



Unlocking equity from your home

**Optional Payment
Lifetime Mortgage**



Imagine getting an income to expand your horizons

Do more of the things you love with the help of your home. If you're 55 or over and a homeowner, find out how you can release extra monthly income for a fixed term, to help you live life the way you like in your retirement.

A lifetime mortgage is a loan secured against your home. There is an initial loan amount. Loan and compound interest repaid when the last borrower dies or moves into long-term care. May affect means-tested benefits. Arrangement fee applies. There may be cheaper ways to borrow.

To find out more, talk to us today on **01285 652221**



www.cirencesterquityrelease.co.uk


Cirencester Equity Release

Introduction

Optional Payment Lifetime Mortgages are different to other lifetime mortgages as it allows you to pay some, or all, of the monthly interest and this could reduce the overall cost of the loan.

Throughout this guide we'll refer to Optional Payment Lifetime Mortgages as a lifetime mortgage.

This document does not provide advice on whether a lifetime mortgage is right for you. This should be discussed with an adviser who is qualified to give advice on lifetime mortgages.



All about Lifetime Mortgages

For many people, the most significant asset they have is their home and they are relying on their pension as a major source of income in retirement. However, many people are continuing to borrow later in life, sometimes when approaching or already in retirement.

There are many reasons for this; perhaps they are hoping to make the most of their retirement years with travel plans, home improvements or lifestyle changes. Or, they may have credit commitments or an interest only mortgage that is due for repayment and they need to find a way to do this.

They could have a regular income, but this may not be enough, or they expect that their income will reduce or end. All this will make it difficult to get a mortgage or other credit, which can be frustrating. Of course, they may be worried about being able to pay their mortgage into retirement with concerns over how long they can work for and what their pension income will be.

What is a lifetime mortgage

A lifetime mortgage is a way of releasing money from your home without having to move.

It's a loan that's secured against your home which can be used to repay your existing residential mortgage. It can be taken as a tax free cash sum or in smaller amounts as and when you need it.

With an Optional Payment Lifetime Mortgage you can choose to pay some, or all, of the monthly interest payments at any time.

If you stop making monthly interest payments, the unpaid interest is added to the amount you owe each month. This means that interest is charged on the loan amount plus any interest already added. Making monthly interest payments will reduce the amount of interest that will accumulate over the life of your lifetime mortgage.

The lifetime mortgage is usually repaid from the sale of your home when you, or the remaining applicant (if the mortgage is in joint names) dies or moves out of your home into long term care. Of course, any money left from the sale of your home would be available to you or your beneficiaries.



How does a lifetime mortgage compare to a residential mortgage?

Residential Mortgage

A residential mortgage is a loan, usually used to help you buy your home

Loan Term	The duration of the mortgage is fixed for a set period of time. Usually for around 25 years. This is known as the mortgage or loan term.
Monthly payments	You make a monthly payment until the end of the mortgage term.
How interest is charged	There are two types of residential mortgage: repayment (Capital and interest) and interest only. Interest is charged on the mortgage monthly and the borrower makes monthly payments.
Affordability	Your income and expenditure is assessed to ensure you can afford the mortgage.
Interest rates	There are a variety of interest rates you can choose from. The most common are variable or fixed rate.

Lifetime Mortgage

A lifetime mortgage is also a loan but works differently

	The duration of the mortgage is not fixed. The mortgage lasts until you (or if joint borrowers, both of you) die or move into long term care.
	No monthly payments are required. However, you can choose to pay some, or all, of the monthly interest for as long as you choose to.
	Any unpaid interest is added to the loan monthly. This is sometimes called compound interest or rolled up interest.
	There are no affordability assessments. The amount you can borrow depends on your age, the value and suitability of your home and whether you are applying jointly or as an individual.
	The interest rate is fixed for the duration of the lifetime mortgage.

Are you aware of the following features?

You can make monthly interest payments

You can choose to pay any amount between £25 and the full monthly interest each month. You must tell us how much of the interest you would like to pay when you apply and for how long you would like to pay it.

You won't be able to change the amount of your monthly interest payments or pay for longer than you told us when you applied, but you can choose to stop making your monthly interest payments at any time. If your monthly interest payment is less than the full monthly interest charged, or you stop making monthly interest payments. This means that interest is charged on the loan amount plus any unpaid interest.

