

Which clients could benefit from taking out a lifetime mortgage?



The appeal of lifetime mortgages is increasing. Whatever your client's situation, we have something that could help.

LV= has created a series of customer personas* to help bring to life the range of individuals and their circumstances that might suit our lifetime mortgage products. Over the next few months, we'll focus on one or two of these personas per article.

Deepak/Priya

- 78 year old couple, retired.
- They enjoy spending time with extended family who live locally.
- They like holidays in the UK and countryside walks. As keen gardeners, they buy gardening tools and plants online.
- They have two grown-up children, a son (50) and a daughter (48).
- They have five grandchildren aged 23, 21, 20, 18, and 16.
- They live in a 3-bed detached house in Surrey, property value **£425,000**. They have good size pensions but not huge amounts of other savings.



Reason for loan

They want to modernise their home décor, including a new kitchen. They also want to give some money to their children and grandchildren.

Solution

The maximum loan to value at age 78 is 43%, meaning their maximum potential borrowing could be **£182,750** on Drawdown+ Platinum Plus.

Deepak and Priya want to modernise their home, install a new kitchen and provide financial help for their children and grandchildren; however, they do not feel this will require anything like **£182,750**, so they opt for **Drawdown+ Lite**, which offers maximum total borrowing of **£136,000**. By opting for a lower reserve amount more appropriate to their needs, Deepak and Priya will enjoy a lower interest rate on their initial loan.

They take an initial loan of **£26,000** – **£2,500** for fees and set-up costs, **£9,500** for a new kitchen, **£4,000** for new flooring and **£10,000** as a gift for their oldest grandchild who has just graduated from university.

This leaves them **£110,000** in reserve to access as and when required. They plan to gift their remaining four grandchildren **£10,000** each when they turn 21 or graduate. That will leave them with **£70,000** left for future needs. They have peace of mind that should their circumstances change, our fixed and transparent early repayment charges will only apply for 10 years from the start date of the loan, regardless of the dates they take further drawdowns – a feature unique to LV=.

* Persona data based on LV= research May 2021

For more information



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