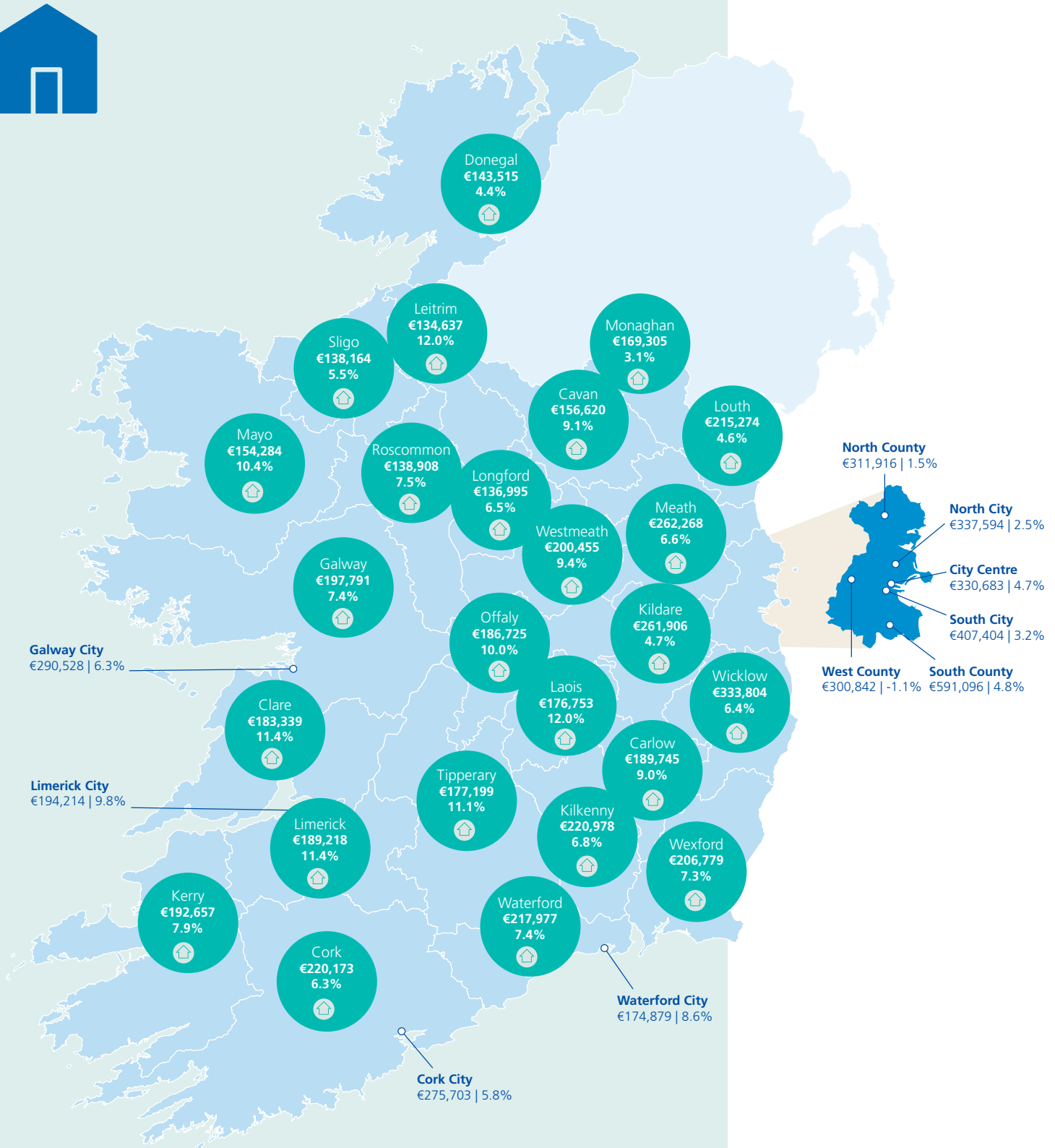


House Deposit Builder

Saving today for your
home of tomorrow



Three bed semi-detached asking prices in Ireland



Source: Daft.ie House Price Report
2018 Q4 – Year in Review.
Average house price and
percentage movement in 2018.

Saving for a house deposit

Money doesn't grow on trees, but it can grow when you save and invest wisely. Knowing how to secure your, and your children's, financial well-being is one of the most important things you'll need in your life. You don't have to be a financial genius to do it. You just need help building and implementing your financial plan, and then reviewing it regularly to adjust it to your changing needs.

Buying a home, in particular, requires planning. The deposit required on a first house is at least 10% of the home value. So, whether you're saving for your own home or perhaps looking to put some money aside to help your children get on the property ladder, receiving the best advice is important.

Hence the reason for a financial broker, who will also provide the ongoing support and advice you'll need throughout the duration of your deposit builder plan.

3 questions to consider

1. **Goals:** how much do I need to save to afford a deposit on my desired home?
2. **Timeframe:** how much time do I have to let my savings grow?
3. **Choice:** what financial vehicles can I invest in to meet my objectives?



