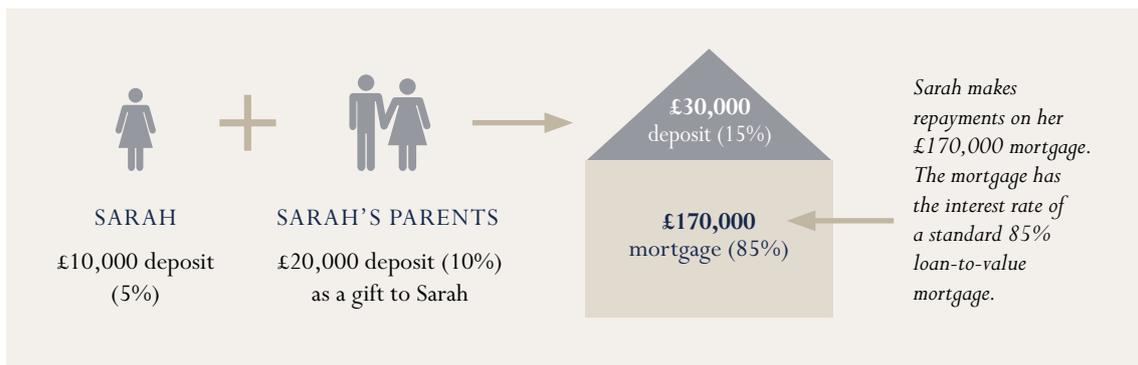
If gifting is right for your family, your Partner can advise you on standard mortgages, or those from the St. James's Place Intergenerational Mortgage Range. If relevant, your Partner will also explain the terms, conditions and costs of you borrowing against your investments using the Money Management Account facility.

Please see 'Important Questions You May Have' for further information on the risks to your investments through borrowing via the Money Management Account.

The home on which the mortgage is secured may be repossessed if the mortgage borrower(s) does not keep up repayments on the mortgage.

## HOW IT WOULD WORK – AN EXAMPLE

Sarah has worked since she graduated from University three years ago, and has saved £10,000 for a 5% deposit for a £200,000, two-bedroom flat. Sarah has tried to get a 95% mortgage; however, the monthly payments would be too high. Instead, Sarah's parents decided to help her onto the property ladder, and give her the extra 10% required (£20,000); allowing her to get a more affordable 85% loan-to-value mortgage from the St. James's Place Intergenerational Mortgage Range. Sarah's parents funded the gift through the Money Management Account facility, which is secured by Metro Bank against their existing St. James's Place investments. They plan to repay the borrowed amount next year using funds due to them.



## HOW THE FAMILY BENEFITS

Sarah obtains a mortgage at a lower interest rate and on a lesser mortgage amount, than that which is available to her with a 95% loan-to-value mortgage, meaning her monthly payments are more affordable. Sarah's parents are able to help their daughter to buy her first home, sooner rather than later. And, by using a Money Management Account facility, they did not need to encash their investments, or incur potential tax and withdrawal charges. They will repay the Money Management Account once they receive the funds due to them.

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## 2

### I DO NOT WISH TO GIFT, ALTHOUGH I CAN PROVIDE EXTRA MORTGAGE SECURITY



Should you wish to retain control over your wealth, but still use it to support your young relative, you might consider a St. James's Place Intergenerational Mortgage with a Secured Deposit Account.

The Secured Deposit Account is a non-interest bearing account that is linked to your young relative's mortgage. To assist your young relative, you deposit money in the Secured Deposit Account. This money, referred to as the 'Secured Deposit', is not gifted to them; instead it remains yours, but it acts as extra security for their mortgage. Because of this extra security, their monthly mortgage repayments can be reduced, making home ownership more affordable – without you having to gift any money.

The Secured Deposit Account can be funded using cash, or by you borrowing against your St. James's Place investments using the Money Management Account facility. Your Partner can advise you as to which approach is most suitable for you.

Your Partner can advise you on the most appropriate combination of deposit and Secured Deposit for you and your young relative's situations. The borrowed amount and the mortgage interest rate are dependent on the chosen arrangement.

You may also have the option of funding the Secured Deposit Account by borrowing against your St. James's Place investments using the Money Management Account facility. In this case there would be extra risks, terms, conditions and costs to be borne by you. However, depending on your circumstances, this might be an appropriate way of both providing assistance and staying invested. Finally, it is very important to understand that the Secured Deposit is both 'locked' and 'at risk'.

- Locked – You can only access your Secured Deposit when your young relative has renegotiated their mortgage such that the Secured Deposit is not required, or fully pays off their mortgage. Renegotiating a mortgage typically happens once a mortgage deal term has ended – every two or three years. A request must be sent to Metro Bank to release the charge on the Secured Deposit Account, and to return the Secured Deposit. A valuation fee will apply for each application to return some or all of the Secured Deposit.

