



## Retirement Interest Only (RIO) Guidance Notes

As the RIO product operates differently to a traditional mortgage, we have developed these guidance notes to consider as part of your advice process.

This is for guidance purposes only to support you during the application process and you should consult the FCA rules for full requirements and/or your Network if you are an AR.

Due to the importance of this information we will also send this information directly to your client on submission of the full mortgage application.

### ☒ **Reminder of key regulatory points**

- ☐ Before applying for this loan your client should consider taking advice with regards to the potential implications on their tax position and entitlement to any benefits if they are borrowing additional funds to release capital from their home. Further information about this can be found from HM Revenue & Customs, the Pension Service and / or the Citizens Advice Bureau.
- ☐ A lifetime mortgage may be available and more appropriate for their personal circumstances.

### ☒ **Additional points to consider**

- ☐ Your client should also consider taking independent legal advice before entering into the mortgage contract, to make sure they fully understand the terms of this mortgage and any possible future implications, including those described below.
- ☐ Your client's ability to keep up with the mortgage payments may be affected if their income reduces, their outgoings increase or interest rates rise.
- ☐ As a retirement interest only mortgage is a long term commitment, your client should consider how this mortgage may impact their ability to afford any potential future needs, for example any additional care in their lifetime.
- ☐ They may wish to consider a Lasting Power of Attorney (LPA), which allows them to choose someone to help them make decisions or to make decisions on their behalf in the event that they are unable to do so.
- ☐ The proceeds from the sale of their home will be used to repay their mortgage. This may reduce the value of their estate and the amount which their beneficiaries may inherit. Your client may wish to talk to their family, or others, who may benefit from their estate in their decision to take out this mortgage.
- ☐ The value of their home may fall and if the value of their home is less than the amount of the loan outstanding when it is due to be repaid; the difference will still need to be repaid by them or their estate.

We hope this checklist proves helpful and if you have any questions please contact your BDM.