



# RETIREMENT INTEREST ONLY MORTGAGES

Perenna information and Retirement Interest Only  
Product Specification

**For professional intermediary use only**

## About Perenna

Perenna was established to create a nation of happy homeowners. We believe that everyone who can afford a home should be able to own one.

To achieve this, we knew things needed to change. That's why we've created a new kind of mortgage bank. A bank that changes how mortgages are funded. This allows us to offer flexible long-term fixed rate mortgages that protect our customers from rising interest rates.

Our range allows customers to better plan for the future. And it allows us to help more people onto the property ladder.

What's more, we don't apply age limits to our products. That means helping more people to stay in their home throughout retirement.

### ● 2018

Arjan, Hamish and Colin incorporated Perenna to start a Danish-style mortgage bank using covered bond funding.

### ● 2019

Initiated the journey towards becoming a licensed bank by submitting the core regulatory documentation.

### ● 2020

Invited to submit a bank licence application. Raised a £7 million Seed Round to support the bank licence application.

### ● 2021

House prices reach record levels, and first-time buyers are locked out of the market, proving the need for a bank like Perenna. We're working hard to build a unique type of bank and the team is growing.

### ● 2022

Authorised as a bank with Restrictions by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). Raised a £25 million Series A from IAG Silverstripe. Inflation resulted in increasing interest rates and uncertain times ahead for mortgage borrowers.

### ● 2023

Raised over £42 million in latest round of investment. Received full banking licence from the PRA and FCA.

### ● 2024

Began lending to customers.

### ● 2025

Expanded our product portfolio with the introduction of 5, 7, 10, and 15-year fixed-term options.

## What do brokers say about Perenna?

*"I can safely say that it was the best first case I had ever submitted to a new lender in 20 years. Staff, policy, system and speed were all top class."*

*"Couldn't have been more impressed with the service I received from Perenna and cannot thank you all enough. System felt very modern, smooth and easy to use without too many questions. Support teams are the best I have dealt with in a while, everyone was super helpful over the phone and even the underwriter on the case was responding within hours. Client went with Perenna for help with affordability and I will now be recommending Perenna a lot more."*

*"Dealing with Perenna is pretty joyful, we get fantastic support, quick processing times and a great alternative to interest only for older borrowers – what's not to like!"*

## Recognition

- Nominated for Best Small Lender in the 2024 L&G Mortgage Club Awards
- Shortlisted for Best Later Life Lender at the 2024 AIR Later Life Lending Awards
- Highly Commended Fixed Rate Mortgage Lender at the Personal Finance Awards 2024/25
- Winner of Best Remortgage Lender at the Personal Finance Awards 2024/2025
- Winner of the Best Remortgage Lender at the Personal Finance Awards 2025/2026
- Recognised in Smart Money Peoples Mortgage Lender Benchmark (H2 2025) as Best Newcomer and Best for Relationship Management

## Get in touch

Got a question? Our dedicated team will be happy to help.

Please contact our Business Development Team with new business enquiries or for any training needs.

Our Intermediary Support Team is also on hand. It can support with registration, new business enquiries, DIP declines, escalations and application advice.

You can reach us by phone, live chat, or email. Phone lines and web chat are open Monday – Friday, 9:30am – 12pm and 1pm - 5pm (except bank holidays).

 0333 344 1013  [broker@perenna.com](mailto:broker@perenna.com)



## The Perenna Retirement Interest Only (RIO) Mortgage

At Perenna, we believe in providing solutions that offer flexibility and give borrowers more options. That's why we've launched our Retirement Interest Only (RIO) mortgage. It features a long-term fixed rate and is designed for those over the age of 50. Our RIO mortgage provides the security of fixed payments over an extended term, ensuring homeowners can enjoy retirement with peace of mind. The range combines long-term stability with the flexibility to adapt as customer's needs change.

