

# How an Interest Serviced Lifetime Mortgage Helps Mark Retire

## The client

- Mark Wright • Aged 70 • Single Application • Property Value £400,000
- Requires £146,000 • Loan to Value 36.50% • Interest Servicing Discount 0.60%



## The scenario

Mark needs to pay-off his interest-only mortgage. He's a part-time consultant planning to fully retire in five years. His financial adviser completes their due diligence, fact find which includes a full affordability assessment, and rules out a Retirement Interest Only (RIO) mortgage and other forms of mortgage lending. They advise Mark that a lifetime mortgage would be a suitable option.

The interest servicing option applies an interest rate discount up to 0.60% to customers making monthly payments of at least 25% of the monthly interest (£213.53). After an affordability assessment, the adviser determines that Mark can afford to pay 40% of the monthly interest £341.64 for five years.

With Heritage interest servicing lifetime mortgages, once set-up, the monthly payment amount can't be changed, however, Mark can choose to stop making the monthly payments at any time, the interest rate will then increase as the discount will no longer apply.

## Scenario overview

Mark's adviser identifies that an interest serviced lifetime mortgage will reduce the interest roll-up.

Scenario	Monthly payment*	Loan amount	Total monthly payments	Amount owed after 15 years	Total cost of borrowing	Savings (if payments maintained)
Full interest roll-up	£0	£146,000	£0	£456,228	£310,228	£0
40% of interest serviced monthly (Payments maintained for 5 years)	£341.64	£146,000	£20,498	£390,519	£265,017	£45,210

\*Please read the product T&Cs [here](#) for full detail.

## Conclusion

By paying a monthly payment of **£341.64** for 5 years, Mark could save up to **£45,210** compared to a Heritage interest roll-up lifetime mortgage with no payments. (Please note, he can stop making monthly payments at any time.)

## Three months payment holidays

With interest servicing, Mark can take up to three monthly payment holidays in every 12-month period from his completion date. If he misses more than that then the interest rate will increase as the discount will no longer apply for the remainder of the lifetime mortgage.

**Disclaimer:** For IFA use only. Specific to Pure Retirement lifetime mortgages. Examples of client scenarios only. Every case will be different. The scenario is based on April 2025 figures.

## Lifetime Mortgage Considerations

Pure Retirement is a specialist lifetime mortgage provider regulated by the Financial Conduct Authority and a member of the Equity Release Council. It is important to consider all options before applying for a lifetime mortgage.

### Pure Lifetime Mortgage Features

Guaranteed no negative equity

Optional monthly repayments

Client retains ownership of the property

Regulated by the FCA and member of the Equity Release Council

### Things To Consider

Downsizing and other forms of finance should be considered

Compound interest roll-up

Early repayment charges

Long-term care and state benefits considerations

A lifetime mortgage may impact the inheritance left



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