Your first home

Most of us want to own our home. It fills us with a sense of pride and achievement. But, our home also means much more to us than that. We consider our home a safe haven. A place where we can spend time with our family and friends.

Unfortunately, for many, rising prices makes it feel like owning your own home is out of reach. However, equipped with a financial plan based around sound saving and investment principles, you can accumulate the funds necessary to put down your first deposit and secure that special place.

House prices in Ireland

House prices continue to rise in Ireland and affordability is an issue.



House prices rose on average by **€1,000 a month** nationwide during 2018



Average house prices up almost **€90,000 (circa. 55%)** nationally since their low in 2013



Average house prices in Dublin up almost **€150,000 (circa. 68%)** since bottoming in 2012



House price average inflation rate of **2.9% in 2018**.
Average inflation rate of **11.7% in 2017**



All major cities **registered growth in 2018**

Dublin (+2.9%), Cork (+5.8%), Limerick (+9.8%), Waterford (+8.6%), Galway (+6.3%)

Least Expensive



Roscommon

€139K

Sligo

€139K

Longford

€138K

Leitrim

€132K

Most Expensive



South Co. Dublin

€591K

South Dublin City

€407K

North Dublin City

€338K

Wicklow

€334K

Source: Daft.ie



Mortgage requirements

When it comes to getting your house mortgage, there are two types of limits. One is based on the ratio of the loan to the price of the house. This is known as loan-to-value (LTV). The other limit is based on the ratio of the loan to the income(s) of the borrower(s), which is known as loan-to-income (LTI). In general, both of these limits will have to be met for the mortgage to meet the Central Bank's requirements (note: there are some exceptions).

Loan-to-income limit (LTI)

There is a general limit of 3.5 times gross annual income for all new mortgage lending for principal dwelling homes, with some scope for flexibility.

Loan-to-value limit (LTV)

There are different limits for different categories of buyer. Again, lenders have some scope for flexibility – see below.

Type of buyer	Maximum limit of mortgage – since January 2017	Minimum amount of deposit – since January 2017
First-time	90% of house price	10% of house price
Not first-time	80% of house price	20% of house price
In negative equity on current mortgage	These limits don't apply but the lender's own limits may be stricter	
Buy-to-let or other non-principal dwelling	70% of house price	30% of house price

Source: Citizens Information

The bigger your deposit, the lower the interest rate you can expect to pay. For example, take two home buyers. Buyer A borrows less than 50% of the property's value. Buyer B borrows more than 80%. The difference in their interest rate is 0.4%.

That might not sound like much but it adds up. Over a 30-year mortgage for €162,000, the difference in repayments could total up to nearly €14,000.



Savings on deposit

With 10% of the value of your first house required upfront, buying your new home requires planning.

How you put your savings to work depends on how much you're willing to save each month, how much you need it to grow and what your timeframe is.

Irish people have traditionally kept money on deposit with their bank. Cash in the bank is considered to be safe from the risk of investment markets and it's comforting to know this money can be accessed when needed.

However, deposits pose a challenge when it comes to saving for a milestone event, such as a house purchase. Our money just can't grow fast enough, especially at today's low Interest rates.

The majority of household money on deposit right now is earning a paltry 0.07% per annum.* Putting that into perspective, that's a return of just €7 in a year for every €10,000 held on deposit.

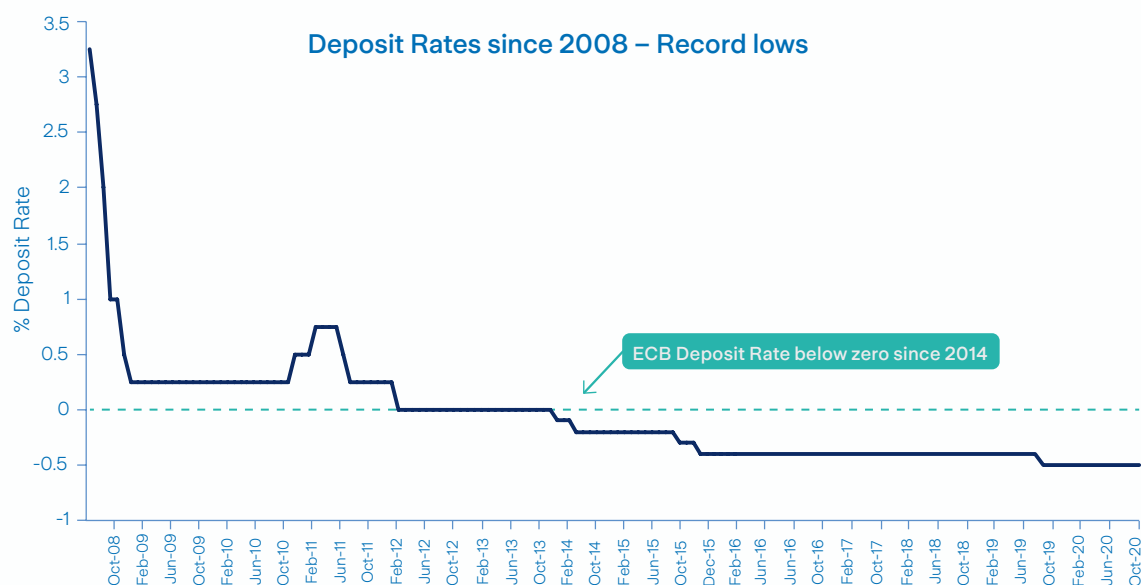
The second thing to consider is inflation. Over the past decade, house prices have been rising. So, while the value of your ideal home today might be €200,000, it's quite likely that 5-years down the road, prices will have risen.