### Loan criteria

Criteria	
<b>Fixed Period</b>	Full term
<b>Minimum Loan</b>	£25,000
<b>Maximum Loan</b>	£1.5m
<b>Maximum LTV</b>	75%
<b>Offer Validity Period</b>	Purchase – 150 days Remortgage – 90 days
<b>Procuration Fee</b>	0.4% at completion. A further 0.2% is payable every two years for the life of the mortgage, beginning at the end of year 3, when the advisor completes a customer review.
<b>Early Repayment Charges</b>	5 Year (5% / 4% / 3% / 2% / 1%)
<b>Portability</b>	Porting and further borrowing may be available subject to qualifying criteria and affordability.
<b>Flexible Features</b>	Customers have the option to make overpayments, in line with their terms & conditions and any applicable ERCs, to repay the capital throughout the term of their loan, reducing interest charged.
<b>Overpayments</b>	Yes, up to 10% per annum of outstanding balance without ERC. The outstanding balance is as at the start of the period, refreshing on the anniversary of the completion of the loan each year. Overpayments can be used to reduce term or reduce payments.

For full criteria, please visit our [intermediary website](#).

## Assessment Criteria

- Affordability will be assessed on an interest only basis.
- If any applicants are not yet retired, the lower of non-retired income and retirement income will be used in the affordability assessment. A repayment vehicle is not required and there is no set term for the loan. However, the loan must be repaid after a specific life event such as:
  - sale of the property.
  - applicant moving into long term care with no intention of returning to the property.
  - a breach of the mortgage terms by the customer.
  - death of the customer.
- If applying jointly, both incomes can be used for affordability if income or source of income is transferrable upon death, or the applicants intend to sell the property (subject to minimum equity requirements). This is to ensure that the mortgage remains affordable in the event of the death of a joint borrower. Perenna will consider all realistic and prudent plans for continuing to pay the mortgage in the event of a joint borrower death, including the intention of the surviving borrower to sell the property.
- Brokers must explain to any RIO purchase applicants that they will need to obtain independent legal advice, if they're over the age of 70 at the time of application. The independent legal advisor must complete a declaration confirming the applicant understands and consents to the mortgage terms.
- Remortgage applications for RIO products include fees assisted legal work with our partner law firm, Threemo. This is designed to help support customers through the process.
- For any joint RIO applications, the property needs to be owned on a Joint Tenancy basis rather than Tenants in Common.

## How to apply

Perenna lending products are solely available via our Intermediary distribution panel. This includes selected mortgage clubs, Directly Authorised firms and Appointed Representative networks.

## Who is the Perenna RIO Mortgage designed for?

- Customers over the age of 50, looking to borrow into retirement to refinance an existing mortgage, raise capital against their home, or purchase a new home.
- Customers who need a mortgage that will last the rest of their life.
- Customers who want fixed payments indefinitely.
- Customers who want reduced payments by only paying the interest on the loan each month.
- Customers who don't want, or don't qualify, for an equity release loan.

- Customers who don't want, or don't qualify, for a standard interest only loan.

### **Who isn't this product designed for?**

This product is not designed for properties located outside of England or Wales. It's also not appropriate for borrowers who:

- Are classed as sub-prime, or where they cannot satisfy our affordability or lending policy requirements.
- Are later life borrowers whose circumstances would be more suitable for an equity release or interest roll up product.
- Want to ensure that the capital balance is repaid each month alongside the interest, ensuring the loan is fully repaid by the end of the mortgage term.
- Have a suitable repayment strategy in place for repayment of the capital at the end of the term, other than sale of property, and who might benefit from a standard interest only product.
- Customers who need a loan to value (LTV) higher than 60%.
- Customers under the age of 50.

### **Fair Value Assessment**

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'.

### **Summary of our assessment**

We have assessed that:

- Our RIO product range meets the needs, characteristics, and objectives of customers in the identified target market.
- The intended distribution strategy is 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).

## Product Characteristics

The product is designed to meet the needs of the target group, providing later life customers with the finance needed to support the purchase or remortgage of their home in the form of a long-term fixed rate mortgage. The customer will repay the interest accrued monthly, whilst maintaining the same level of borrowing until the occurrence of one of the defined 'life events' or the property is otherwise sold. The product features and criteria are designed to support these needs.

## Life Events

Under a RIO product, we are not entitled to seek full repayment of the loan until the occurrence of one or more of the specified life events as defined by the Financial Conduct Authority (FCA), unless the customer breaches their contractual obligations (including any obligation to pay interest during the term) in a way which allows us to terminate the agreement.

Life events are defined by the FCA as the following:

The death of the last remaining borrower; or

The last remaining borrower leaves the property to live elsewhere and has no reasonable prospect of returning (for example, by moving into residential care); or

The last remaining borrower acquires another dwelling for use as their main residence; or

The customer sells the mortgaged property; or

The lender exercises its legal right to take possession of the mortgaged property under the terms of the contract.

