

The Self-Employed Opportunity

Aldermore
Banking for the Bold



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Agenda

- How big is the UK self-employed market?
- Who are the self-employed?
- What's causing the trend towards self-employment?
- Key challenges for self-employed applicants
- What's the word on the street?
- Aldermore is perfectly placed to help
- Questions



How big is the UK self-employed market?

- **Self-employment accounts for 15%** of the UK's employed population
- **There were 4.7 million workers self-employed in early 2016** (up from 3.8 million in 2008)
- **c. 10% of mortgage market** with around 100,000 completions in 2015

And aspirations are high...

- **42% say they would like to start their own business** (20% claim they will do within the next 5 years).



Who are the self-employed?

Most concentrated region is London and South East

Number of males in self-employment has risen by just under 10%

58% of increase since 2008 is due to female self-employment

50/50 growth in self-employed part-time vs full-time*

47% rise in part-time self-employed from 2008-2015

Average age of workers in 2015 was 41

22% of part-time self-employed aged 65+ In 2015

Sources: ONS Report *Trends in self-employment in the UK 2001 to 2015* (13/07/16). BIS analysis of Labour Force Survey, ONS, gender figures 2008-15.

*Around 50% of the total growth (c. 370,000) in self-employed is from part-time self-employed workers since 2008.

What's causing the trend towards self-employment?

- **A growing and ageing population;**
working for longer and more gradual retirement
- **Changing attitudes;**
more desire to work flexibly and independently
- **The rise of contractor work;**
due to fewer permanent roles
(especially during the economic downturn)
- **Better technological capabilities;**
allowing more people to work remotely and
bringing business to them more efficiently (e.g.
Uber and Airbnb)



Key challenges for self-employed applicants



The perception that it's difficult to get a mortgage when self-employed:

- Because applicants don't fit 'the norm' of many high street lenders
- In practice, specialist lenders can help



Recently self-employed applicants may struggle to provide adequate records:

- 2 years' of accounts normally required
- This prevents some newly self-employed applicants getting a residential mortgage



To reduce tax liability personal income is minimised and this can affect:

- The applicant's ability to afford mortgage payments
- The maximum loan amount (as it's normally a multiple of annual income)

What's the word on the street?

““ I went self employed Jan 2015, earn more now and on a guaranteed retainer, ””
pay less tax and NI more disposable income but still can't get a mortgage...

Rosco84

““ It appears that being Self Employed ””
now carries a massive stigma – I
would say it borders on the
discriminatory. I have just been
refused additional borrowing... ””
justinjer

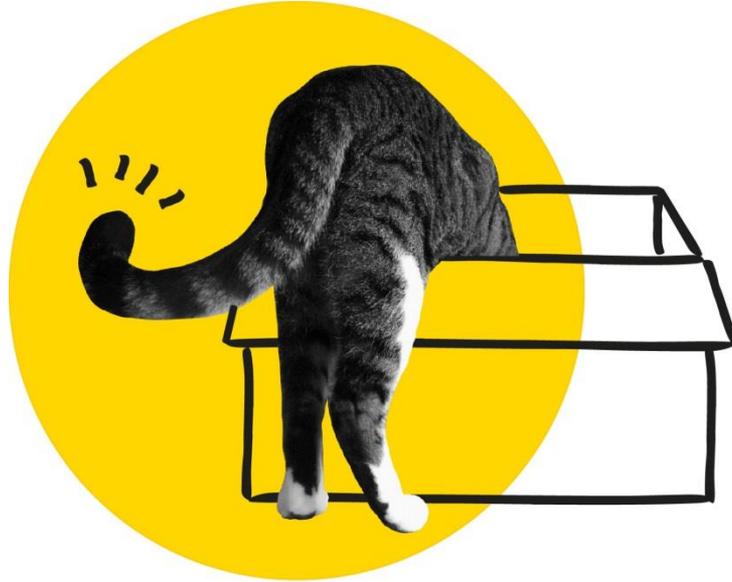
““ I'm struggling to know where to go for ””
another mortgage or advice. I work self
employed for a company and always
been advised to get rid of a lot of the
income (costs expenses etc.) so my
earnings are like £3000 a year on paper... ””
Necy11



Aldermore is perfectly placed to help

- ✓ **Personalised approach – a specialist lender with individual underwriting and named contacts**
- ✓ **Fairness at the heart – the same products are available for employed and self-employed applicants**
- ✓ **Understanding your clients' needs – retained profits taken into account for Limited Company directors and 1 year of accounts with 2 years' trading accepted up to 85% LTV**

Any questions?



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