



Lifetime Mortgages offering variable capped rates Is it for my customer?

This is not a consumer advertisement. It is intended for professional advisers only.



This is a lifetime mortgage.

This is a summary of our variable capped rates.

For more information on CPI please refer to www.ons.gov.uk

OneFamily Lifetime Mortgages offer customers the option of borrowing with a variable rate. This rate can move up or down with the chosen index; the Consumer Prices Index (CPI). This is calculated by the difference between CPI rates from October to September.

Variable versus fixed

Variable

The variable rate could possibly offer much lower monthly interest payments than a fixed rate. May benefit from future interest rate reductions depending on movement of CPI index.

Fixed

Fixed rates may potentially be more expensive initially but the customer will have a clear idea of the interest rate that will not change.

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Typical customers

Variable rate	Fixed rate
Customer has had mortgage and is comfortable with tracker, discount and variable rates	Prefer a definite rate of roll-up
Customer wants cheapest rate and comfortable with possibility that may increase in future	Prefer to pay more for peace of mind
If using the voluntary option, customer has ability and intention to utilise the 10% to offset any increases	Certainty of rate – peace of mind
Attitude to interest rate risk: Comfortable with potential rate increases to gain the upside of lower rates initially	Attitude to interest rate risk: Risk averse and willing to pay to fix a lifetime rate
Customer may be considering a change in circumstances in the future and so may be looking for shorter term option	Customer may feel their circumstances are stable and are looking for a long term option