## Benefits:

- Guaranteed fixed rate payments.
- No SVR or reversion rates at any point in the term.
- Early Repayment Charges for an initial period. Overpayments up to 10% of the outstanding balance of your mortgage without early repayment fees, or switch to a new product if one is available.
- Flexible features allowing the mortgage to be ported, or for additional borrowing where there is sufficient equity and affordability.
- Fee free and fee paid options available to suit customer circumstances.
- Product incentives such as free valuations and fees assisted conveyancing available on some product variants.
- Intermediaries incentivised to continue to review customer circumstances on a regular basis.
- Increased affordability for some customers.

- Longer terms available for later life borrowers with no age caps, to maximise borrowing potential.
- Interest Only provides customers with reduced monthly costs and allows them to continue to afford to live in a property they may otherwise have to sell.

Full eligibility criteria can be accessed on our [intermediary website](#).

## **Customers with characteristics of vulnerability**

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

We have designed an overarching vulnerability framework to help identify, support, and manage customers with characteristics of vulnerability from loan inception through to maturity or closure. The framework we have in place allows us to monitor and ensure that we achieve good customer outcomes for vulnerable customers, and includes but is not limited to the following:

- All front line Perenna staff receive training on how to identify and support vulnerable customers.
- All communications are available in Braille or large print if requested.
- Support can be put in place for customers in financial difficulty, including payment plans, payment holidays etc.
- Documents are issued digitally but can also be sent physically if required.

This product is termless, and only available to applicants over 50, so there is an additional risk of customer vulnerability due to age. The nature of the product significantly increases the likelihood of the death of a borrower before the loan is repaid. Where possible, Perenna will offer the same product and service to a later life borrower as any other potential customer. However, to mitigate the increased risk of customer harm due to vulnerability in later life, we have introduced additional lending criteria relating to older borrowers. Specifically, lending is restricted by loan to value and all RIO purchase borrowers over the age of 70 at the time of application will be asked to seek independent legal advice before we will allow funds to be disbursed. By getting independent legal advice we can ask that customers fully understand the terms and conditions of the loan. This helps us prevent mortgage fraud, and ensure customers are aware of the terms of the loan and the associated risks.

For joint applications, we have processes in place to ensure that the mortgage remains affordable in the event of the death of one borrower.

You should continue to comply with your obligations to ensure that you treat customers in vulnerable circumstances fairly.

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

## 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 Marketing and Product Committee, 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

The product provides benefits to customers in the form of a long-term guaranteed payment with no reversion period or SVR to consider. We have also considered the flexible features included with the product, and the ongoing service and support available to customers once they have completed their purchase or remortgage to Perenna.

### Price

The interest rate charged for the product is calculated using an approved model, considering the cost to Perenna of financing the loan, operational costs, acquisition costs, reasonable business profits, and appropriate charges to cover the risk profile of the loan. A management overlay is applied to pricing within an approved framework that allows for competitiveness in the market and allows us to maintain service levels.

### Costs

All fees associated with the loan have been assessed to ensure that they are fair and reflect actual costs or risks associated with them. Fees are regularly reviewed to ensure they remain fair and are published on our website. This includes origination costs and those associated with in-life servicing.

### Limitations

Where the product has restrictions or limitations these have been assessed to ensure they are fair and reasonable.

## Results of our assessment

Our assessment concluded that the Product delivers fair value for customers in the target market for the Product.

This product provides fair value as it:

- Is designed to meet the needs of the identified target market.
- Offered via Intermediaries who can offer the customer choice, as well as making a recommendation based upon their needs and circumstances.
- Offered to customers who are provided with suitable pre-sale and post-sale information about the product features, risks, and benefits.

No unfair or unreasonable product limitations restrict the benefits that customers can realise from their product and therefore inhibit them extracting a fair value exchange.

We regularly monitor and review our products, and if there are any material changes identified then this document will be updated and reissued, highlighting the changes.



**For professional intermediaries only.** This is not a financial promotion and should not be used as such.

Perenna Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 956138. Perenna Bank PLC is a company registered in England and Wales with company number 13084174. Our registered office is at The Bloomsbury Building, 10 Bloomsbury Way, London, WC1A 2SL. PB580