

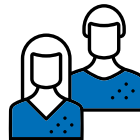
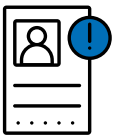


**A simple guide  
to Retirement  
Interest Only  
Mortgages**

# A simple guide to Retirement Interest Only Mortgages

The concept of retirement has changed rapidly in recent years. There's no set retirement date and the choices that you make in the approach and throughout the years ahead are going to be personal and unique to you. That's why we believe enjoying a more colourful retirement is all about feeling informed about your choices and being able to make the most out of your savings and assets.

If you're aged 55 or over and coming to the end of your interest-only mortgage, looking for a way to top up the money available to you in retirement or would like to access some of the cash held within your home, a Retirement Interest Only Mortgage (RIO) might be right for you.



## What is a Retirement Interest Only Mortgage (RIO)?

Retirement Interest Only Mortgages are a new type of residential mortgage, usually available to people aged 55 or over. They are very similar to a normal interest-only mortgage. The key differences are that a Retirement Interest Only Mortgage is:

- A mortgage for life and usually only paid off when you or the last borrower dies or moves into long-term care.
- Designed to suit people aged 55 or over, who might otherwise find it difficult to renew their existing mortgage, pay off the remaining balance at the end of the term or are looking for ways to top up their retirement income.

A Retirement Interest Only Mortgage (RIO) is a residential mortgage secured against your home.

You must make monthly interest payments - as a last resort, your home may be repossessed if you do not keep up with payments.

## Who might a Retirement Interest Only Mortgage be right for?

A Retirement Interest Only Mortgage can provide a solution for a range of needs, including:

### 1. People who have an existing interest-only mortgage.


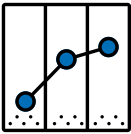
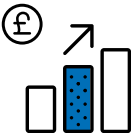
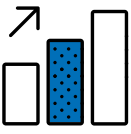
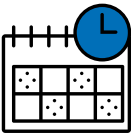
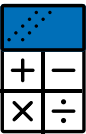
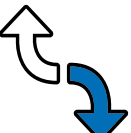
If you're coming to the end of your existing mortgage term and don't have the funds available to pay off the remaining balance, you may find it difficult to renew your existing deal. You could take a RIO, and because there is no fixed term, it means that you won't have to worry about finding another mortgage provider again in a few years' time.

### 2. People who want to take out a new mortgage.

Whether you need money to make home improvements, help out family, top up your retirement income or just use your house more efficiently, you could use a RIO to access some of the money held within your home without having to move or downsize. If you give money away, the recipient may have to pay inheritance tax in the future. There may be cheaper ways to borrow money.

You'll need to make monthly interest payments on the amount that you borrow for the full term of the mortgage. The capital is repaid when the last borrower dies or moves into long-term care. Provided you maintain your payments, the amount owed will never increase. You can also apply for additional borrowing as long as you meet our lending criteria.

# How do residential and lifetime mortgages compare to our Retirement Interest Only Mortgage?

	Residential Mortgage	RIO Mortgage	Lifetime Mortgage
 <b>Loan type</b>	A loan secured against your home. May be either repayment (capital and interest) or interest-only.	A loan secured against your home throughout your lifetime. An interest-only mortgage. RIO is a type of residential mortgage for over 55s.	A loan secured against your home throughout your lifetime.
 <b>Interest</b>	Interest is charged on the mortgage monthly and you make monthly payments.	Interest is charged on the mortgage monthly and you make monthly payments.	Any unpaid interest charged on the mortgage is added to the loan (rolled up).
 <b>Interest rates</b>	There are a variety of interest rates you can choose from. The most common are variable or fixed rate.	The interest rate is fixed for the duration of the mortgage.	The interest rate is fixed for the duration of the mortgage.
 <b>Monthly payments</b>	You are required to make a monthly payment.	You are required to make a monthly payment.	No monthly payments are required during the lifetime of the mortgage. It is possible with some products to pay the interest in part or whole.
 <b>Loan term</b>	The term is fixed for a set period of time. For example, 25 years.	There is no fixed term. The mortgage lasts until the last borrower dies or moves out of their home into long-term care.	There is no fixed term. The mortgage lasts until the last borrower dies or moves out of their home into long-term care.
 <b>Affordability</b>	Your income and expenditure is assessed to ensure you can afford the mortgage.	Your income and expenditure is assessed to ensure you can afford the mortgage.	There are no affordability assessments.
 <b>Repayment</b>	Repaid through the monthly payments over the term. With an interest-only mortgage you only make monthly interest payments, so you will need to make a lump sum payment at the end of the mortgage.	Repaid from the sale of your home when you, or the last remaining borrower, dies or moves into long-term care.	The loan and interest is repaid from the sale of your home when you, or the last remaining borrower, dies or moves into long-term care.

