

Give your clients more certainty and fewer surprises with an Optional Payment Lifetime Mortgage (OPLM).

Kevin and Sally • Couple • Aged 59 and 58 • Working

What would Kevin and Sally like?

- A low fixed monthly mortgage payment that isn't governed by the Bank of England rate increases and won't be affected negatively at retirement.

What are Kevin and Sally's concerns?

- When they reach retirement at the age of 65 their combined income won't support the monthly interest payments on their current mortgage agreement, meaning they'll need to consider downsizing from their family home.

How can Jake the adviser help?

- Jake can offer an OPLM mortgage with a fixed interest rate for life. This will give flexibility and allow the option to stop paying the interest at any time. All additional costs will be paid at the point of the property sale.



Kevin and Sally are feeling unsettled with their current mortgage agreement. They're on a tracker rate of **4%** which has been steadily rising as the Bank of England increase their rates. Without savings or investments to put towards repaying this capital, they face concern on servicing the loan after retirement.

Although both are still working and intend to continue to work until they reach 65, Kevin and Sally could be at risk and must consider downsizing to a smaller home. Having lived in the property for over 30 years neither are keen on this option as it holds many precious memories.



Tracker rate

4%

paying **£500** per month

1

Kevin and Sally have a **£50,000** repayment mortgage on their **£370,000** property. Their current monthly payment is an affordable **£500** per month. However, with rates rising they are keen to negotiate a new mortgage agreement.



Mortgage value

£50,000

House price

£370,000

2

They've spoken with their lender. However, as their mortgage goes beyond their retirement at age 65, their projected income is insufficient to passing the affordability assessment meaning they won't qualify for either a retirement interest only mortgage or another residential mortgage.



For Adviser use only



OPLM fixed rate of

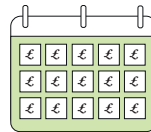
6.94%

3

Kevin and Sally decide to speak to Jake, an adviser who recommends an **Optional Payment Lifetime Mortgage** from Legal & General at an interest rate of **6.94%**. Jake, explains they won't need a repayment strategy as the **£50,000** loan will be repaid from the sale of the home.

4

Jake reassures them they're now able to afford the monthly interest payments of **£299** when Kevin retires at 65, and having a fixed interest rate means the monthly payments will never increase.



£299

for the full OPLM monthly charge

5

If however, they find that they're struggling financially or finding the monthly payment unaffordable they do have the option to stop paying the monthly interest payments.

Any unpaid interest is added to the loan each month which will be repaid along with the original from the sale of the property when the last survivor either dies or moves into long-term care.



Features



- Our Optional Payment Lifetime Mortgage enables your client to pay some or all the monthly interest by Direct Debit
- The interest rate is fixed for life and there's no risk of payment default
- Six missed payments are allowed within the product term. If more than six payments are missed the client will have to stop making monthly payments all together. In this instance, the client does have the option to manage the debt by making Optional Partial Repayments of up to 10% per annum of the amount borrowed. (Minimum payment £50 each, up to 12 times a year)
- Any unpaid interest is usually repaid from the sale of the property when your client dies or moves into long-term care
- The risks of compounding interest are reduced by making monthly interest payments.

Risks



- A lifetime mortgage is a debt secured against your client's home
- The interest is charged on the loan amount plus any interest already added.
- There may be cheaper ways to borrow money
- A lifetime mortgage may reduce the value of your client's estate
- A lifetime mortgage could impact your client's entitlement to means tested state benefits



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

Call charges will vary. Calls may be recorded and monitored. If you're contacting us by email, please remember not to send any personal, financial or banking information, because email is not a secure method of communication.