



Flexible solutions to affordability in later life

We can now take up to 90% of the value of a pension pot*

A broker came to us with a complicated later life lending case he was struggling to place. Our BDM was able to work closely with our underwriters to find a flexible solution for the client. See how we helped...

Case study: Mr and Mrs Smith

Mr and Mrs Smith, aged 72 and 73, were mortgage free. They wanted to capital raise £220,000 from their property worth £400,000; £80,000 for home improvements, and £140,000 to gift to their son and daughter.

Both had a state pension amounting to £20,000 between them. Mrs Smith has a fixed private pension of £4,000, whilst Mr Smith has a pension pot of £500,000 – but he hadn't drawn down on it because they hadn't needed to.

Most lenders the broker had spoken to would not take into account the pension pot because it had not been drawn down. Some would consider 3-5% of it, which would have only given them a theoretical income of between £13,500 and £22,500 – highly unlikely to get them £220,000 worth of equity which was well over five-times their income.

However, our flexible criteria allowed us to take into account 90% of Mr Smith's pension pot -equating to £450,000. We were able to offer Mr and Mrs Smith a mortgage term of 13 years and divide the allowable pension pot of £450,000 by the 13 years, giving them a usable income of £34,600.

Taking this income into account, plus the desire to take it on an interest-only basis, we were able to offer them a five-year fixed rate mortgage.

So, how can Family Building Society help?

At Family Building Society, we pride ourselves on our personal approach. We manually underwrite each case, meaning bespoke decisions with a human touch. We're not a 'computer says no' type of lender. We'll consider people in later life who are seeking a Buy to Let mortgage as well, so we have a broad offering for people who are older.

- **Pension pots**

Many lenders will take a percentage of a pension pot, typically 3%, and assume this as income. Some won't consider pension pot income at all if it's not already in drawdown.

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*For a minimum 10-year term.

- **Other acceptable income**

Income from investment portfolios, stocks, and shares ISAs, other 'unearned' or passive income streams such as rental income, state pension and any other annuities can be added to the assumed income. Remuneration drawn by limited company directors also qualifies where the applicant is not actively running the day-to-day business operation.

- **Family support alternatives**

We can also reverse the traditional Joint Borrower Sole Proprietor mortgage. This allows adult children to support their parents to buy or remortgage a property, so that the parents can stay in their family home for longer. Rates can be found that are as competitive as standard mortgages.

[Find out more >](#)

We have a [team of BDMs](#) ready, willing and able to answer any of your queries and guide you through the application process. If you don't have a BDM in your area, you can contact our [dedicated Mortgage Desk](#).