

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

Megan • Single • Aged 59 • Working

What would Megan like?

- To find a mortgage that allows her to start repaying her £75,000 loan whilst in full time work, but once retirement hits she needs something with more financial flexibility.

What are Megan's concerns?

- Once retired Megan is unable to pass the affordability assessment on the new interest rates given by her bank, risking her home security.

How can Lucy the adviser help?

- Lucy, offers Megan an OPLM where she'll no longer needs a repayment strategy. Megan, can choose to pay the monthly interest rates whilst working but when she retires she has the option to stop making the payments if they become unaffordable.



Megan aged 59, has been notified by her lender that her interest-only mortgage will be shortly maturing and the **£75,000** she originally borrowed will need to be repaid.

Megan's still working and intends to continue to work until retirement at 65, she has a fixed rate mortgage with an interest rate of **2.5%**. Megan, can afford a higher repayment whilst working but when she retires she'll have to consider downsizing.



A fixed IOM **2.5%**
paying **£156** per month

1

Megan's current income allows her to easily afford her current monthly interest payment of **£156**. But, her projected income in retirement isn't sufficient to clear her outstanding balance even with her savings within her ISA.



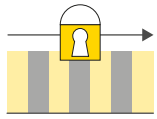
Mortgage value
£75,000
House price
£350,000

2

Her lender is struggling to find a mortgage that can repay the loan in 6 years due to current interest rates being at **5.5%**. After an affordability assessment, Megan has not been able to meet the affordability requirements for either a retirement interest only mortgage or another residential mortgage requiring a monthly payment of **£1,225**.



This is not a consumer advertisement.
It is intended for professional advisers only.



OPLM fixed rate of

7.7%

3

Megan, speaks to Lucy, an adviser who recommends an **Optional Payment Lifetime Mortgage** from Legal & General at an interest rate of **7.7%**. Lucy explains, she'll no longer needs a repayment strategy in place as the **£75,000** loan will be repaid from the sale of the home when she dies or goes into long-term care.

4

Megan can make monthly interest payments for 6 years while she's still working, and the fixed interest rate means the **monthly payments of £480 will never increase**. When Megan retires, she has the option to stop making monthly interest payments if they become unaffordable.



£480

for the full OPLM monthly charge

5

This solution gives Megan the ability to remain in her home for the rest of her life with sensible monthly mortgage payments.



To find out more about how the compound interest rates effect the mortgage over time, [click here](#)

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 4 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 could impact your clients entitlement to means tested state benefits
- Once the monthly repayments are stopped, your client cannot restart the payments for the lifetime of the remaining loan.
- 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

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