## Getting advice

It's important to receive advice before making a decision. Your mortgage broker or financial adviser can help you to understand whether a Retirement Interest Only Mortgage is the best option for your personal circumstances.

## Why Legal & General?

At Legal & General Home Finance we have already helped thousands of customers enjoy a more colourful retirement by providing them with customer-led solutions that offer flexibility and choice.

A Retirement Interest Only Mortgage could be an option for many people that may have debts to pay off or simply want more money to get more out of retirement or even help loved ones.

## At a glance

<b>Customer age</b>	The minimum age of the youngest borrower is 55. The maximum age of the oldest borrower is 90.
<b>Interest rate</b>	The interest rate is fixed for the duration of the mortgage
<b>Loan to Value (LTV - the % of the value of your home that you can borrow)</b>	60% maximum
<b>Affordability</b>	Your income and expenditure is assessed to ensure you can afford the mortgage
<b>Payment Frequency</b>	Payments will be made monthly and you will be offered a choice of dates between 1st and 28th of the month
<b>Mortgage Repayment</b>	Repaid from the sale of your home when the last remaining borrower dies or moves out of their home into long-term care
<b>Can you move house?</b>	Yes, you can transfer your mortgage to another property, subject to terms and conditions
<b>Additional Borrowing</b>	You may apply for additional borrowing 6 months after your RIO Mortgage completes, subject to an affordability assessment and our lending policy
<b>Can I pay off the mortgage early?</b>	Yes, but you may have to pay an Early Repayment Charge

## What to expect?

As part of your application process, we will need to conduct a valuation of your home to assess what we will be able to lend you.

In addition we have to assess your ability to repay the interest on the mortgage. Affordability will be assessed on your ability to maintain mortgage payments for the duration of the mortgage.

We will always use the lowest income for any joint application, in order to ensure that payments remain affordable, should a named spouse or registered civil partner or dependant die or move out of the home into long-term care.

## What we will need to see:

- Current income - you will need to provide evidence of any income you wish us to consider.
- Projected income in retirement, including any transferrable pension benefits, which can be evidenced.

## Income could include:

- Pension income, including state and private pensions, annuities, and appropriate income drawdown plans and SIPP's.
- Transferrable pension benefits.
- Income from sustainable investments.
- Sustainable income from rental properties.

Our underwriters may ask for more details of your income to support the application, where needed.

## FAQs

### How much can I borrow?

The minimum amount you can borrow is £10,000, the maximum will depend on the value of your home. We will lend up to a maximum of 60% of the value of your home depending on the income of the lowest earner. So, for example, if your home is worth £400,000 you could borrow up to £240,000, if you meet our lending criteria and it is affordable for you.

### Can I borrow more?

Yes. As long as you haven't already borrowed the maximum then you can apply for additional borrowing up to a maximum of 60% Loan to Value. This is subject to an affordability assessment and you meeting our lending criteria at the time of application.

### Do any age restrictions apply?

Yes. 55+ at application (both applicants if joint).

### What happens if I can't pay?

As a last resort, your home may be repossessed if you fail to make payments in line with the repayment schedule.

### Can I pay back some of my mortgage early?

Yes, you can reduce the amount you owe by making overpayments of up to 10% of the mortgage balance, in addition to the monthly payment, without having to pay an Early Repayment Charge. The overpayment must be of a minimum value of £50.

### Can I move house?

Yes, it is possible to transfer your mortgage to a new property, subject to it meeting our property and lending criteria, as well as our affordability assessment. This may not be possible if the house is not in suitable condition.

### If I die or go into long-term care, what happens to my RIO Mortgage?

The house will be sold when you, or the last remaining borrower, dies or moves into long-term care. The outstanding mortgage will be repaid from the estate.

### Do my family have to be involved in the decision?

That is entirely up to you. However, we would encourage you to involve them in the process, especially if any inheritance may be impacted.

## Please note:

Any income that is used as part of the affordability assessment must be sustainable for the full life of the mortgage.

If you declare that you are retired, any employed or self-employed income (such as from a part-time job) will not be used to assess affordability.

Income from paid work will only be taken into account as part of the affordability assessment if you declare you are employed or self-employed.

## Get in touch

Leave us a message here:

[legalandgeneral.com/adviser/get-in-touch](https://legalandgeneral.com/adviser/get-in-touch)

Or contact our dedicated sales team:

**0330 048 444**

**Option 2, Option 1**

[adviser.support@landghomefinance.com](mailto:adviser.support@landghomefinance.com)

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