- At risk – Should your young relative fail to keep up to date with their mortgage repayments, the Secured Deposit may not be returned to you.

Metro Bank require you to obtain independent legal advice relating to the Secured Deposit Account. This legal advice is important, and cannot come from the solicitor who is handling the purchase of the property. However, it can come from a solicitor in the same company. You are required to pay the legal fees. The solicitor will explain the implications and risks associated with the Secured Deposit Account. In the event of your young relative no longer making their mortgage repayments, or in the event where Metro Bank must repossess the property, money deposited in the Secured Deposit Account will be used to clear any financial loss.

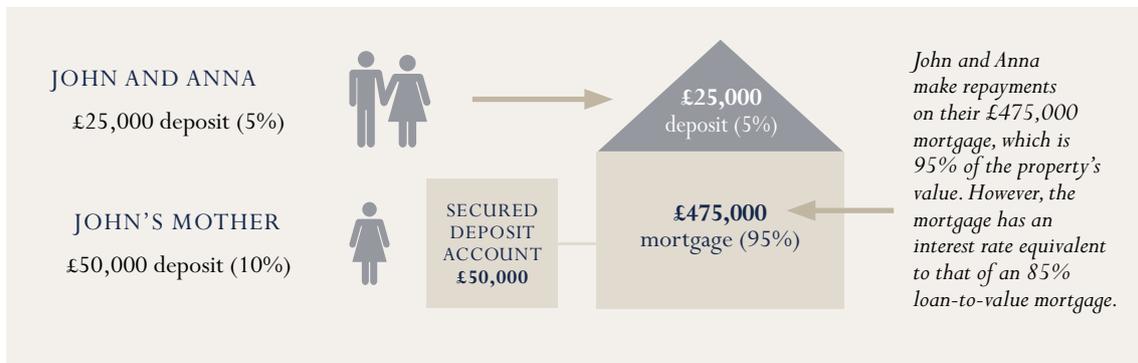
The home on which the mortgage is secured may be repossessed if the mortgage borrower(s) does not keep up repayments on the mortgage.



## HOW IT WOULD WORK – AN EXAMPLE

John and Anna live and rent in London, and now want to buy their first home – a £500,000, two-bedroom flat. They have saved a £25,000 deposit. John’s mother wishes to help the couple get a good mortgage deal, but is reluctant to gift. Instead, they opt for a St. James’s Place Intergenerational Mortgage with a Secured Deposit Account. John’s mother places £50,000 of her savings in the non-interest bearing Secured Deposit Account, while the couple gets a 95% mortgage, Metro Bank only charge an interest rate equivalent to that of an 85% loan-to-value mortgage. John and Anna buy the flat, and can afford the monthly repayments.

Three years later, when the mortgage deal term ends, John and Anna renegotiate the mortgage with Metro Bank. Their salaries have increased, and they have accumulated equity in their home; hence, they opt for a standard 85% loan-to-value mortgage that doesn’t require any family assistance. As part of the renegotiation, the charge over the Secured Deposit Account is released. John’s mother can now withdraw her £50,000.



## HOW THE FAMILY BENEFITS

John and Anna buy their first home with a 95% mortgage, but with a preferential mortgage interest rate. John’s mother supports them in reducing their mortgage repayments, but without gifting. After John and Anna successfully renegotiate their mortgage, John’s mother withdraws her £50,000.



*Helping your  
children realise their  
home owning dreams...*

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# 3

## I DO NOT WISH TO GIFT, OR OFFER EXTRA MORTGAGE SECURITY



In this case, you might consider jointly applying, along with your young relative, for a St. James's Place Intergenerational Mortgage. By jointly applying, Metro Bank would include your income, in addition to your young relative's, to determine if the mortgage is affordable. If the application were approved, Metro Bank would offer the mortgage to both you and your young relative. Hence, you would be liable for any repayments if your relative failed to keep up to date with them.

Unlike most other lending banks, Metro Bank does not require you, as a joint applicant, to be registered on the property deeds. You do not have to own the property, but you would be jointly liable for the mortgage debt. This feature is critical to avoid exposure to Stamp Duty and other tax implications of you purchasing a 'second property'.

