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I am meeting more people in their 50s and 60s looking for a mortgage, either because their circumstances have changed or they are looking to pass money down to the children or grandchildren. Divorce and separation has also driven the demand for mortgages in later life, so the same issues come up quite frequently. Best advice can produce some unusual solutions, so good independent advice can be very valuable.

Need help buying or re-financing your home?

Q. At 56 and recently divorced I need to buy a new home. I have a good income but a minimal deposit and a pension due from 60, (not shared with my ex-wife, she got the house). What can I afford and over how long a period?

The mortgage market has undergone a massive shake-up in the last two years, but now some stability has returned, so I can offer some general guidelines, that will hold true while you look for a property. Firstly, you need some kind of a deposit; 90-95% mortgages are back in the marketplace, but they are at distress level of interest, being able to offer a 10%-20% deposit is likely to save a great deal of interest over the term. A big issue for you at 56 is the mortgage term, as all lenders will be reluctant to lend past your retirement date unless you can prove sufficient, secure pension income. Do not expect to get a 25 year mortgage either, the lender will want to keep the term as short as possible, 15 years should be possible. The final issue is how much can you borrow; as a rule of thumb, work on 3-4 times your annual salary/pension in retirement.

Assuming you have a guaranteed pension income of £20,000 per annum, you should be able to borrow £60,000 to £80,000, with your deposit on top of that, say £20,000, so £100,000 should be the estimated purchase price. Negotiation with a number of providers may get you more, but you will not be able to easily place a mortgage on the high street. Remember, you may be able to use some or all of your pension commencement lump sum, (PCLS or tax free cash), to pay off some of the mortgage early, so this may be a useful bargaining point.

Q. Do I need life cover on the mortgage?

It is normally a condition of the mortgage, so yes, you do. Remember, this life cover is for the protection of the mortgage provider, not necessarily for you, so it is worth looking for the cheapest cover at the most basic of terms to cover the mortgage. Think carefully about your own needs for protection insurance, rather than just going for the minimum cover to meet the mortgage company's requirement. Life cover written in trust is very useful, as the proceeds will be paid out in advance of probate, allowing the mortgage to be redeemed quickly and with minimal fuss.

Q. My wife and I have traded down and we have passed some capital to our children. One of our sons is being made bankrupt, so we want to buy his share of his family home. Can we raise a mortgage on our present home?

Yes you may, but you should consider both conventional mortgages and potentially equity release schemes, dependent on your age and financial position. This is a complex problem, as your joint circumstances, age, health, and other assets, will all be relevant. Do not expect to be able to borrow much more than 75% of your own home's value with a conventional mortgage or about 50% with some form of equity release. If you have significant personal income, the conventional mortgage is likely to represent better value overall. You need full professional advice, as your decision is likely to impact on the whole family.

Q. My wife and I can pay our mortgage off early, should we?

General advice for the vast majority of mortgage payers is pay it off if you can, providing you have an emergency fund, you do not need the cash for any other purpose in the short run, there are no significant penalties for early repayment and you are happy to make suitable arrangements to store the house deeds when the mortgage holder releases them. Servicing debt usually costs more than you will receive in interest on savings, so early repayment should benefit you overall. Remember, the house deeds are a very valuable document, so you must ensure they are kept safe, ideally in a bank vault, but at least in a fireproof storage box.

The information above is for reference only and does not constitute an offer or personal recommendation of any kind. For a lifetime mortgage or home reversion plan, to understand the features and risk, ask for a personalised illustration. Your home may be at risk if you fail to keep up repayments on the mortgage.

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