

Product name: Teacher First Time Buyer (FTB) Fixed Rate Standard Product Range

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Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product

This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2).

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are ultimately responsible for meeting your obligations under 'The Consumer Duty'.

This information is intended for intermediary use only and should not be provided to customers.

1. Summary of our assessment

We have assessed that:

- Our Teacher First Time Buyer Fixed Rate Standard product range continues to meet the needs, characteristics, and objectives of customers in the identified target market.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).

2. Product characteristics & benefits

The products are designed to meet the needs of the target group. The product features and criteria are designed to support these needs.

- Fixed rate products.
- Up to 5 times joint salary (only one needs to be a teacher).
- Mortgage term up to 40 years.
- Available on new (up to 90% LTV) and existing (up to 95% LTV) homes.
- Maximum lending size:

LTV	5 x LTI	4 x LTI
0-80	£1,500k	n/a
80.01-90	£450k	£500k
90.01-95	£350k	£400k

- Minimum loan size: new advance £20k; further advance £5k.
- Fee free standard valuation (first) for properties worth less than £800,000.
- Support for government & industry led affordable housing schemes.
- Family support options (joint borrower sole proprietor).
- Dedicated Teacher knowledge and expertise with one advisor assigned to each case/application.
- All cases are manually underwritten which might improve the chances of getting a home loan if your client has a unique or more complicated financial situation.

Full eligibility criteria can be accessed on our intermediary website:

<https://www.teachersbuildingsociety.co.uk/intermediaries/standard-mortgages/lending-criteria>

3. Target market assessment and distribution strategy

This target market assessment matrix segments the target customers for the Product, recognising their different needs to enable you to tailor the services you provide when you distribute the Product.

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
Teacher First Time Buyers looking to purchase their first residential property in the UK.	Available through Direct (advised sale) and Intermediary* channels.	<ul style="list-style-type: none"> • Access to high LTV lending. • Access to high LTI lending. • To repay the capital by the end of the mortgage term. • Become a homeowner for the first time. • Have a preference for fixed rate mortgages over variable rates because they value certainty of stability over minimising (or having the potential to

		<p>minimise) their monthly payments</p> <ul style="list-style-type: none"> • Wish to maintain the fixed rate over a short to medium term horizon (up to 5 years) • May be willing to be tied in for a fixed period to secure the rate in question.
<p>*Intermediary distribution through:</p> <ul style="list-style-type: none"> • Networks and their Appointed Representatives. • Mortgage clubs. • Directly authorised mortgage intermediaries. <p>All intermediaries must be registered with us.</p>		

The Product is not designed for customers who:

- Have previously purchased a home in the UK.
- Are purchasing a property to let.
- Are credit impaired borrowers.
- Require an interest-only or part & part mortgage.
- Do not meet our lending or property criteria.
- Who have as their main priority minimising (or having the potential to minimise) their monthly payments rather than certainty of stability of payments.
- Who require a long product term (5 years +) or lifetime product.
- Customers who feel they have a need to maintain flexibility of redeeming the mortgage (where there is an ERC).

4. Customers with characteristics of vulnerability

The Product is designed for Teacher First Time Buyers, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

As degree educated professionals in a stable industry, Teachers are less likely than other consumer groups to proactively diagnose themselves as ‘vulnerable’.

For this group, ‘vulnerability’ is most likely to be driven by a life event or new health condition, with issues relating to resilience and capability significantly less likely to push them into vulnerability.

4.1 Life events

A bereavement, change in relationship status or parenthood are all life events which could push teachers into a ‘vulnerable’ status due to impacts on their financial and emotional wellbeing. Female teachers (who account for 76% of all teachers in England and 75% of

all teachers in Wales) having children are particularly at risk of vulnerability due to the low statutory maternity pay the profession receives (only 4 weeks of full pay) and the high cost of full time paid childcare relative to their salaries – those without an extended network of familial support may be at increased risk of financial difficulty.

