

# How old is too old to get a mortgage?



**Joanne Hunt**

With some 44 per cent of first-time buyers now over 35 when borrowing, more and more loan terms are running to the age of 70

Are you too old to get a mortgage? Or maybe you worry about paying off the one you already have. Whether you are buying your first home, renovating or trading up, your age will impact how much you can borrow. People are, on average, older than ever when buying their first home. House prices, bank-lending rules and being older before settling down are all factors.

Just one in five first-time buyers these days are aged under 30. In 2003, that number was six in 10, according to figures from the Banking and Payments Federation Ireland (BPF). Indeed, the median age of first-time borrowers hit 35 last year, according to the report. Some 44 per cent of people were older than that. This compares with 36 per cent before the Covid-19 pandemic in 2019, and only 17 per cent back in 2004. Borrowers are getting older.

It's not just first-time buyers who are driving up the age of mortgage holders. The median age of all home purchasers in Ireland in 2021 was 39. That's up from 35 in 2010, according to Central Statistics Office figures. The plunge in house prices after the financial crash left some stuck in negative equity, making them older when it came to trading up. Not long after prices recovered, Covid hit. This set trading-up or renovation plans back again. By the time the funding for plans delayed is paid off, some people will be far older than they would have expected to be.

## Age and term

Mortgage terms can span from five to 35 years. The longer the term, the lower your monthly repayments will be. That means paying more interest, though. With a shorter term, the monthly repayments are higher, but you'll pay less interest. The median loan term for first-time buyers in Ireland in 2021 was 30 years, according to research from the BPF. The share of first-time buyer mortgages with loan terms over 30 years is about 40 per cent, with the longest loan terms being 35 years. With some 44 per cent of first-time buyers older than 35 when borrowing, loan terms are certainly running to the age of 70.

Most contracts of employment have a mandatory retirement age, usually 65. For the moment, you must be at least 66 to qualify for a State pension. That leaves a potential five-year gap without employment and State-pension income where borrowers will have to pay a mortgage. This is hitting home with older borrowers at least. Almost one in 10 people who responded to a Royal London Ireland survey believe they will still be paying off their mortgage after 70. The figure was highest among those aged over 55. Some 8 per cent of mortgage holders were resigned to only being mortgage-free at age 75, according to the survey. The gap between current retirement age and mortgage terms relies on the assumption that some will work past age 65, or they will be able to fund a mortgage from their pension.

## Who's lending?

With borrowers getting older, lenders are flexing things a bit, otherwise people wouldn't be able to take a loan from them. "There has been a sea change with lenders where 70 used to be absolute but now if the applicant is going to be a little bit older than 70 and they can demonstrate they can repay the mortgage at 70, lenders will consider the application but [they] want to be able to see how you are going to pay the mortgage after retirement," says Trevor Grant of Affinity Mortgages and chairman of the Association of Irish Mortgage Advisors.

With AIB, the maximum term for owner occupiers is 35 years subject to repayment of the loan by a certain age. A PAYE worker, for example, must repay the loan by their 69th birthday, or by their 71st birthday if they can confirm they will still be employed at that



age. If your retirement age is earlier than 69, "the borrower would need to consider their ability to meet the mortgage repayments beyond their retirement if they are seeking the maximum term," says the bank.

Those who are self-employed must repay the mortgage by their 71st birthday at the latest. All of these repayment ages apply to top-up mortgages too, that's where home improvements are funded by borrowing against the equity in your home. Terms for PTSB mortgages can run to age 70 and the bank assess applications on a case-by-case basis by considering your ability to repay a loan to the end of the term. This applies to first-time buyers, switchers and mortgage top-up applicants.

Bank of Ireland's maximum mortgage

**71**

The latest age at which those who are self-employed must repay the mortgage

**44%**

of first-time buyers are older than 35 when borrowing

term is 35 years, that's subject to "the customer having affordability for the full term," a spokesman says. "We can and do consider applications beyond a customer's retirement age, which can be past 70, where they can evidence ongoing affordability."

