

Lending into Retirement Product Guide



Purchase Products

Discount Rate Purchase Product				
Product code	Initial rate	Product ¹	Followed by our SVR	The overall cost for comparison is
OND02	2.24%	2.70% discount for 3 years	4.94%	4.3% APRC
Maximum LTV	Maximum loan	Interest rate floor ²	Product fees	Product incentives
75%	£500,000	2.24%	£499 arrangement fee ³	Free standard valuation ⁴

Fixed Rate Purchase Products			
Product code	Product ¹	Followed by our SVR	The overall cost for comparison is
ONF13	3.15% fixed to 30 November 2026	4.94%	4.1% APRC
Maximum LTV	Maximum loan	Product Fees	Product incentives
75%	£500,000	£499 arrangement fee ³	Free standard valuation ⁴

Remortgage Products

Discount Rate Remortgage Product				
Product code	Initial rate	Product ¹	Followed by our SVR	The overall cost for comparison is
ROND02	2.24%	2.70% discount for 3 years	4.94%	4.3% APRC
Maximum LTV	Maximum loan	Interest rate floor ²	Product fees	Product incentives
75%	£500,000	2.24%	£499 arrangement fee ³	Free standard valuation ⁴ ; and free standard legals ⁵

Fixed Rate Remortgage Products			
Product code	Product ¹	Followed by our SVR	The overall cost for comparison is
RONF13	3.15% fixed to 30 November 2026	4.94%	4.1% APRC
Maximum LTV	Maximum loan	Product Fees	Product incentives
75%	£500,000	£499 arrangement fee ³	Free standard valuation ⁴ ; and free standard legals ⁵

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01403 272625
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 for more information.

Income multiples and affordability

Affordability can be assessed using earned income up to retirement age. Once the client reaches retirement, affordability for the remainder of the term will be calculated using verifiable income from a pension or other sustainable source, such as investments or rental income. Death stress calculations will be used should either borrower reach age 80 during the mortgage term.

Once affordability is satisfied, we apply a 4.49 times income multiplier to determine the maximum level of borrowing. To verify if your clients meet affordability criteria, contact a member of the team directly.

Split Terms

Did you know that within our later life lending proposition, clients can choose to split their term to reflect their changing financial position following retirement? Above affordability requirements still apply, but can also be assessed separately against their current earned income, and future pension provision enabling a proportion of the mortgage to be secured over an extended term. For example:

Mr & Mrs Client are 55 and 52 years of age and are moving to a new house and require a mortgage of £180,000 to support this new purchase. Their current salaries are sufficient to support the £180,000 borrowing, but rather than apply a term to Mr scheduled retirement age (70). They were able to demonstrate that their pension provision was sufficient to support borrowing in retirement of £100,000. This enabled an application to be agreed on a split extended term:

Part 1 £80,000 on a capital and repayment basis over 14 years

Part 2 £100,000 on an interest only basis for 29 years

Mortgage and client criteria

For joint applications where both applicants are retired but cannot prove affordability in sole name applications will be considered where there is enough equity available to downsize to a two bedroom flat/house within 5 miles of the mortgage property. Your clients can use the sale of their home as their repayment strategy provided they have sufficient equity to downsize to a two bedroom flat/house within 5 miles of the mortgage property.

Up to the maximum product LTV can be released for capital raising purposes. Borrowers must provide a signed declaration stating that in the event of death it is the intention of the surviving borrower to downsize. The mortgage must be repaid following a life event, including:

- › death of the sole borrower or the surviving borrower for joint mortgages;
- › sole borrower or surviving borrower for joint mortgages entering long-term residential care; or
- › sale of the property.

These products are available for all residential properties (providing they meet our property criteria), as well as purpose-built retirement properties. For retirement properties, the following criteria restrictions apply:

- › Maximum 60% LTV
- › £200,000 minimum property value;
- › Section 106 restrictions are accepted where the developer has specific right to first refusal of buy back as long as no onerous terms or reduced value apply;
- › New build apartments are accepted; and
- › Properties within a large scale retirement village will be considered subject to valuer feedback.

What you need to know:

Please note: The minimum loan amount is **£100,000**.

1 Early Repayment Charges apply during the product term. Up to 10% of the original mortgage amount can be overpaid each year without charge, however, if the mortgage is redeemed or switched to another product during the product term then the Early Repayment Charge will apply. For further details contact a member of the team.

2 Interest rates on our discount products are floored and can't fall below the rate shown.

3 The arrangement fee can be deducted from the advance or added to the mortgage. Interest is payable if the fee is added to the mortgage.

4 We'll cover the cost of a standard mortgage valuation on a property valued up to £400,000, which is equivalent to a £350 contribution towards the cost of a standard valuation. Your client may choose to have a RICS Homebuyers Report, however they'll have to cover the difference in cost between a standard mortgage valuation and the RICS Homebuyers Report.

5 We'll cover the costs of any standard legal fees involved. Any non-standard costs must be paid by your client. You'll be advised of any non-standard costs should any apply. If your client chooses to use our own conveyancers they'll only act for us, and not for your client, during the remortgage transaction. If your client needs to add or remove a name on the mortgage they must appoint their own solicitors, in which case they'll receive £250 cashback towards their costs

Strictly for intermediary use only. Under no circumstances should this communication be given, copied or distributed to customers or potential customers. A Decision in Principle must be submitted to secure funds.

Applications are accepted throughout England and Wales. Terms and conditions apply. Subject to our lending policy at the time of application. Properties located in Scotland, Northern Ireland or the Isle of Man will not be accepted. The minimum property value is £75,000 (increasing to £250,000 for properties located within the M25 corridor). Rates correct at 8 September 2021 and can be withdrawn without notice. Tipton & Coseley Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Society's firm reference number is: 159601. The Society is a member of the Building Societies Association. Head office: 70 Owen Street, Tipton, West Midlands, DY4 8HG.