

JUST FOR YOU LIFETIME MORTGAGE

CASE STUDY



FLEXIBLE CASHBACK LEADS TO LESS INTEREST IN YEAR ONE BY £1,534

Candace Smith's story

- Candace is 65 and has almost cleared the repayment mortgage on her home in the Cotswolds.
- She's a freelance writer and expects to keep doing this part-time.
- She wants to give her four grandchildren £50,000 each and keep the rest for future needs.

How can the Just For You Lifetime Mortgage help her?

Candace's home is worth £800,000. If she used a Just For You Lifetime Mortgage to borrow £290,000 (£50,000 for each grandchild and the rest for future needs), this would give a loan to value (LTV) of 36.25%. In other words, the loan amount is 36.25% of her home's current value. This is just above the maximum LTV Candace could have (based on her age) to get a rate on J3.

If Candace borrowed £290,000 at an interest rate of 4.40% AER, the interest in the first year would be £12,760.

As her repayment mortgage will soon be cleared and she's still earning, Candace is also open to the idea of paying – or 'servicing' – some of the interest to preserve her home's remaining value.

How does the Just For You Lifetime Mortgage make it even better?

Candace's adviser has heard about the new flexible cashback facility and wonders whether this could produce an even better solution for her. A quick call to us generates the options shown in the table opposite.

Cashback	2% of amount borrowed	5% of amount borrowed
Candace would need to borrow	£284,200	£275,500
Loan to value	35.53%	34.44%
Interest rate	3.95% MER (J3)	4.26% MER (J3)
Interest in first year	£11,225.90	£11,736.30
Saving	£1,534.10	£1,023.70

Taking either cashback amount would reduce the loan (and so the LTV) enough for Candace to qualify for lower interest rates.

Taking 2% cashback would mean that Candace could take out a lifetime mortgage of £284,200 to get the total £290,000 she's looking for. And the lower interest rate means the interest in year one is reduced by more than £1,500.

She could reduce the interest rate even more by paying some or all of the interest each month. For example, if she chose to pay more than 25.01% of the monthly interest due, the interest rate charged on the loan would be reduced by 0.30% to 3.65% (MER).

The Just For You Lifetime Mortgage would allow Candace to:

- Release the £290,000 she wants to share between her four grandchildren and keep for future needs
- Use the flexible cashback facility to fine tune the original solution and get the funds at a lower interest rate, saving more than £1,500 in year one, and
- Potentially reduce the interest over the period of the mortgage by paying off some of the interest each month.

Note: The interest rates and LTV are correct as at 8 February 2021.

All numbers are illustrative only to show how the Just For You Lifetime Mortgage could be used. This is not intended to provide any form of advice or recommendation.

FOR MORE INFORMATION

Call: **01737 233297**

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

Calls may be monitored and recorded, and call charges may apply.

Email: **support@wearejust.co.uk**

Or visit our website for further information: **justadviser.com**