"If someone is borrowing to age 70, all lenders will look for proof of ability to pay past 70," says Grant.

"Lenders are looking at projected values of pension funds. If you are self-employed with a good business, they want you to outline how you might exit," he adds.

Of course, no one knows what their pension will be worth on retirement, so this is Mystic-Meg territory to some extent. Similarly, while this year's payslips might show healthy pension contributions, this could all stop if the applicant switches jobs.

"Nobody can guarantee the future. Some might say it's a box-tick exercise, but I think lenders genuinely want to make the customer think about it," says Grant.

## A mortgage to 80?

Mortgage start-up MoCo made headlines last year with the promise that Irish borrowers could repay up to the age of 80. If this is beyond your expected retirement age, MoCo will assess your ability to service the mortgage beyond that point, it says. This will entail "an enhanced individual assessment", and may require documentation from the borrower's qualified financial adviser showing how they plan to pay back the loan. It's hard to know how many seeking a loan term to age 80 will actually get their application over the line. One thing is for sure, lenders need to be clear about how they assess applications.

Avant Money got into hot water last year when it was ordered to pay more than €8,000 to a man whose broker said he could not apply for a mortgage switch with the financial institution because he was over 70. The man complained directly to Avant, and the company's head of mortgage operations told him its policy "does not extend to offering a mortgage to applicants over 70".

That was despite the fact that Avant Money's lending policy at the time allowed for an exception past this age, "where repayment capacity can be proven". The complainant said he was denied the opportunity to prove his financial position. His complaint of ageist discrimination under the Equal Status Act 2000 against Avant was upheld.

## Repayment

Paying a mortgage after age 70 is far from ideal, says Daniel Hardiman, a financial planning consultant with Hardiman Life and Pensions.

"But there may be no other option for someone in their early 40s looking to escape renting," he says. He's seen clients who have had to restructure their mortgage to a later end date, beyond their retirement, due to a change in their financial circumstances.

"A lot of these clients will end up working beyond the age of 65, unless they have access to a 25 per cent tax-free lump sum from their pension, or perhaps an inheritance," says Hardiman.

"If you have some form of mortgage at this stage of life, we often see clients use this lump sum to clear their mortgage," he adds.

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## Mortgage protection

If you have a mortgage, mortgage-protection insurance will pay off the debt if you die. "You could apply for mortgage protection up to the age of 89 if you wanted and they will accept you if you are in good health," says Hardiman.

The longer the term of your mortgage, however, the more expensive the mortgage protection will be. Protection for a couple who are aged 40, for example, with a €300,000 mortgage running up to age 65, would cost about €33 a month. If their mortgage term ran to age 75, the cost would be about €47 a month. If financial circumstances mean you have to extend the repayment term of your mortgage, you will need to extend your mortgage protection insurance too. This could be tricky if you are in bad health.

That's why you should include a continuation option or convertible option when taking out mortgage-protection insurance, says Hardiman. It adds about €2 a month to your premium.

"This allows you to extend the term of your mortgage protection at a later date up to age 85, without any medical underwriting. They can't refuse you if you are in bad health."

"This can be invaluable for people who have to restructure their mortgages to a later end date. You should especially consider it if you have a poor family medical history," he says.

People should switch mortgage-protection insurance providers more often, he says, explaining that it can reduce your premiums or confer new benefits such as a convertible option.

"If you've extended the term of your mortgage in the past, make sure to check that the end date of your life-insurance policy matches the end date of your mortgage," says Hardiman, "or it will be an expensive mistake for your dependents."

## Dublin 8 €650,000



# Turnkey two-bed on picturesque street

**51 Lennox Street, Portobello, Dublin 8**

**Description:** Ideal spot for city living with the canal for morning runs, coffee spots galore and the city centre a short walk away  
**Agent:** Owen Reilly

JESSICA DOYLE

Located on a picturesque Portobello street of period redbrick homes sits this turnkey two-bedroom terrace. It was 51 Lennox Street's proximity to the city centre – a 15-minute walk to St Stephen's Green – and to local cafes and shops, such as Brindle Coffee and Wine and Lennox Street Grocers which are just across the road, that first attracted the current owners to this house. Another well-known resident of the street is Bretzel Bakery, which first opened at 1A Lennox Street in 1870.