You can make partial repayments

If you have stopped making monthly interest payments, the Optional Partial Repayment feature enables you to pay part of the mortgage off early with no Early Repayment Charge subject to the terms and conditions of your lender.

Making Optional Partial Repayments will reduce the amount of interest that will accumulate over the term of your lifetime mortgage. Remember, you can only make Optional Partial Repayments once you have stopped making monthly interest payments and the lifetime mortgage converts to full interest roll up.



You can protect part of the value of your home for inheritance

Inheritance Protection can help you secure a proportion of the net sale proceeds of your home for the beneficiaries of your estate when you die.

If leaving an inheritance is important to you, you could select this option. You'll need to decide on the percentage you would like to protect (the Protected Percentage) when you apply for the lifetime mortgage. Inheritance Protection cannot be added to the lifetime mortgage or the amount increased after completion of your lifetime mortgage.

If you decide to opt for Inheritance Protection the amount you can borrow will reduce proportionately.

You should consider discussing the impact of a lifetime mortgage on your inheritance with your family or beneficiaries before making a decision.



You won't pay back more than the sale proceeds

Property values may change, and any fall in value will affect the equity available to you or the beneficiaries of your estate. Your lender's No Negative Equity Guarantee means you or beneficiaries will never have to pay back more than the amount your property is sold for. This is provided it's sold for the best price reasonably obtainable and you have met the terms and conditions of your lifetime mortgage.



You may be able to borrow more in the future

If you choose to borrow less than the maximum amount you're eligible for, you may have the flexibility to borrow more in the future. This is called your Drawdown Facility and can be taken in one cash sum or a number of smaller amounts as and when you need them.



You can move home

Your lifetime mortgage can move with you, subject to the term and conditions of your lender.

You must discuss moving home with your lender before committing to a purchase.

Did you know?

The amount you can borrow with a lifetime mortgage is based on the age you are when applying, the value of your property and whether you are applying jointly or as an individual.

Is a lifetime mortgage right for you?

These are some of the things you may consider when deciding if a lifetime mortgage is right for you.



I am aged 55 or over.



I am living in (or buying) my own home with a small or no mortgage.



I want to borrow a minimum of £10,000.



I can pay some, or all, of the monthly interest, but I want to know that I can stop paying interest at any time.



I am living in England, Wales or mainland Scotland.



My House is worth a minimum of £70,000,



I would like to sell my property and downsize.



I have savings or investments that I can consider using instead.



I have sufficient long term income which means I qualify for a personal loan or a residential mortgage.



I can claim benefits that will supplement my income.

You'll need to discuss this with one of our advisers before making a decision. Our advisers are authorised by the Financial Conduct Authority and they hold a suitable qualification to advise you on lifetime mortgages.



Is a lifetime mortgage right for you?

Before deciding whether to go ahead, an adviser will talk you through the benefits and risks of a lifetime mortgage as well as the other options available to you.

Below is a list of things to think about. This is not a full list of benefits and risks. An adviser will look at your personal circumstances, advise you on risks affecting you and whether a lifetime mortgage is suitable.

Benefits

Repaying your residential mortgage - you could release money from your home and use it to repay your existing residential mortgage, including an interest only mortgage that is due for repayment.

Cash when you need it - you could release money from your home tax free and use it to increase your income in retirement. You can choose to release the full amount at the outset or take a smaller initial amount with the option to release more money at a later date. This is known as the Drawdown Facility.

You can stay in your home - you don't need to leave your home and you'll still own your property.

You can choose to pay some, or all, of the monthly interest and stop making monthly interest payments at any time - making monthly interest payments will reduce the amount of interest that will accumulate over the term of your lifetime mortgage.

No Negative Equity Guarantee - this means that there is no risk of you or your beneficiaries being left with an outstanding mortgage after your home is sold. This is provided it's sold for the best price reasonably obtainable and you have met the Terms and Conditions of your lifetime mortgage.

It's possible to still leave an inheritance - if you take out inheritance Protection, you can protect a proportion of the value of your home for your beneficiaries.

It can be possible to move home - you can move home and take your lifetime mortgage with you, providing your property is acceptable and meets your lenders requirements at the time of moving.

