

How Lifetime Mortgages offering variable capped rates work

This is not a consumer advertisement. It is intended for professional Advisers only.



This is a lifetime mortgage.

This is a summary of our variable capped rates.

For more information on CPI please refer to www.ons.gov.uk

OneFamily Lifetime Mortgages offer customers the option of borrowing with a variable rate. This rate can move up or down with the chosen index; the Consumer Price Index (CPI).

What is CPI?

In essence, the annual change in the consumer prices index is **a measure of inflation** which the government has a stated aim of keeping to 2%.

CPI is also the index that many pension schemes, including public sector, use.

A simple way of thinking about CPI is to imagine a **large 'shopping basket'** full of goods and services, (over 650 items), on which people typically spend their money: from bread to ready-made meals, from the cost of a cinema seat to the price of a pint at the local pub, from a holiday in Spain to the cost of a bicycle.

The content of the basket is fixed for a period of 12 months, however, as the prices of individual products vary, so does the total cost of the basket.

Source: Office of National Statistics.

How does it work with the OneFamily Lifetime Mortgage?

The interest rate on the OneFamily variable rate mortgage can change once a year in December.

The rate is determined by the movement in CPI between the previous October to September, and the difference between the CPI figures between the two dates. The quoted CPI figure in September will be the figure used and allocated in December.

Where can I find the CPI rates?

Rates are published monthly at www.ons.gov.uk

What is the typical inflation rate?

Historic CPI rates.



Month	CPI Rate
September - 2010	3.1%
September - 2011	5.2%
September - 2012	2.2%
September - 2013	2.7%
September - 2014	1.2%
September - 2015	-0.1%
September - 2016	1.0%
September - 2017	3.0%
September - 2018	2.4%
September - 2019	1.7%
September - 2020	0.5%
September - 2021	3.1%