

## Risks of having a mortgage in retirement

If your mortgage term takes you up to your 71st birthday or beyond your planned retirement age (whichever comes first) it's essential that you understand the risks involved.

### What this means for you...

When you stop working, your income may be lower than it is today. You need to think about how you will continue making your mortgage payments on a potentially reduced income.

If you plan on using your pension income to pay your mortgage, check that your current pension contributions will provide enough income in retirement. This is difficult to predict, especially if retirement is still far away, so it's important you review this regularly.

## Reducing or repaying your mortgage when you retire...

If your retirement income is lower than expected, you may need to consider reducing your mortgage balance in order to meet your monthly payments, or paying it off in full when you retire. If so, here are a few things that you should consider:

- Pension rule changes or economic conditions could affect any lump sum you expect.
- How you will continue to pay your mortgage if you need to use that money for something else.
- Reviewing your plans for retirement to make sure they're on track.
- What other options you have to repay or reduce your mortgage if your plan does not work out
- If you plan to sell your home/property, you may not have enough equity to repay your mortgage and, if needed, buy another property.
- Missed payments can reduce your equity and make future borrowing harder.
- Investments linked to the stock market can rise or fall, which could leave you with less money than expected.

## Why you need a plan in place...

You are responsible for making sure you can keep paying your mortgage after you retire. If you cannot, you risk losing your home/property.

## Mortgage options as you get older...

Although we only offer lending into retirement, other options may be available that better suit your needs. If you are unsure what's right for you, it could be helpful to speak with an Independent Financial Adviser.

You can also find free, impartial guidance on the MoneyHelper website – [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

## Your home may be repossessed if you do not keep up repayments on your mortgage.

All communications with us may be monitored/recorded to improve the quality of our service and for your protection and security. Calls to 0800 numbers are free of charge from a landline or a mobile. Calls to 03 numbers are charged at the same standard network rate as 01 or 02 landline numbers, even when calling from a mobile.

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