

A guide to **voluntary partial repayments**

This option is only available if you applied for a lifetime mortgage from 28 April 2014.

Your Aviva Lifetime Mortgage allows you to make voluntary partial repayments, which can reduce the overall amount due when the loan becomes repayable. You don't have to make any repayments unless you want to, as the loan and interest will usually be paid back in full by selling your property when all borrowers have died or moved into long-term care (subject to our terms and conditions).

To talk to us about any of the information in this guide, give us a call on **0800 158 4177**. Lines are open 9am-5pm, Monday to Friday (closed bank holidays). We may record calls for training and monitoring purposes.

How much can I repay?

The maximum amount you can repay in each anniversary year is 10% of the total of your initial loan, any additional borrowing, and all cash reserve releases, excluding any interest accrued. The anniversary year starts on the completion date of your first loan and refreshes each year. You can check your anniversary date on your completion letter or annual statement. For example, if you take an initial loan of £90,000 and don't borrow any further money, you can voluntarily repay up to £9,000 in each anniversary year.

You can make as many repayments as you like up to the 10% annual limit, but each instalment must be a minimum of £50.

You can't repay more than 10% of the total amount borrowed in each anniversary year unless you repay the lifetime mortgage in full, including any additional borrowing, cash releases, and interest accrued. If you choose to repay your lifetime mortgage in full before death or going into long-term care, you may have to pay an early repayment charge.

How will you apply my payment to the loan?

- Your lifetime mortgage includes all the money you've borrowed over time. Each time you borrow more, we create a separate loan within it.
- When you make a repayment, we'll apply it to the loan you took out most recently. If your repayment is more than the balance of your most recent loan, it will repay that loan in full.
- We'll apply the rest of the repayment to your next most recent loan and so on until the whole repayment is complete.

How will making repayments affect the amount I owe?

If you choose to make repayments, it will reduce the total amount due when the loan becomes repayable.

This graph shows the difference making voluntary repayments to an initial loan of **£90,000** at 6.3% can make over time. **We've shown what your loan would be in 5, 10 and 15 years.**

The blue line shows a lifetime mortgage where no repayments are made. As the graph shows, the balance after 15 years would be **£225,031**.

The orange line shows a lifetime mortgage where the interest is paid at the end of each year. The balance after 15 years would still be **£90,000**.

The grey line shows a lifetime mortgage where the full 10% repayment allowance is made at the end of each year. The balance after 15 years would be **£10,696**.



You don't have to make any repayments against your loan unless you want to. If you're not sure if making repayments is right for you, you should speak to your adviser.

Does it matter when I make my repayments?

We charge the interest daily, but keep it separate to your balance until your next anniversary. We add the daily interest to your balance once a year and the new total amount is the amount we'll charge interest on the following year.

When you make a repayment, we'll apply the repayment proportionally across your balance and the daily interest added since your last anniversary date, starting with your most recent loan.

Making a repayment earlier in the year will have a greater impact to the balance over time because it will reduce the interest-bearing balance. In turn, this will reduce the amount of daily interest built up over the remaining anniversary year.

The table below shows what could happen to an initial loan of £90,000 in different scenarios, based on an interest rate of 6.3% AER.

		Outstanding balance			
		1st anniversary	5th anniversary	10th anniversary	15th anniversary
Initial loan of £90,000 at 6.3% AER	No repayment made	£95,670	£122,154	£165,796	£225,031
	£6,000 lump sum repayment made 30 days after completion and each year thereafter	£89,325	£86,171	£80,975	£73,922
	£6,000 repayment split monthly throughout each year	£89,498	£87,152	£83,287	£78,041
	£6,000 lump sum repayment made on 1st anniversary date and each year after that	£89,670	£88,129	£85,589	£82,141

For help understanding how making a voluntary repayment will affect your balance, you can call us on **0800 158 4177**.

How do I make a voluntary partial repayment?

To make a repayment, give us a call on **0800 158 4177**.

We can accept payment by BACS, CHAPS, Faster Payments, and debit card. We can't accept credit cards.

You can't set up automatic regular repayments (like a monthly direct debit), so you need to contact us each time.

Why have I been asked to evidence the source of my repayment or proof of my identity?

Anti-Money Laundering legislation requires us to complete customer due diligence. This might mean that we'll ask you additional information about the source of funds when you make a repayment. These enquiries are standard practice across the financial services sector.

Voluntary partial repayments are only available to you if you took out a Lifetime Mortgage on or after 28 April 2014 (in our Lifestyle Range with terms and conditions from Edition 4 and upwards). If you have an earlier edition and you want to make repayments, you should speak to your adviser to discuss your options.

Need this in a different format?

Please get in touch if you'd prefer this document (PF011893) in large print, braille or as audio.

How to contact us

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