Ability to make Optional Partial Repayments - if you have stopped making monthly interest payments the Optional Partial Repayment feature enables you to pay part of your lifetime mortgage off early with no Early Repayment Charge, provided it is within the limits and terms that apply. This will reduce the amount of interest that will accumulate over the term of your lifetime mortgage.

Risks

There may be cheaper ways for you to borrow money - the interest rate on your current mortgage, if you have one, may be lower than the interest rate for a lifetime mortgage and you should consider if your current lender will charge you for repaying your mortgage.

How you spend or use the money may affect your taxation and benefits - taking out a lifetime mortgage could affect your eligibility for state benefits.

Failure to meet your lenders Terms and Conditions - for example failing to maintain the property, may mean that your lender will have to put it right on your behalf. It could even result in the forced sale of your property and loss of inheritance Protection if you have taken it.

The total amount you owe can increase quickly over time - any unpaid interest is added to the amount you owe, which means interest is charged both on the original loan amount and the interest that has already been added. This will reduce the equity left in your home and the value of an inheritance.

You'll need to pay upfront costs when taking out a lifetime mortgage - taking into account the upfront costs, if you were to die or move into long term care within a short time period, there may be cheaper ways for you to borrow money.

There may be no inheritance left for your beneficiaries - unless you have taken out Inheritance Protection.

You may need to repay part of your lifetime mortgage if you move - if, for example, your new property is worth less than the original property. In this case, any amount that your lender would ask you to repay would be subject to an Early Repayment Charge

You may have to pay a charge for early repayment - if you decide to repay more than you are allowed under Optional Partial Repayments, or decide to repay all your lifetime mortgage off early, you may have to pay an Early Repayment Charge, which could be substantial.

Is a lifetime mortgage right for you?



Help your family

Offer support with education costs or getting onto the housing ladder.



Lifestyle improvements

Things like a new car, a hobby or to provide care in the home.



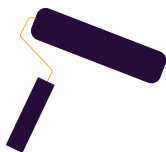
Holidays and trips

Enjoy your retirement and get the most out of life.



Holidays and trips

Supplement your pension.



Home improvements

Enhance your home or carry out adaptations that make it possible for you to stay there for the longer term.



Pay off your existing mortgage

Repay your existing residential mortgage, including an interest only mortgage that is due for repayment.



What costs are involved in setting up a lifetime mortgage?

There are some costs that you'll need to cover when applying for your lifetime mortgage.

Arrangement fees: this covers our costs for setting up the lifetime mortgage and is payable on completion. If you wish, you can add this fee to your lifetime mortgage, but it will increase the amount you owe and interest will be charged on it.

Valuation Fee: this is payable on application and the amount of the fee will depend on the value of your home.

Telegraphic Transfer Fee: this is charged to cover our costs in transferring your money to your solicitor on completion.

There are fees that you may pay to others

Legal Fees: you'll need to appoint your own solicitor to act on the behalf. You should agree a fee with them and you'll be responsible for paying your solicitor.

Advice Fee: you may be required to pay a fee to your adviser for arranging the lifetime mortgage. You should agree a fee with them and you'll be responsible for paying your adviser.

What happens if your circumstances change?

Although a lifetime mortgage is designed to be a lifelong commitment, we understand your circumstances could change and you may need help in the future. Anything from borrowing more money to moving home. It is important to keep in close contact with your lender if things do change.

What happens when you stop making monthly interest payments?

Making monthly interest payments will reduce the amount of interest that will accumulate over the life of your lifetime mortgage.

When you take out a lifetime mortgage you need to tell your lender how long you would like to make monthly interest payments for. When that date is reached, you stop making monthly interest payments at any time before that date, but once you stop making monthly interest payments, you cannot restart making them again.

If you miss more than six monthly interest payments in total you'll have to stop making monthly payments. A payment will be missed if you don't pay the monthly interest payment before the next payment is due.

When you stop making monthly interest payments your lender will write to you and explain the effect on your lifetime mortgage and show you how the amount you owe will increase over time.



Contact Us

We're here to help. If you have a query about lifetime mortgages, applying for a lifetime mortgage or to provide us with some feedback, there are a number of ways you can get in touch.

**Call our team on:
01285 652221**

Lines are open am to pm Monday to Friday.

**Email us at:
hello@cirencesterequityrelease.co.uk**

For further information visit
www.cirencesterequityrelease.co.uk

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