Let's say house prices rise 3% every year for the next 5 years. The price of the house grows to €231,855. So, instead of requiring a €20,000 deposit, you now need €23,185.

If your savings on deposit is only earning €7 per annum, the reality is you are falling further behind your house deposit objectives.

An alternative to keeping money on deposit is to consider an investment bond or a regular savings plan with a Pension and Investment provider.

*Source: Central Bank of Ireland



Source: Zurich Life, January 2021, ECB Deposit Facility Interest Rates.

A better alternative

In 2018, some €1.3 billion was invested into Investment Bonds and approximately €40 million of new, regular contribution savings plans were taken out.* Both of these are large numbers but they pale in comparison to the amount of money that is held on deposit.

Zurich's Investment Bond and Regular Savings Plan are alternative options to deposits that are worth considering. They give you access to your money at any time and you have a choice as to where your money is invested (and how much risk you want to take).

Your risk profile

Your savings and investments will be invested with a view to growing your money. How that money is invested depends on how much investment risk you are prepared to accept. Everyone's attitude to risk is different.

Choosing your own investment strategy will involve deciding on the level of return you are looking for and balancing it against the level of risk you are comfortable with. That's why Zurich offers a range of investment solutions with different levels of risk.

*Source: Zurich Life, March 2019



The Zurich Investment Bond

Suitable if you have a lump sum of money to invest, such as an inheritance or existing savings. Your money can be invested in Zurich's range of investment funds including the risk-rated Prisma Funds.

Choose if:

- You are looking to invest for five years or more.
- You have between €5,000 and €200,000 to invest.

The Benefits:

- You have an excellent investment fund choice to suit your attitude to risk.
- You can switch investment funds at any time.
- You can access your money at any stage.
- You can check the value of your investment bond any time by logging on to Zurich's online Client Centre.

The Zurich Regular Savings Plan

Watch your savings grow over time by putting an amount away regularly in a Regular Savings Plan. Your savings are invested in a range of investment funds depending on your risk profile.

Choose if:

- You want to save regularly for at least five years.
- You want the potential to earn a good return on your savings.
- There are options available to access your savings if you need to, without any penalties.

The Benefits:

- You can save from as little as €100 per month up to a maximum of €1000 per month.
- Flexibility - You can vary your regular payments if you need to and make lump-sum injections.
- You can tailor the plan to your needs with our wide range of investment funds.
- You have access to an extensive range of investment funds with varied risk profiles.
- You can check the value of your savings plan any time by logging in to Zurich's online Client Centre.



There is a key Information Document (KID) available on this product. This document is a good source of further information and can be found at www.zurich.ie/broker-centre/key-info-docs/

Warning: This (product/service) may be affected by changes in currency exchange rates.
Warning: The value of your investment may go down as well as up.
Warning: If you invest in this product you may lose some or all of the money you invest.

Online tools to help you choose

Organising your investments might seem like a major task, so it's easy to keep putting it off. But once you get started you'll find it is quite straightforward. Of course, you don't have to do it alone. We are here to help however we can. We have lots of useful planning tools at **zurich.ie**

Budget Calculator

enables you to quickly assess your monthly income and expenses so you'll know how much you can afford to comfortably save.

Customer Dashboard

gives you an overview of your savings online once you have set up a policy with Zurich. Simply log on to get a snapshot of your current policy value and holdings.

Personal Annual Budget Spreadsheet

helps you to manage your income and expenses effectively throughout the year.

Risk Profiler

enables you to work out your attitude towards investment risk, helping you to choose the funds that best suit your risk profile.

Fund Centre

gives you access to fund performance and information so that you can keep track of how your funds are performing.

Portfolio Builder

helps you work with your Financial Broker to create an investment portfolio that is tailored to your individual risk profile and financial needs.

Take the next step

When it comes to your savings and investments, Zurich is committed to doing the best we can for our customers. So if you'd like to take the next step, get in touch today.



Talk to your financial broker or advisor



Email us at customerservices@zurich.com



Visit our website at [zurich.ie](https://www.zurich.ie)

Zurich offers you a wide range of financial products from life insurance cover, savings & investment solutions to pension and retirement planning. Check out a brochure for more information.



Zurich Life Assurance plc

Zurich House, Frascati Road, Blackrock, Co. Dublin, A94 X9Y3, Ireland.

Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie

Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

Intended for distribution within the Republic of Ireland.

GR: 5945 Print Ref: ZL IB 3607 0521

