

# HSBC UK Criteria Bulletin

## Lending into retirement

June 2022



Applications where the borrowing extends to or beyond the customers intended retirement age.

### The following criteria applies

Where an applicant is lending into retirement we may ask for evidence of pension Provision. If the applicant is within 10 years of their retirement age (subject to a system maximum) the application may be assessed on projected pension income.

#### Interest Only

- Maximum age of 75 with a fully funded repayment strategy in place
- Maximum age of 70 (or declared retirement age if lower) where the repayment strategy is not fully funded.

#### Capital Repayment

- If the customer is more than 10 years away from the age of 70 (or declared retirement age if lower), we will consider lending up to a maximum age of 80, as long as the request remains affordable on a term up to age 70 (or declared retirement age if lower).
- 100% of Private pension accepted. The category of pension must be confirmed. Where a customer is in receipt of a 'Drawdown' pension extra documentation to confirm the value of the pension pot remaining will be required and we will only use 80% of the amount.
- 100% of State Pension is acceptable, providing it is already being received.
- We will ask for confirmation of pension provisions where an application extends beyond anticipated retirement age but the applicant is more than 10 years from this at point of application.

#### We will require:

- ✓ Latest payslip confirming pension contributions OR
- ✓ Latest annual pension scheme statement OR
- ✓ Confirmation of pension scheme participation OR
- ✓ A bank statement showing pension payments.

Consideration will be given to:

The period of time remaining until retirement, the closer the customer is to retirement the more robust the evidence of income should be. The type of employment and whether the customer will be able to continue to work.

Although income normally decreases at retirement, we will consider that expenditure may also decrease, such as commuting costs or costs associated with financial dependents' income.

## Documentation

### Private pension

Latest pension payslip(s):

- Where the date(s) on the payslip(s) shows as DD/MM/YYYY, all dates must be within 35 days of the application. Where the date on the payslip shows as MM/YYYY, we will accept the payslip(s) which can be either dated in the current or previous calendar month.

Undated payslips are not acceptable OR

- Latest pension annual statement or P60 and for Flexi-Access Drawdown (FAD) or Capped Drawdown (referred to as 'Drawdown Pensions' or 'Income Drawdown') a statement/letter from the pension provider confirming the remaining pension fund will be required. Dated within one year of application.

### State pension

Latest pension payslip(s):

- Where the date(s) on the payslip(s) shows as DD/MM/YYYY, all dates must be within 35 days of the application. Where the date on the payslip shows as MM/YYYY, we will accept the payslip(s) which can be either dated in the current or previous calendar month.

Undated payslips are not acceptable OR

- Latest pension annual statement or P60.

### Pension projection

Latest private / company pension projection statement. Where the statement provides different levels of estimated income, the average / normal return or equivalent will be used **and/or** State pension projection obtained from the government website.

### Case summary

Please provide a case summary for the underwriter to confirm:

- ✓ Details of the case including what the customer currently does
- ✓ What the customer's intentions are e.g. planned retirement age
- ✓ If it is sustainable to continue to work
- ✓ If the customer is wanting to use pension income what documents have been provided.

## Processing

### Affordability calculator

If using projected pension income, please use the annual figure in the gross income section.