

**John, age 60**Working Income  
**£50,000**Private Pension  
**£40,000****Karen, age 65**Working Income  
**£35,000**Private Pension  
**£25,000**Life Cover Each: **£100,000**Outstanding Mortgage: **£190,000**Property Value: **£400,000**

\*If you sell your property and repay your loan in full, you won't pay an Early Repayment Charge.

John and Karen's 25-year interest only mortgage is due to mature. It was taken out in 1994 with an endowment policy as a repayment vehicle.

However, due to underperformance, they surrendered the policy in the late 90s. John and Karen used the recovered funds to support their children through university. They decided this after their property rose in value and they felt confident they'd have enough equity to downsize at retirement, once the children had left home.

Although they have enough equity to downsize, their children have moved away and they'd like to keep their four-bedroom property for when family visit.

John and Karen are professionals and it seems reasonable for them to work into their 70's. They have private pensions for when they do retire.

The RIO mortgage is subject to the regulatory requirement to apply death stress. As John and Karen have £100,000 life cover, if one of them passed away they could use this to reduce the debt, something our experienced underwriters will take into consideration when making their assessment.

John and Karen have concerns about the impact interest rate rises could have on their ability to repay. They've opted for our

fixed-for-life product to give them certainty. As the payment won't be impacted by interest rate changes it also means the underwriter doesn't have to apply a stress rate to affordability and can assess at pay rate.

A combination of the above means both parties could afford the remaining payments on their pension income, allowing them to keep their home until the second person passes away, or service the interest as required maintaining their equity and option to downsize.

For more information, speak to our team direct:

**0800 138 9109****[lendingsupport@hodge.co.uk](mailto:lendingsupport@hodge.co.uk)****[hodgebank.co.uk/intermediaries](https://hodgebank.co.uk/intermediaries)**

This is a hypothetical example. It's not an indication of likely or possible benefits or what we think will happen in the future. It's not advice of a recommendation from us.

**RIO**

is currently

**27%** <sup>YTD</sup>

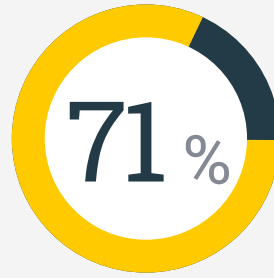
of total lending in our  
**Over 50s mortgage range**

June 2018 – September 2019

**£138k**  
average loan size



5 Year is the **most popular product** (YTD)



**71%** of customers are re-mortgaging of these:



**34%** are raising **no additional capital**



**27%** for **home improvements**



**9%** for **debt consolidation**



**17%** for **family gifts**

**71 YEARS**  
average **customer age**  
at application



For Adviser use only

All statistics are based on information from August 2022

