

Lifestyle Flexible Advantage - Voluntary partial repayments, with an interest-servicing uplift.

Introducing a smarter way to support your clients: Voluntary partial repayments with an interest-servicing uplift.

Aviva's innovative voluntary partial repayment feature applies a percentage uplift to the portion of a repayment that services interest due in the current policy year - whether a one-off repayment or a regular repayment, subject to the maximum repayment shown below.

What's the uplift?

It's a fixed percentage, set at the outset and applied to every qualifying repayment for the lifetime of the mortgage. This gives clients the flexibility to benefit without committing to a fixed schedule helping them to reduce their overall borrowing and preserve more equity over time.

Voluntary partial repayment product feature

Minimum repayment amount	£50
Maximum repayment	10% of the total of the initial loan, any additional borrowing, any cash reserve releases excluding any interest accrued
Uplift percentage	10% - subject to change. However, the uplift percentage on the offer is what the customer will have for the lifetime of the mortgage
Repayment eligibility for the uplift	All repayments (one offs or regular) that are either partially or fully servicing the interest in the current policy year subject to the minimum £50. Only the portion of the repayment servicing interest due in the current policy year, will be eligible for the uplift.
How repayments are applied to the loan(s)	1. First, the repayment will go toward the interest built up in the current policy year on the most recent loan 2. Next, any remaining amount will be used to pay off interest built up in the current policy year on earlier loans, starting with the most recent uplift will be applied 3. Finally, once all current year interest is cleared, any leftover repayment will go toward reducing the interest-bearing balance of the most recent loan no uplift applied
Interest	Interest is added daily and compounded annually on the policy anniversary
Repayment flexibility	Voluntary and can be started, stopped or changed at any time

Maximising the uplift

Servicing 100% of the interest makes the most of the uplift.

Annual repayment: Your client(s) can let the interest build up over the year and then make a single payment to cover it all on the day before the policy anniversary. To do this, you client can give us a call and we'll help them make the payment by debit card. This helps prevent the interest from being added to their loan balance.

Monthly repayments: If they prefer to spread the cost over the year they can set up a monthly Direct Debit. Because months vary in length, a small amount of interest may still be left over at the end of the policy year. To clear this, they can call us the day before their next policy anniversary to make a debit card payment. This helps avoid the interest from being added to the loan.

Repayment payment method

Direct debit, BACS, Faster Payments or Debit card

Regular repayments

If a customer wants to start making regular repayments by Direct Debit they must call our Operations team on 0800 158 4177 who will set up the Direct Debit over the phone

Intend to make regular repayments by Direct Debit?

Remember to let your client know to call our Operations team on 0800 158 4177 to set up the direct debit. They can call any time after they have received their loan.

How much could my client save over time?

Help clients considering a lifetime mortgage to see the potential effects of compound interest and house price inflation over the course of the loan. Our calculator helps you get to grips with these complex issues and can take into account repayments recommended by you based on your assessment of a customers affordability.

Use our projection tool

How does the interest-servicing uplift work? Worked examples:

These three examples show how the interest-servicing uplift works for customers who have different levels of affordability:

- 1 **Example one is a customer who wants to repay a partial amount of the interest in the current policy year**
- 2 **Example two is a customer who wants to service 100% of the interest in the current policy year as a one-off annual repayment**
- 3 **Example three is a customer who wants to repay the maximum 10% allowance as a off-off annual repayment.**

These examples use the following lifetime mortgage loan details:

- Initial loan amount: **£90,000**
- Interest rate: **6.3%**
- Interest-servicing advantage uplift: **10%**
- Interest for the policy year = **£90,000 x 6.3% = £5,670**

Example 1

Repay a partial amount of the interest in the current policy year – in this example £1,200, the day before the policy anniversary

1. Amount paid:
£1,200

2. Total amount applied to the balance, including 10% uplift from Aviva
£1,320

- Repayment plus Aviva's 10% uplift
 $£1,200 \times 1.1 = £1,320$

Outcome:

Helps slow down how quickly the loan grows but doesn't fully cover the interest. The balance will still increase over time. £4,350 in interest will be applied to the interest-bearing balance at policy anniversary. The new total balance on the policy anniversary will be £94,350.

Example 2

Repay 100% of the interest in the current policy year as a one-off repayment, the day before the policy anniversary

1. Amount paid:
£5,154.55

- Remove Aviva's 10% uplift from total interest:
 $£5,670 \div 1.1 = £5,154.55$

2. Total amount applied to the balance, including 10% uplift from Aviva
£5,670

- Repayment plus Aviva's 10% uplift
 $£5,154.55 \times 1.1 = £5,670$

Outcome:

Prevents interest from being added to the loan balance. No interest will be applied to the interest-bearing balance at policy anniversary. The new total balance on the policy anniversary will be £90,000.

Example 3

Repay the maximum 10% allowance in the current policy year, the day before the policy anniversary

1. Amount paid:
£9,000

- The annual 10% allowance
 $0.1 \times £90,000 = £9,000$

2. Total amount applied to the balance, including 10% uplift from Aviva
£9,515.45

- How much of the repayment is eligible for the Aviva 10% uplift
 $£5,670 \div 1.1 = £5,154.55$
- How much is the Aviva 10% uplift
 $£5,154.55 \times 0.1 = £515.45$
- Total paid added to the Aviva 10% uplift
 $£9,000 + £515.46 = £9,515.45$

Outcome:

This is the most effective option for reducing the loan balance over time. It covers interest and pays down the loan itself.

All £5,670 interest for the current policy year has been repaid. The remaining £3,845.45 is applied to the interest-bearing balance. The new total balance on the policy anniversary will be £86,154.55.



Aviva only applies the uplift to the interest-servicing portion of the repayment

Repayments that exceed the interest that has built up in the current policy year will go toward reducing the interest-bearing balance. However, this portion of the repayment will not receive the interest-servicing uplift from Aviva.

More information can be found in the [customer guide](#)

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