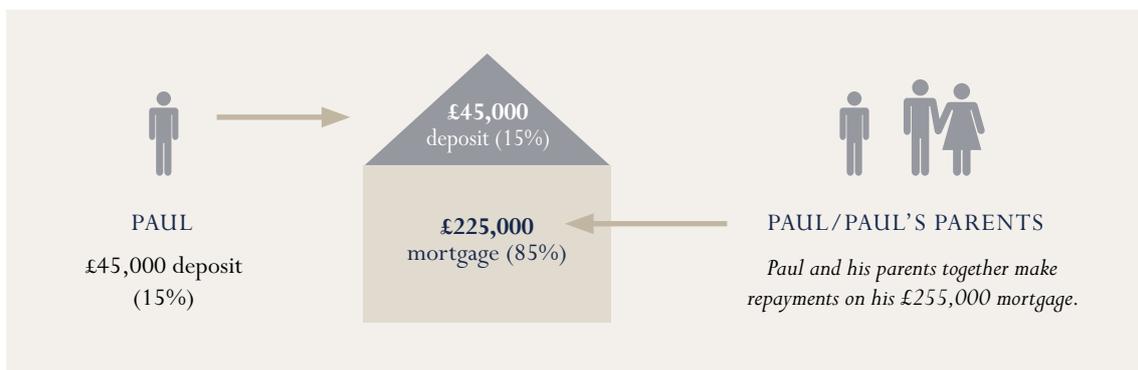
Please note that although you may not appear on the property deeds, jointly obtaining a mortgage will affect your credit score.

The home on which the mortgage is secured may be repossessed if the mortgage borrowers do not keep up repayments on the mortgage.



## HOW IT WOULD WORK – AN EXAMPLE

Over the last eight years, Paul has saved and invested to accumulate £45,000 for a 15% deposit on a £300,000, three-bedroom house. However, Paul has quite a modest income. He has tried to get an 85% mortgage, but the repayments simply weren't affordable. Paul suggested to his parents that they jointly apply for a mortgage from the St. James's Place Intergenerational Mortgage Range. That way, Metro Bank would factor in both Paul's income and his parents' incomes when determining if the mortgage is affordable. Paul and his parents are offered the mortgage by Metro Bank, and Paul purchases his new home.



## HOW THE FAMILY BENEFITS

With the help of his parents, Paul can afford the monthly mortgage repayments, and buy his first home. Paul's parents can assist their son in getting on the property ladder by contributing to monthly mortgage repayments. Crucially, however, they are not added to the title deeds, meaning the property is not included in their estate.

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## IMPORTANT QUESTIONS YOU MAY HAVE



### **Who can assist the young relative in purchasing a property?**

In order to provide assistance via the St. James's Place Intergenerational Mortgage Range, you must be an existing St. James's Place client, and a parent or grandparent of the property purchaser. For other relatives, please speak to your Partner.

### **Would I own the property if I were to provide financial assistance to my relative?**

No. If you gift money to your young relative to help fund the property purchase, assist your young relative via the Secured Deposit Account, or jointly apply for a mortgage but opt not to be included on the property deeds, you would not own the property. You would only own the property if you were included on the property deeds.

### **How much of a deposit is required?**

A minimum deposit of 15% of the property value is required across the mortgage range. However, if you are assisting via a Secured Deposit Account a minimum of 10% Secured Deposit must be placed allowing a 5% deposit from your young relative.

### **To assist my young relative, what is the minimum amount of money I should place in the secured deposit account?**

The minimum deposit for the Secured Deposit Account is 10% of the property value.

### **May I fund the Secured Deposit Account from more than one source?**

Yes. You may fund the account using cash, by borrowing against your existing eligible St. James's Place investments (using the Money Management Account), or a combination of both. The fees currently associated with a Money Management Account are an arrangement fee of 0.4%, an interest rate of 2.99% EAR plus Bank of England Base Rate and there is a renewal fee after 12 months.

### **Can I access the secured deposit at any time?**

No. As this money will have been provided as extra security for the mortgage, it will not be accessible to you until your young relative renegotiates the mortgage such that the Secured Deposit Account is no longer required, or fully pays off the mortgage. If you require access to the Secured Deposit, please speak to your Partner.

### **If my young relative wants to move to another property before the end of the mortgage term, is the mortgage transferable?**

Yes. Please speak to your Partner.

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### **When would the Secured Deposit be returned to me?**

The Secured Deposit can be returned once your young relative renegotiates the mortgage such that the Secured Deposit is no longer required, or fully pays off the mortgage. In practice, this will most likely be if the property value has risen, and/or your young relative's equity has increased; or if your young relative becomes able to afford a mortgage without this family-provided security. To release the charge on the Secured Deposit Account, a request must be sent to Metro Bank. A valuation fee will apply for each request to remove some or all of the Secured Deposit, which is dependent on the property value. At the time of writing the valuation fee for a £300,000 property is £300.

### **If I borrow against my existing Eligible St. James's Place investments, can I repay the borrowed amount at any time?**

Yes. Should you fund the Secured Deposit Account by borrowing against your St. James's Place investments using the Money Management Account, you can repay the borrowed amount at any time. Your repayments are not dependent on your young relative's mortgage or the Secured Deposit Account.

