

**Product range: RETIREMENT INTEREST ONLY Range**

**Information sheet produced: 30 April 2024**

## **Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product**

This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2). -

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are ultimately responsible for meeting your obligations under 'The Consumer Duty'.

This information is intended for intermediary use only and should not be provided to customers.

### **1. Summary of our assessment**

We have assessed that:

- Our **RETIREMENT INTEREST ONLY** product range continues to meet the needs, characteristics, and objectives of customers in the identified target market
- The intended distribution strategy remains appropriate for the target market
- The Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs)

### **2. Product characteristics & benefits**

The products are designed to meet the needs of the target group – retired people who can afford the interest on a mortgage but do not have the means or desire to repay the capital other than on death or transition into long term care. The product features and criteria are designed to support these needs.

- Available only to retired borrowers aged 55 or over
- No maximum term
- Free legals or cashback on Remortgage products up to 60% LTV
- Fee free standard valuation on Remortgage products up to 60% LTV
- Three year discounted variable rates
- Income from pensions and certain investment types accepted
- Capital raising allowed
- Debt consolidation allowed
- Availability on new and existing homes, including retirement complexes
- All our discounted variable rate schemes have a Floor Rate of 2.50%

Full eligibility criteria can be accessed on our intermediary website via [Intermediaries - Beverley Building Society : Beverley Building Society \(beverleybs.co.uk\)](http://Intermediaries - Beverley Building Society : Beverley Building Society (beverleybs.co.uk))

### 3. Target market assessment and distribution strategy

This target market assessment matrix segments the target customers for the Product, recognising their different needs to enable you to tailor the services you provide when you distribute the Product.

Customer Circumstances	Distribution Strategy	Customer Needs & Objectives
Long term interest only borrowers who no longer wish/ are unable to repay the outstanding capital on their mortgage on term expiry using the previously anticipated repayment strategy	Available through Direct and Intermediary* channels  Applications must be through an advised sale route	To access a discounted rate for a defined period  To have a term limited only by death or moving into long term care
Mortgage free (or low LTV) customers looking to release value from their home and have a reliable income to maintain monthly interest payments and so avoid equity erosion	Available through Direct and Intermediary* channels  Applications must be through an advised sale route.	To access a discounted rate for a defined period  To release value without eroding the capital value of their home  To have a term limited only by death or moving into long term care
<p>*Intermediary distribution through:</p> <ul style="list-style-type: none"> <li>• Networks and their Appointed Representatives</li> <li>• Mortgage Clubs</li> <li>• Directly authorised mortgage intermediaries</li> </ul> <p>All intermediaries must be registered with us.</p>		

The Product is not designed for customers who:

- Are credit-impaired
- Are mortgaging a home outside of England or Wales
- Are not retired
- Need an interest roll up mortgage
- Need a Shared Ownership mortgage
- Do not meet our lending or property criteria

#### 4. Customers with characteristics of vulnerability

The Product is designed for the mainstream mortgage market, which is likely to include some customers with characteristics of vulnerability or who will experience vulnerability over time.

Retirement mortgage planning can be a complex matter and customers looking into a Retirement Interest-Only mortgage must be made aware that releasing capital in this way might affect the customer's tax position and entitlement to benefits. Customers should be encouraged to consider taking advice on these matters.

Joint applicants should consider the affordability of the mortgage on first death, making sure that they are clear as to continuing dependents pension entitlements as these may not be consistent. Life insurance might have a role to play here.

Customers looking to borrow in retirement are often on fixed incomes or have annual increases capped at a level that could be below the rate of inflation. They may need particular advice and support to ensure they understand how these restrictions on income might impact on them.

Older borrowers, especially those looking for extended mortgage terms are more likely to develop conditions associated with older age that might affect their ongoing ability to generate income, communicate with their lender, make informed decisions, and may face unexpected personal expenses that could impact on their ability to afford the mortgage. They may need particular advice and support to ensure they understand how such changes might impact on them. This might include signposting to specialist information relevant to their circumstances, such as planning for retirement income or setting up a Lasting Power of Attorney.

Debt consolidation might indicate an increased propensity to taking on unsustainable levels and debt and the circumstances will be material to the provision of mortgage advice (MCOB 4.7A.15 refers) and to subsequent underwriting (MCOB 11.6.16R refers). In all cases applicants should be made fully aware of the significance of securing currently unsecured debt.

We considered the needs, characteristics, and objectives of customers with characteristics of vulnerability at all stages of the design process for this Product to ensure the Product meets their needs.

We have also tested the Product to assess whether it will meet the identified needs, characteristics, and objectives of the target market, including customers in the target market who have characteristics of vulnerability.

We have in place a framework to achieve good outcomes for vulnerable customers, which includes:

- Education and training for our staff to ensure they have the appropriate skills and experience to recognise and respond to the needs of vulnerable customers
- Suitable customer service provision and communications
- Flexible policies, where appropriate, to support vulnerable members
- Monitoring to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability

Intermediaries should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly. Where appropriate, and with any necessary customer consents, you should share relevant details with us so we can respond appropriately.

Please contact us if you need any further information about how we support the needs of all our customers in relation to the Product.

## 5. Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our mortgage product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to the Board, allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Our fair value assessment has considered the following:

Benefits	Price	Costs	Limitations
<p>All our residential mortgage are manually underwritten, allowing us to consider individual circumstances/needs that might not be accommodated by a automated processing model</p> <p>Debt consolidation available</p> <p>Capital raining available</p> <p>No maximum term – capital only repayable on death or moving into long term care</p>	<p>The interest rates, fees and charges customers pay for the Product, comparable market rates, advice fees paid to intermediaries and non-financial costs associated with operating the Product</p> <p>You are reminded that all our discounted variable rate mortgages are linked to the Society's Standard Variable Rate and <u>not</u> to the Bank of England base rate or any other external reference.</p>	<p>The cost of underwriting and setting up a mortgage, funding the Product and any other reductions in costs to the customer made possible by economies of scale</p>	<p>All our discounted variable rate mortgages have associated Early Repayment Charges applicable throughout the discount period. These Charges are commensurate with the costs that we incur in setting up the mortgage and are consistent with market norms</p> <p>All our discounted variable rate schemes have a Floor Rate of 2.50%</p> <p>There are restrictions on occupancy – only the named borrowers may occupy the mortgaged property (we may, by exception, consent to a resident family carer).</p>

## Results of our assessment

**Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.**