

Payment Term Lifetime Mortgage (PTLM) – Assessing affordability

How to calculate your clients annual income when already in receipt of their pension¹

Evidence required for using your client's pension income towards their affordability assessment:

State Pension in payment

- Evidence with the last three months' bank statements.
- Full annual income taken.

Final Salary/Defined Benefit Pensions in payment

- Evidence with the last three months' bank statements. Most final salary pensions in payment will escalate each year, the original pension commencement statement could confirm different figures from the current income payments received on the bank statement.
- Use both the original pension commencement statement and the bank statements to ensure the correct annual income.

Pension Drawdown facilities

- Evidence using the original drawdown statement, which would also confirm the amount of tax-free lump sum that was originally taken.
- If the maximum 25% tax-free lump sum has been taken, use the remaining drawdown fund value and times by 3.5% to use this figure as an equivalent annual income.

Level Term Annuity in payment

- Evidence with the last three months' bank statements and P60 or annual annuity statement.

Fixed Term Annuity in payment

- Evidence with the last three months' bank statements and P60 or annual annuity statement.
- The fixed term needs to run for at least the duration of the customer's payment term to be used as part of the affordability assessment.

1. Only income already in receipt that'll continue to be paid for your clients whole payment term will be taken into consideration.

Note: Fixed Pension Income will be subject to a haircut proportional to the length of the payment term.

Stocks and Shares ISA currently invested for growth

- Establish and confirm the funds will remain in place, following the purchase or remortgage.
- Use the current investment fund value and multiply by 3.5% to equate the fund to an annual income.
- Income from investments is limited to 50% of the total income.

Stocks and Shares ISA currently providing an income

- Provide the last two years' statements and take an average of the income provided over that two-year period.
- Speculative investment income is not accepted as a source of income for affordability purposes.

To find out more, or speak to your dedicated account manager

Call: 03330 048 444

Lines are open Monday to Friday, 8.30am to 5.30pm.

Email: adviser.support@landghomefinance.com

Visit: legalandgeneral.com/adviser/get-in-touch

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