

# Lending into retirement

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**Our criteria for your customers hoping to borrow money into retirement.**

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## Key criteria

- > If the customer is more than 10 years from their anticipated retirement date, we can extend the term beyond their expected retirement age if they can show they are paying into a pension plan.
- > If the term of the mortgage extends beyond the oldest customer's anticipated retirement date or age 67 and 364 days, and the customer is within 10 years of retirement, evidence of HM Revenue & Customs (HMRC) approved pension income must be obtained. We will assess affordability over the full term of the mortgage on the customer's current income or pension income, whichever is lower.
- > The default retirement age we will accept for both employed and self-employed applicants is 67.
- > For health and safety reasons some professions, e.g. the police force, may enforce an earlier retirement age below 67. For further information, please visit our website and view our Lending Policy.

## Evidence required

Where the term extends into retirement and the customer is within 10 years of retirement the following evidence must be provided:

- > Employed customers in a final salary scheme must provide their latest pension statement. Where they have made their own pension arrangements, a copy of a personal pension plan is required.
- > If the customer is relying on the State Pension, a forecast confirming the amount payable and the age from which it would be payable is required.
- > For customers whose anticipated retirement age extends beyond age 67, the term will be restricted to age 67 if they cannot show evidence of a pension income.

Where the term extends into retirement and the customer is more than 10 years from retirement the following evidence must be provided:

- > That the customer is paying into a pension plan.

## Helpful tips

- > If the customer is employed in a position with a compulsory retirement age - e.g. police officer or firefighter - this should be declared as the customer's anticipated retirement age.
- > Statements should be from within the last 12 months. Requirements may differ if a customer has stopped, or intends to stop, making contributions to a scheme.
- > We cannot accept sale of property in place of a private/employer pension scheme.

## Policy in practice

### Example 1

Age	Mortgage term (years)	Employed income	Anticipated retirement age
52	23	£90,000	65*

\*If anticipated retirement age was within 10 years.

**Outcome:** We will allow this and assess affordability using the customer's employed income as the customer is not within 10 years of retirement. The customer must be able to evidence that they are making contributions to a pension scheme.

### Example 2

Age	Mortgage term (years)	Employed income	Anticipated retirement age
40	35	£40,000	60*

\*If anticipated retirement age was within 10 years.

**Outcome:** We will allow this and assess affordability using the customer's employed income as the customer is not within 10 years of retirement. The customer must be able to evidence that they are making contributions to a pension scheme.

### Example 3

Age	Mortgage term (years)	Employed income	Pension	Anticipated retirement age
58	17	£90,000	£35,000 projection	70*

\*Anticipated retirement age is irrelevant as over 67.

**Outcome:** The customer is within 10 years of the default retirement age (67) and therefore affordability will be based on pension income (£35,000). Alternatively, we can offer an eight year term and assess affordability using the customer's employed income (£90,000).

### Example 4

Age	Mortgage term (years)	Employed income	Pension	Anticipated retirement age
52	17	£90,000	Customer is not paying into a pension	65

**Outcome:** We will offer a 12 year term and assess affordability using the customer's employed income (£90,000). We cannot allow the customer to lend beyond their anticipated retirement age as they are not paying into a pension.

### Example 5 - Police Officer

Age	Mortgage term (years)	Employed income	Pension	Anticipated retirement age
49	20	£90,000	£35,000	60

**Outcome:** We will offer a 20 year term and assess affordability using the customer's employed income (£90,000) as they are not within 10 years of retirement.

**Please note:** We may consider self-employed customers up to the age of 75 dependent on the nature of their business.

### Want to know more?

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