

WHAT'S THE DIFFERENCE: LIFETIME MORTGAGES AND RETIREMENT INTEREST ONLY MORTGAGES

Retirement interest only (RIO) mortgages and standard interest only lifetime mortgages are similar. They allow those 55 or over* to access funds tied up in their home to help fund their retirement. However, there are significant differences.

With both products, the loan is usually repaid when your client (or both clients, if borrowing jointly) has passed away, or goes into long-term care.

But there are some very important differences to consider when deciding the best option for your clients. The table below summarises some of the key differences between lifetime mortgages and RIOs.

Lifetime mortgages	RIOs
With many products, your client can elect to make monthly interest payments. If they choose to stop making monthly payments, the mortgage will convert to an interest 'roll up' basis	Your client must make every monthly interest payment due throughout the mortgage term or until it's repaid.
The amount your client can borrow is based on their age, life expectancy and property value. If a client's medical age is higher than their calendar age, their life expectancy reduces and they may be able to borrow more or pay less in overall costs of borrowing.	The amount your client can borrow is based on their ability to afford to pay the monthly interest payments. They may be able to borrow more than with a lifetime mortgage, but they need to be able to keep up the monthly interest payments.
Your client can remain in their home until they (or both of them if borrowing jointly) pass away or move permanently into long-term care.	If your client fails to make their monthly interest payments, their home is at risk of repossession.
Most products come with a No Negative Equity Guarantee, meaning your client or their estate will never have to repay more than the property is worth when it's sold, following death or entry into long-term care of the last borrower.	If the property is worth less than the outstanding mortgage when it becomes repayable, your client or their estate will need to pay any shortfall.
Most lifetime mortgages have an interest rate that's fixed for life.	Interest rate may be fixed for a specific term and could fluctuate after this period.

WE CAN HELP YOU

If you have a client that could benefit from a lifetime mortgage to help supplement their retirement income, we could help with the next steps. We don't offer retirement interest only mortgages. We've different options to help you and our contact details are below.

Call: **01737 233 297** Email: **support@wearejust.co.uk** Or visit: **justadviser.com**
Lines are open Monday to Friday, 8.30am to 5.30pm

Please note your call may be monitored and recorded and call charges may apply.

* Some retirement interest only mortgages are available from age 50.



FT ADVISER

