

Lending Into Retirement

This criteria applies primarily to Residential Mortgages. For BTL mortgages, servicing will continue to be measured against rental income as per our BTL policy, but we must also consider the dependence upon personal circumstances and income to cover associated risks e.g. rental voids, repairs and maintenance etc.

The following criteria will apply where any applicant will be beyond their 75th birthday at term end.

Standard Lending Into Retirement:

- Maximum LTV: Capital and Interest 80%; Interest Only 60%; Part & Part 60%
- We take earned income up to the age of 75. Lending can be permitted with discretion from Underwriters over the age of 80 at the end of the mortgage term, but this is subject to supporting rational.
- Applicant within 10 years of retirement on a final salary scheme is allowed to be projected subject to suitable evidence from pension provider. All income must be evidenced.
- A single asset may not be suitable as a means of both servicing and repaying the mortgage
- We do not have a maximum age for BTL however the mortgage term will be based on ONS statistics.
- All parties to an application will be required to receive Independent Legal Advice in the event of any applicant being aged 75 or over at point of application.

RIO:

- Number of applicants: 2 (maximum) affordability assessment is per applicant
- Age of **all** applicants: minimum 55
- LTV: 60% (maximum)
- Loan Size: £30,000 (minimum) to £1m (maximum)
- Term: 5 years (minimum) No maximum
- Property Value: £100,000 minimum
- Repayment of Loan will be from the sale of the property upon the latest occupant vacating it i.e. death or moving into residential care facility Affordability for joint applicants must be proven against each applicant individually to ensure each has the ability to service the loan in the event of the other applicant's death.
- All income must be proven as sustainable for the term of the mortgage

Use the [Retirement Affordability Calculator](#) to check affordability passes before submitting your application

Acceptable Retirement Income – 1 month bank statements must be provided

Acceptable Source	Income Allowed	Evidence Required
State Pension	100%	DWP confirmation letter OR Latest P60 OR Last 1 months bank statement
Annuity Income	100% - if guaranteed	We require either the latest advice payslip OR latest P60/tax calculations and last 1 months bank statements
Defined Benefit Pension Scheme	100% - if guaranteed	As above
Defined Contribution Pension Scheme Pot (or Money Purchase/ Personal	Current fund value may be used towards annual income if it is accessible to them based on 30% haircut and the remaining 70% being	Latest years annual statement

Pension Scheme) and SIPPs -	used to purchase a suitability annuity or taken as an annual withdrawal at a sustainable rate, net of the applicable tax rate, for the term of the mortgage	
Investment Income	Can be considered in both Retired Income and Secondary Income (for nonretired applicants). It should always be considered alongside another source of income.	<ul style="list-style-type: none"> It should always be considered alongside another source of income. 40% haircut to allow for fluctuation and potential asset riskiness The remaining 60% being taken at a sustainable annual rate that supports The mortgage term, net of any relevant tax rate (e.g. not applicable to ISAs).
Rental Income	50% of latest years net surplus income/net profit. Underwriter discretion to consider 90% for portfolio landlords.	Most recent years tax return (or financial accounts if using net profit), property portfolio schedule. Rental can be considered up to 90% in the right cases.
Working Income	Not allowed post retirement/age 75	

Acceptable Interest Only Repayment Vehicles

Acceptable Vehicle	Percentage Allowed	Evidence Required
Personal Pensions with a 'guaranteed' fund value i.e. defined benefit schemes	100% of actual/projected tax free cash	Latest annual statement from Pension Company confirming the fund value & available lump sum drawdown amount
Personal Pensions where final value will be based on underlying investment performance i.e. contribution schemes	Up to 75%* of actual/projected tax free cash (Where projections are based on a range of investment performance, the middle projection rate is to be used.)	Latest annual statement - no more than 12 months old - from Pension provider detailing projection at retirement
SIPP	Up to 75%* of <u>current</u> value – no projections allowed	Portfolio details – risk analysis not required but must comprise a reasonably well spread of listed funds / companies
Endowment Plan	90% of projected value	Latest annual statement - no more than 12 months old
Government Backed e.g. NS&I investments	100% of <u>current</u> value	Latest annual statement - no more than 12 months old
Other Investments e.g. ISA's, Investment Bonds, Managed Portfolios	Up to 75%* of <u>current</u> value – no projections allowed (subject to underwriter assessment)	<ul style="list-style-type: none"> Portfolio valuation no less than 12 months old Evidence of the source, e.g. portfolio of stocks and shares; and Applicants to confirm their intention to retain the capital for repayment
UK Property – not main residence	Value of <u>current</u> unsecured equity after applying a 30% haircut to current market value	Asset & Liability profile. Latest Mortgage Statement (if applicable).

* Maximum %age may be reduced based on such things as type of scheme or investments

For 'Downsizing' Product Only:	
UK Property – main residence	<ul style="list-style-type: none"> Minimum of £250,000 equity in property required – however £150,000 could be considered subject to due diligence around the proposal e.g., locality Written confirmation of customer plan is required