CHELSEA BUILDING SOCIETY

IMPORTANT INFORMATION WHERE YOUR MORTGAGE EXTENDS INTO RETIREMENT

Where your mortgage term takes you past your 70th birthday or the age you've told us you'll retire - whichever comes first - it's important to understand the risks involved and what they could mean for you.

Keeping up with your payments when you retire

When you retire, your income is likely to be lower than it is at the moment. This means you'll need to have plans in place to ensure you can still maintain your mortgage repayments.

Once in place, it's also vital that you regularly review these plans to make sure they stay fit for purpose and keep your repayments on track.

For example, if you'll be relying on pension income to maintain your mortgage payments, you should regularly check that the pension provision you're making now will be enough to generate the income you'll need in the future. This can be difficult to project if your planned retirement is some way off.

Repaying or reducing your mortgage when you retire

If you find your retirement income is less than you need to keep up with your mortgage payments, you may need to consider reducing or repaying your mortgage.

To do that effectively, you need to think about:

- Reviewing any repayment plans to ensure they're on track to reduce or repay the mortgage balance.
- Any market conditions or legislation associated with your repayment plans which could affect the amount you have available when you retire.
- Any other plans you have in place if you need to rethink and use the proceeds of your repayment strategy elsewhere.
- Any shortfalls in your repayment plans to ensure you can cover your mortgage payments in a different way.

Why it's important to have plans in place

If you don't have a repayment plan in place, or you intend to reduce or repay your mortgage in retirement by selling either the mortgaged property or another asset, you must consider, the following:

- You might not have sufficient equity in your property to repay the loans secured on it and buy another property.
- If you fall into arrears over the life of the mortgage, this could reduce the amount of equity you have in the property when you come to sell it and make future borrowing more difficult.
- The value of any stock market-linked investments is unlikely to be guaranteed and may fall as well as rise. This could leave you with fewer resources than you expected.

Please remember, it's your responsibility to make sure you can continue to cover your mortgage repayments after you retire. If you don't, you could be at risk of losing your home.

Help and advice

While we only offer lending into retirement, there are many other later life lending options out there. If you need a hand working through this, it may make sense to take independent financial advice. You'll find more information on the MoneyHelper website – www.moneyhelper.org.uk

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

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