### **At the end of the initial mortgage deal term, must my young relative remortgage with metro bank?**

No. Your young relative can opt for any mortgage on offer from any lender – provided any outstanding Metro Bank mortgage balance is fully repaid.

### **What would happen if I passed away?**

If relevant, Metro Bank's charge over the Secured Deposit Account would continue after your death. The Secured Deposit will be part of your estate, but cannot be distributed until the mortgage is renegotiated and the Secured Deposit is no longer required, or the mortgage has been repaid in full. In practice, it may be sensible to update your Will to leave the Secured Deposit to your young relative. If you jointly obtained a mortgage with your young relative, your young relative would be responsible for keeping up the full mortgage repayments after your death. As such, it may be sensible to speak to your Partner regarding protection planning.

### **If I borrow against my St. James's Place investments, using the money management account facility, what are the risks to my investments?**

If the value of your St. James's Place investments falls below a level agreed between you and Metro Bank, or you exceed your overdraft facility and do not take action despite communication from Metro Bank, Metro Bank will be entitled to instruct St. James's Place to dispose of some or all of your investments to rectify this position.

*EAR stands for Effective Annual Rate and illustrates what the interest rate would be if interest was charged and added to the amount owed once each year. It does not take into account fees and charges.*

*Please note that charges and Interest rates may vary from time to time.*

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## IMPORTANT MORTGAGE CRITERIA



PROPERTY VALUE RANGE	Minimum of £150,000, Maximum of £1,500,000
MORTGAGE LOAN RANGE	Minimum of £100,000, Maximum of £600,000
MAXIMUM LOAN	95% loan-to-value*
MORTGAGE TYPE	First-time buyer mortgage, or a mortgage to move to a new home
PROPERTY TYPE	Residential only
MORTGAGE REPAYMENT TYPE	Capital & interest only
AGE RESTRICTIONS	Maximum age of 80 years old at the end of the term. Older clients will be considered on a individual basis.
HOW MANY APPLICANTS	Up to four joint applicants
PROPERTY LOCATION	The property must be in England or Wales**

Other mortgage criteria may vary with time. Your St. James's Place Partner can provide you with the latest details.

\*When utilising the Secured Deposit Account only.

\*\* We are working on an intergenerational mortgage range for properties in Scotland and Northern Ireland. In the meantime, your Partner can advise you on appropriate mortgages that are available currently.

## YOUR NEXT STEPS



Your St. James's Place Partner will be able to tell you more about our Intergenerational Mortgage Range, about Metro Bank, and about other mortgage options available to you and your young relative. Should you and your young relative wish to avail yourselves of the St. James's Place Intergenerational Mortgage Range, your Partner can tell you about potential charges, and terms and conditions, and help you evaluate if the mortgage range is appropriate.

If you wish to proceed with a mortgage application, your Partner will help you complete the relevant forms, and guide you through the process in a timely manner.

**YOUR YOUNG RELATIVE'S HOME MAY BE REPOSSESSED  
IF THEY DO NOT KEEP UP REPAYMENTS ON THEIR MORTGAGE.**



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## ABOUT ST. JAMES'S PLACE



We are a FTSE 100 company that provides highly personalised, face-to-face wealth management services to individuals, families, trustees and businesses. With over £75 billion of client funds under management, we are well established as one of the UK's leading wealth management organisations.

Our wealth management advice service is delivered through the St. James's Place Partnership. Its members, called Partners because of the way they work in partnership with their clients, comprise some of the most experienced and able professionals working in wealth management today.

### BUILDING LONG-TERM RELATIONSHIPS

We place clients at the very heart of everything we do and recognise that your circumstances and objectives are unique. Our advice and service are personally tailored to you, and are underpinned by our distinctive approach to investment management in which we select from some of the best fund managers from around the world. Clients often continue the working relationship with their Partner over many years, appreciating a source of trusted advice as their financial needs and priorities evolve over time.

### YOUR PERSONAL GUARANTEE

To provide you with added peace of mind and reassurance, we also guarantee the suitability of the advice given by members of the St. James's Place Partnership when recommending any of the wealth management products and services available from companies in the group, more details of which are set out on the group's website at [www.sjp.co.uk/products](http://www.sjp.co.uk/products).





ST. JAMES'S PLACE  
WEALTH MANAGEMENT

The 'St. James's Place Partnership' and the titles 'Partner' and 'Partner Practice' are marketing terms used to describe St. James's Place representatives. Members of the St. James's Place Partnership in the UK represent St. James's Place Wealth Management plc, which is authorised and regulated by the Financial Conduct Authority. St. James's Place Wealth Management plc Registered Office: St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP, United Kingdom. Registered in England Number 4113955.