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How making monthly payments saved Mr Sheen over £32,000 with Flexi Interest Reward

Example case study

David Sheen is a 55-year-old electrician from Norwich. He needs to release £67,500 from his home to help finance his divorce settlement.

Still in full-time work, David's equity release adviser conducted an affordability assessment and found he has £750 of disposable income each month after committed expenses. Mr Sheen is open to the idea of making monthly payments to help reduce his borrowing costs but is keen to retain £450 a month for leisure, holidays and luxuries.

As a result, David doesn't meet the affordability requirements of a residential mortgage, RIO or TIO, but his adviser has determined that an Interest Reward plan is a suitable solution.

Mr Sheen wants to make payments until his planned retirement at 67 and wishes to pay £300 a month.

Illustrative example:

	Flexi Interest Reward	Flexi with monthly payments	Flexi without monthly payments
Property value		£300,000	
Loan amount		£67,500	
Monthly payments	£300	£300	£0
Payment term	12 years	12 years	n/a
Total cost of payments	£43,200	£43,200	£0
Interest rate (MER)	6.53%	6.99%	6.99%
Total cost of borrowing	£262,402	£294,742	£443,169



£32,340 saved with Flexi IR vs Flexi with monthly payments

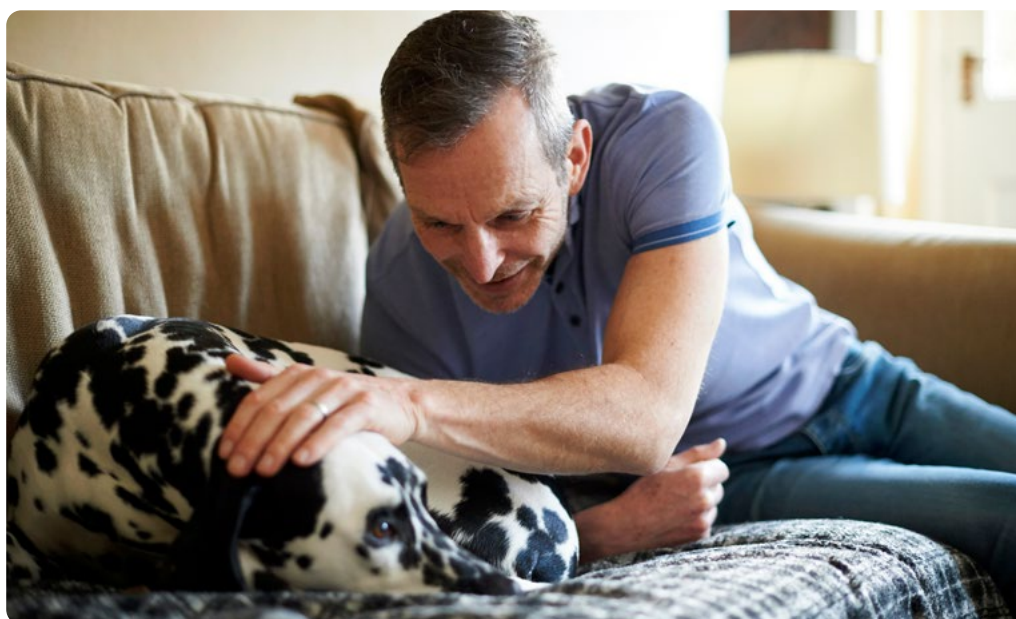


£180,767 saved with Flexi IR vs Flexi without monthly payments

By committing to making payments, David is suitable for Flexi Interest Reward; a feature of our Flexi lifetime mortgage that rewards customers with an interest rate discount for life in return for making payments for a set period.

By paying £300 a month for 12 years, Mr Sheen secures an interest rate of 6.53% MER on his Flexi Interest Reward plan; **46bps lower than standard Flexi**.

As a result, provided Mr Sheen makes all his payments, he'll save more than £32,000 over the life of his loan versus making the same payments on a standard Flexi plan, and over £180,000 compared to making no payments at all.



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David is able to do this in the knowledge that if he stops making payments early, his home won't be at risk of repossession, as Flexi Interest Reward meets Equity Release Council standards.

Also, if Mr Sheen has already repaid more than 25% of his payments when he stops, he will retain a portion of his interest rate discount.

Flexi Interest Reward interest rate discount removal

Payments made		Loss of discount
Less than 25%	>	100%
25–49.99%	>	75%
50–74.99%	>	50%
75–99.99%	>	25%



Want to know more?

If you'd like more information about our exclusive feature, Flexi Interest Reward, download our **adviser guide** using the button below. Alternatively, speak with a member of our expert team who will be able to answer all your questions.

For more information

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