

Borrowing in later life

The client's requirements	A couple were buying a new family home in Dorset having rented there following a move from London. The main applicant was 65 years old and due to retire the following year.
Their financial situation	<p>The clients required borrowing of £1,250,000 against a purchase price of £2,460,000 on an Interest-Only basis over 10 years.</p> <p>The main income was the client's projected annuity income he would continue to receive from his employer, pension income, and potential drawings of a Directors Loans from a separate investment company he and his wife owned jointly.</p>
Our assessment and solution	<p>We can consider Interest-Only lending to clients older than normal retirement age. The clients did not meet our repayment policy for sale and downsizing of a residential property, however, due to the amount of equity that would be left, we were able to approve the borrowing.</p> <p>We assessed affordability on:</p> <ul style="list-style-type: none">▪ projections for annuity income from existing employer (looking at the company's financials over last 3 years)▪ anticipated pension income from a SIPP▪ likely repayment of Directors loans if required
The outcome	A residential mortgage of £1,250,000 was arranged on an Interest-Only basis for 10 years, on an initial fixed rate. This then reverted to a lifetime tracker rate for the remainder of the term with no Repayment Charge.



Paul Hayward
Banking Director

"Many people, as they approach or reach retirement, can find it more difficult to get a mortgage. As we are able to assess affordability of any lending on their entire financial position, such as retirement income, investments and property assets, we can often help and can tailor borrowing to suit their individual requirements."

All borrowing is subject to status and is available to persons of 18 or over. Security might be required for borrowing in the form of a charge or standard security over land, or other forms of security over your investments or other assets. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR ANY OTHER DEBT SECURED ON IT.

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