



# Help with mortgage payments if your income stops

Support for Mortgage Interest (SMI)

Buying a new home is exciting. But if you are unable to work due to an accident, sickness or involuntary unemployment, you could lose the home you worked so hard to get. Our latest Deadline to Breadline research shows that without an income, working-age families in the UK have on average just 24 days until their money runs out. That's why it makes sense to protect your most valuable asset – your income, and ensure you keep your home.



## Could you keep up your mortgage repayments?

If in the future you experience an unexpected loss of income, you may need to find other ways to make your mortgage repayments. Do you have a plan in place that could help you do this?

One route could be to apply for state benefits (if you qualify), while the government's Support for Mortgage Interest (SMI) payments, could help with the interest-only element of your mortgage.

It does not help with the main loan itself. Because SMI payments start 39 weeks after you apply (depending on eligibility) you would still need to be able to make the payments for a further 39 weeks minimum.

Any debts you owe could result in a charging order being placed against your home, which you may have to pay back when you sell it.

## Would SMI be enough to help you keep your home?

These facts could help you decide:



Helps pay the interest part of your loan or mortgage, not the actual loan itself.

Do you have an interest-only mortgage or a capital and interest (repayment) mortgage?

Interest support is limited to the first £200,000 of your mortgage.

Is your mortgage greater than £200,000?

Interest-only is paid directly to your lender.

Will your lender accept interest-only payments? How will you pay off the capital?

The money is paid after 39 weeks. Missed mortgage payments are not paid.

Can you afford to cover your mortgage repayments for 39 weeks?

The standard interest rate used to calculate SMI is currently 2.09% as at April 2021.

Is your mortgage interest rate greater than this?

### Would you qualify for SMI?

You must be receiving one of these:

- Income Support
- Income-based Jobseeker's Allowance
- Universal Credit
- Income-related Employment and Support Allowance
- Pension Credit

### How is Support for Mortgage Interest paid and repaid?

Since 6 April 2018, Support for Mortgage Interest (SMI) is paid as a loan, which must be repaid when you die or sell your home. Before this date, SMI was paid as a benefit, which you didn't have to repay.

# Speak to your adviser about the best way of protecting your income to ensure you keep your home.



## Good to know

Loan payments are secured on your home at an interest rate which may change each year.

But you don't have to make regular repayments on an SMI loan, so it shouldn't affect your monthly budget.

Information correct as at April 2021.  
Further details can be found on [www.gov.uk](http://www.gov.uk)

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