

Interest Serviced Calculation Examples



Heritage
Range

Pure
Retirement

For Financial
Intermediary Use Only.



The interest servicing option can be selected when applying for an initial loan, and an interest rate discount will apply for customers making monthly payments of at least 25% of the monthly interest. After the lifetime mortgage has been set up, the monthly payment amount cannot be changed, but they can choose to stop making the monthly payments at any time.

If a customer has taken out an interest serviced initial loan, they will also benefit from interest serviced options on further borrowing (either as a cash release or a further advance).

Discount Table (MER)

The interest discounts apply across our Heritage range, excluding Heritage Freedom.

Table 01: Heritage Discount Overview (MER)

Heritage range	Interest servicing discount (MER)
Heritage Super	0.30%
Heritage Super Max	0.35%
Heritage Super Max Plus	0.40%
Heritage Supreme	0.75%
Heritage Special 1	0.70%
Heritage Special 2	0.80%
Heritage Special 2.5	0.80%
Heritage Special 3	1.00%

Please note that the MER discounts quoted are correct as of the time of publishing.

Examples of Interest Servicing in Action

The examples below are for illustrative purposes and for use by financial advisers only.

Interest serviced maximum monthly payment over 5, 10, and 15 years

Property value: £275,000 Release amount: £60,000	Based on a Heritage lifetime mortgage				
	Interest rate discount	Monthly payments (100% of interest serviced)	Amount owed (after 15 years)	Difference in the amount owed compared to full interest roll-up	Savings over full interest roll-up (if payments maintained)
Full interest roll-up	No discount	£0	£198,121	£0	£0
5-year payments	1% discount	£349.50	£133,047	£65,074	£44,104
10-year payments	1% discount	£349.50	£89,347	£108,774	£66,834
15-year payments	1% discount	£349.50	£60,000	£138,121	£75,211

Table 02: Interest serviced scenarios based on maximum monthly payment.

Interest serviced minimum monthly payment over 5, 10, and 15 years

Property value: £275,000 Release amount: £60,000	Based on a Heritage lifetime mortgage				
	Interest rate discount	Monthly payments (25% of interest serviced)	Amount owed (after 15 years)	Difference in the amount owed compared to full interest roll-up	Savings over full interest roll-up (if payments maintained)
Full interest roll-up	No discount	£0	£198,121	£0	£0
5-year payments	1% discount	£87.38	£174,649	£23,427	£18,229
10-year payments	1% discount	£87.38	£156,870	£41,251	£30,765
15-year payments	1% discount	£87.38	£143,012	£55,100	£39,381

Table 03: Interest serviced scenarios based on minimum monthly payment.



Here to support you as always

For inquiries or additional information, please contact our team:

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Interest servicing with Pure Retirement meets the Equity Release Council's core product standards for lifetime mortgages. Not available on Heritage Freedom.

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