



**"I'm 55 and my interest-only mortgage is coming to the end of its term. What are my options?"**

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If you have a client aged over 55 with an interest-only mortgage that they cannot repay, but can afford to continue with monthly payments, there are a range of solutions that could help them.

Some people choose to use their savings or downsize to repay the original mortgage. Some lenders will even let people extend the mortgage term. However, these options aren't possible or practical for everyone. If your client wants to stay in the home they love, one of the options available to them could be a Legal & General Mortgage.

Our mortgages are loans secured against your client's home. They can provide security and peace of mind during retirement if they want to stay in their own home.

We have two key products designed for over 55s looking to pay off an interest-only mortgage: **the Retirement Interest Only Mortgage (RIO)** and the **Optional Payment Lifetime Mortgage (OPLM)**.

**They both come with standard features that allow your clients to:**



- Release tax-free cash from their home
- Retain ownership of, and stay in their own home
- Enjoy fixed interest rates
- Repay the loan when the last borrower dies or moves out and into long-term care
- Take their mortgage with them when they move
- Make additional payments to reduce the amount they owe and the total amount of interest charged on the mortgage

But which mortgage is right for your client? Let's take a look at the differences between an Optional Payment Lifetime Mortgage and a Retirement Interest Only Mortgage.

### **Optional Payment Lifetime Mortgage**

- A form of equity release secured against your client's home
- Clients can take a tax-free cash lump sum, or take the cash in smaller amounts as and when they need it - actual loan amount determined by age and property value
- Clients can pay up to 100% of the interest each month. Minimum monthly payment of £25
- Clients can stop making interest payments at any time, but they won't be able to start them again

### **Retirement Interest Only Mortgage**

- A residential mortgage secured against your client's home
- Clients can take a tax-free cash lump sum of up to 60% of the property value - the amount they can borrow is based on their affordability assessment
- Clients pay off the interest of their loan each month
- Clients must make monthly interest payments - as a last resort, your client's home may be repossessed if they do not keep up with payments.

## At a glance

	Optional Payment Lifetime Mortgage	Retirement Interest Only Mortgage
A tax-free lump sum	✓	✓
Fixed interest rates	✓	✓
Affordability checks	✗	✓
The ability to take additional amounts	Additional amounts may be taken subject to age and property value	Additional amounts may be taken after six months subject to affordability and credit checks
Pay off the monthly interest	Pay some or all of the monthly interest	Must pay all of the monthly interest
Loan to value available	Amount available determined by age	Amount available determined on affordability up to 60%
Overpayments or optional partial repayments available	✓	✓
Stay in and continue to own their home	✓	✓
No Negative Equity Guarantee	✓	✗
Qualifications required to advise	Additional ER1 qualification needed to advise	Standard mortgage qualification needed to advise
Transfer mortgage when they move home	✓	✓
May affect means-tested benefits	✓	✓
Stop making monthly interest payments at any time	✓	✗

## Keeping in touch

To find out more, get in contact using the details below or speak to your dedicated account manager

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