Whilst teachers are less likely to be impacted by career related life events e.g. redundancy, they are at an increased risk of vulnerability in the early stages of their career as they look to establishing routines, methodologies, lesson plans, materials and a support network. The Department for Education revealed that one in three teachers quit within the first 5 years of teaching, making the early years post qualification particularly high-risk.

4.2 Health

Our charity partner Education Support found that 78% of all education staff have experienced mental health symptoms due to their work. Coupled with the long hours worked during school term time in particular, teachers could be described as time poor and at high risk of experiencing mental health issues, both of which could contribute to a classification of vulnerability.

4.3 Resilience

Whilst Teachers income is stable, and their career progression and pay ranges are laid out and transparent, a relatively low income in a high inflationary period means their disposable income is very low. Coupled with other typical debts including student loans, cars and mortgage payments (typical for all professionals) there is a real risk of their outgoings exceeding their income, amplified for those that are single or who are in single income families, and/or supporting children.

4.4 Capability

By nature of their profession teachers are degree educated, and will have obtained a set standard in both English and maths, making their capability levels higher than other consumer groups. There is a risk of vulnerability for those who are less au-fait with managing their own personal finances – this is more likely to be the case for teachers who qualified whilst living with their parents, and thus not having faced the need to manage their own and a households finances previously.

We have in place a framework to achieve good outcomes for vulnerable customers, which includes:

- Education and training for our staff to ensure they have the appropriate skills and experience to recognise and respond to the needs of vulnerable customers.
- A customer service provision that ensures our vulnerable customers experience as good an outcome as other customers.

- Continual monitoring to ensure we meet and respond to the needs of customers with characteristics of vulnerability. We make suitable adjustments when their needs change.
- A flexible approach wherever possible, to ensure we support our vulnerable customers with sensitivity
- A robust testing and feedback framework to ensure our communication is effective and understood and takes into consideration the needs of vulnerable customers.

Intermediaries should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly.

Please contact us if you need any further information about how we support the needs of all our customers in relation to the Product.

5. Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our mortgage product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to the Executive Committee, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Our fair value assessment has considered the following:

Benefits	Price	Costs	Limitations
<ul style="list-style-type: none"> - Supports moving home through access to: - Higher LTV lending. - Higher LTI lending. - Dedicated Teacher knowledge and expertise with one advisor assigned to each case/application. - All cases are manually underwritten which might improve the chances of getting a home loan if your client has a unique or 	<ul style="list-style-type: none"> - We regularly review products and update our pricing to ensure that we offer fair value. - We develop a price to cover the costs and risks associated with this type of lending and deliver an appropriate return commensurate with our position as a mutual. Any resulting price is then compared to 	<ul style="list-style-type: none"> - The fee structure is transparent and the size limited to £999 (currently £0). - It is refunded to the customer if the application is declined if the case meets the bare eligibility requirements but nevertheless the underwriter feels the case should be declined. - If the loan is redeemed or capital 	<ul style="list-style-type: none"> - The only restrictions that these products may have will be the 3% ERC. Where applicable, this is considered fair because: - up to 10% of the balance can be repaid without the ERC applying.

<p>more complicated financial situation.</p>	<p>similar criteria offered to the target market. We only offer the price if it is competitive. The price, therefore, contributes to fair value for the borrower by enabling borrowers to select a competitively priced product compared to other products with similar lending criteria.</p>	<p>repayments in excess of 10% of the loan per calendar year are made during the product term, an early Redemption Charge (ERC) of 3% of amount repaid is applicable.</p> <ul style="list-style-type: none"> - A valuation fee is payable for all properties worth £800,000 or more. - TBS paid an average broker procurement fee of £907 (TBS Mortgage Completions April 2022 to March 2023). - Our brokers were paid an average £271 by their clients (TBS Standard Mortgage Completions Jan to March 2023). 	<ul style="list-style-type: none"> - it represents a reasonable assessment of the lost costs associated with the marketing and acquisition of the mortgage, averaged over the mortgage book.
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Results of our assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.