

Payment Term Lifetime Mortgage case study



How our mortgage product can help **silver separators**



Annette is 55 years old and co-owns a florist with her daughter in Hertfordshire. She's currently going through a divorce.

Her goal: to settle her divorce using equity from the family home whilst continuing to live there.

Meet Annette

Her four-bedroom detached family home, which she co-owned with her ex-husband, was paid off with a capital repayment mortgage. Now, Annette needs to pay a £150,000 divorce settlement – but doesn't want to have to sell the family home. She recently found out the house's value has gone up to £500,000.

This is not a consumer advertisement. It is intended for professional advisers only.
This case study is for illustration purposes only.
Not a real customer example and created June 2023

Annette's finances at a glance



House value
£500,000



Savings
£32,000



Annual income
after tax
£32,000



Current living
expenses
£1,100
per month

What she wants

Annette is financially stable and wants to maintain her lifestyle in her home. She's looking for a way to raise funds to settle her divorce without having to sell. Her husband will receive some equity as part of the divorce too.

She doesn't like the idea of having to sell and start again, especially as she plans to gift her daughter her share of the business when she retires.

How our Payment Term Lifetime Mortgage (PTLM) can help

Annette couldn't borrow what she needed with other lifetime products. Plus, repayments on a capital and interest basis are higher than she can afford.

PTLM is a lifetime mortgage, customers make contractual monthly interest only payments for an agreed fixed payment term. Payments will end no later than retirement age. At the end of this payment term, customers will stop making payments and instead, the interest will be rolled up and added to the amount they owe.

In Annette's case, the mortgage provides the cash she needs up front to settle her divorce – as long as she agrees to pay the interest on the lifetime mortgage for 11 years. Then, when her income reduces in retirement, she will no longer have to make the interest payments. This means that even though she won't have her business income, her finances will remain comfortable.

By choosing PTLM they can:



Stay in the family home she loves

With this lifetime mortgage, Annette doesn't need to downsize and can stay in her home, as long as she makes her monthly interest payments throughout the payment term.



Settle her divorce

By agreeing to pay the interest for 11 years Annette can have the higher LTV that she needs. It's a benefit of this product over our other lifetime mortgage products.



Feel financially secure

Annette's transition into retirement as a single income household feels more secure.



Have more certainty

The fixed interest rate for life means Annette knows exactly how much she needs to pay over the agreed 11 years.



Pass the affordability test

Her self-employed income was enough to be able to afford the mortgage and pass the affordability test.



Have flexibility for the future

After 11 years the interest payments will stop but Annette can choose to make optional partial repayments to service the interest.

Risks



As a last resort, your client's home may be repossessed if they don't keep up with their payments

- A lifetime mortgage is a loan secured against your client's home
- There may be cheaper ways to borrow money
- A lifetime mortgage could impact entitlement to means-tested state benefits
- There may be an Early Repayment Charge if they choose to repay
- The No Negative Equity Guarantee will not apply to any missed monthly interest payments and the interest charged on them.
- She may need to repay part of the Payment Term Lifetime Mortgage if they move
- A lifetime mortgage will reduce how much can be left as an inheritance
- At the end of the payment term the interest will be rolled up and added to the loan amount plus any interest already added

**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.

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