The property was presented to a modern standard when the owners bought it in 2018 – for €610,000 according to the Property Price Register – and they have since upgraded aspects of the house over the eight years that they have lived there. It is now on the market through Owen Reilly Estate Agents, seeking €650,000. It is sure to attract young professionals with a healthy budget looking for the ideal spot for city living, with the canal on your doorstep for morning runs, coffee spots galore and the ability to get in and out of the city centre without having to rely on taxis or public transport.

Believed to have been built in the late 1800s, this 70 sq m (753sq ft) home features three original cast-iron fireplaces as well as wood-panelled doors. The owners were also keen, having viewed many open-plan layouts, to have a livingroom separate from the kitchen to allow for complete relaxation. The livingroom to the front of the property is a small but cosy space large enough for a comfy corner sofa, with the fireplace on an angled wall. The upgraded sash window, which mimics the original, adds a lovely feature to the room, framing the view of the street.

Further down the hall is the eat-in kitchen, featuring light solid-wood floors, white units, a peninsula worktop and a retro-style blue Rangemaster cooker. The owners added built-in shelving under the stairs to house the fridge-freezer and more storage. A small, bright south-facing courtyard lies off the kitchen with black and terracotta tiles underfoot and two storage sheds – a godsend for bikes and DIY materials.

The newly updated shower room is beyond the kitchen, under an archway at the foot of the stairs, with deep blue walls, wall panelling behind the sink and a decorative blue and white tile underfoot.

Upstairs, there are two spacious double bedrooms, both featuring cast iron fireplaces. The main bedroom, to the front, occupies the full width of the property, with two sash windows overlooking Lennox Street. The second double bedroom is also a good size with floor-to-ceiling panelling walls finished in a warm beige shade. The first floor is carpeted in a neutral shade and there are long, modern vertical radiators for heat. The property has a D2 Ber, which is not bad considering its age, and it has double-glazed windows to the front and rear to help keep heat in.



## On view



**37 Crannagh Castle, Crannagh Road, Rathfarnham, Dublin 14**

€475,000, DNG  
Two-bedroom midterrace house extending to 83sq m (893sq ft). The property, in a quiet development close to Rathfarnham village, has a reception room on the second floor and plentiful non-designated parking within attractive communal gardens. Ber D1.  
On view: By appointment at dng.ie



**2 Arnott Street, Portobello, Dublin 8**

€695,000, Young's Estate Agents  
Two-bedroom midterrace house of 86sq m (926sq ft). The light-filled home, constructed in 1884, retains many of its period features such as high ceilings and period fireplaces. It has a contemporary extension to the rear and sound-insulated walls. Ber C1.  
On view: By appointment at youngs.ie



**14 Fortescue Lane, Off Mount Pleasant Ave, Rathmines, Dublin 6**

€595,000, Sherry FitzGerald  
Two-bedroom midterrace townhouse extending to 75sq m (807sq ft). The property, set over two levels, has a low-maintenance west-facing rear garden laid out with paving and pebbles. A carport lies to the front behind roller gates. Ber D1.  
On view: By appointment at sherryfitz.ie



**7 Riverview, Kilmacthomas, Co Waterford**

€175,000, Liberty Blue  
Three-bedroom midterrace house extending to 79sq m (850sq ft). The property, which has a new oil-fired condensing boiler, is wired for electric car charging, has a private south-facing rear garden and is close to a number of amenities, including the greenway. Ber C2.  
On view: By appointment at libertyblue.ie



**Cappagh, Adare, Co Limerick**

€555,000, Nestor Shanahan Estate Agents  
Detached four-bedroom house of 306sq m (3,294sq ft). The property, which is on an elevated 2.5-acre site, is nine kilometres from the village of Adare, and close to a local community creche and primary school. Ber B3  
On view: By appointment at nestorshanahan.ie