

Standard Life Bank

Freestyle® Lifetime Mortgage

Case Study



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“We could do with a bit more cash”

Boosting income in retirement

This case study is not based on real life characters.

Before retirement, Derek (67) and Sue (64) Johnson always enjoyed a very comfortable lifestyle. When Derek retired from his job as a personnel manager, they imagined that his pension would allow them to continue their lifestyle.

The reality has proved to be rather different. Firstly, when he retired, the value of Derek’s pension fund didn’t quite live up to his expectations. Secondly, the effects of living on a fixed income are now starting to hit them, and they find there’s an inflexibility when it comes to paying for unexpected expenses – for instance, the cost of getting their roof repaired came as a surprise to them this year.

In fact, when it comes to paying bills that are larger than expected, they find that they are having to dip into their savings – and because there’s no money coming in to replace what they are withdrawing, they find this a little worrying.

And although inflation is low, they are more aware than ever of rising prices. The irony is that their house is now worth around £200,000 – but short of selling up and moving to somewhere smaller, which they don’t want to do, they can’t really see any alternative.

They have always imagined they would be financially secure by now, but Sue feels the reality is, they could do with a bit more cash. They are not exactly struggling, but they do need to think more carefully about how they spend their money these days.

How the Freestyle Lifetime Mortgage can help

Based on the valuation of their house and their age, Derek and Sue are able to borrow £42,000. This means they are able to use £25,000 straight away to settle some outstanding bills and pay off their credit cards. The remaining £17,000 will be deposited into a Cash Reserve.

- Clients can withdraw from their Cash Reserve facility at any time during the first five years of the mortgage (minimum of £5,000 each time). Further advances taken within this five year period (and the interest charged on them) are added to the outstanding balance. Capital outstanding will increase and therefore interest payable will also increase. The interest rate for each withdrawal will be fixed when the money is released. All applications must go through a financial adviser. No fee applies for this facility.
- Further borrowing is possible after five years and all applications must go through a Financial Adviser. Only one advance is possible every five years. Capital outstanding will increase and therefore interest payable will also increase. The interest rate for each withdrawal will be fixed when the money is released. There is a £99 fee payable if your clients’ application is successful. If your client wishes, this fee could be added to the Lifetime Mortgage but this will further increase the outstanding capital. Minimum withdrawal is £5,000. Loan is secured against the property.
- Reassurance of ‘no negative equity’ guarantee.

Valuation	LTV	They can borrow
£200,000	21%	£42,000

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For more information on our products and services visit www.standardlifebank.com/adviser

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For a copy of this information in Braille, large print or audio format, please call 0845 845 8450.

The case studies above are based on fictitious people.

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