



Unlocking equity from your home

**Flexible  
Lifetime Mortgage**



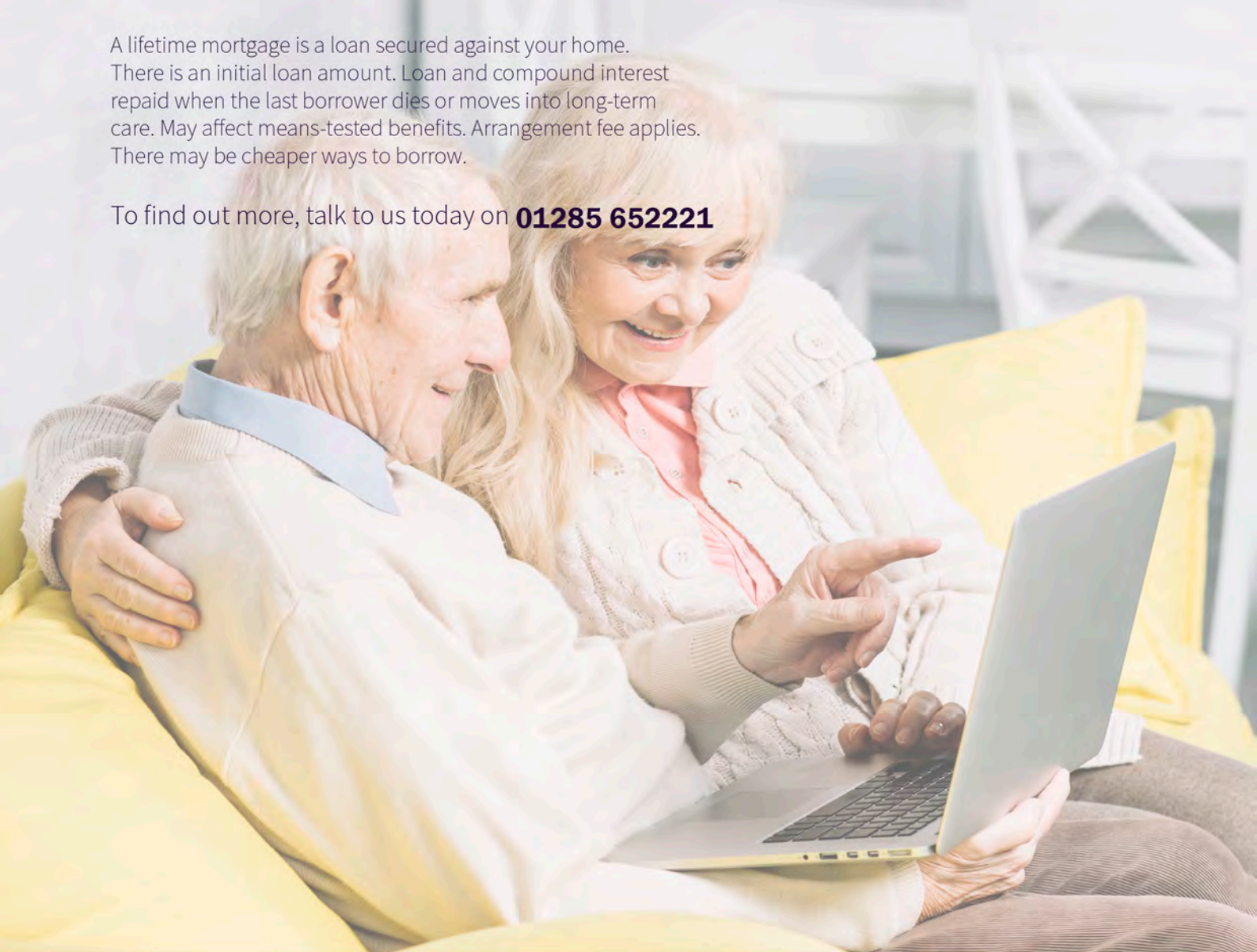


# Imagine getting an income to expand your horizons

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**



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Cirencester Equity Release



# 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, more 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.

The average house prices have more than doubled in the last 20 years, which means that you may have significantly more equity in your home than you had anticipated. In addition, people are living longer and what is available in your pension pot and savings may not meet your expectations and plans for retirement.



# 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 to give you a tax-free cash sum or smaller amounts that you can take as and when you need.

With a lifetime mortgage you won't have to make any monthly payments. Instead the interest is added to the amount you owe each month.

This means interest will be charged on the loan plus any interest already added. 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 over 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. For example, 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 on a monthly basis 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.

Any unpaid interest is added to the loan on a monthly basis. 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.



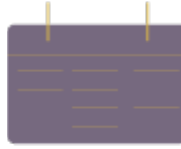
# Are you aware of the following features?



## You can move home

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

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



## You can make partial repayments

With the Optional Partial Repayment feature you can pay part of the mortgage off early with no Early Repayment Charge, subject to your lenders terms and conditions.

Making Optional Partial Repayments will reduce the amount of interest that will accumulate over the term of your lifetime mortgage.



## 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 lenders No Negative Equity Guarantee means you or your 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 your lenders terms and conditions for your lifetime mortgage.



## 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 when you apply for a 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 before making a decision.



# 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.

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.



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 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 that I can afford monthly payments and qualify for a personal loan or a residential mortgage.



I can claim benefits that will supplement my income.







# What are the benefits and risks of a lifetime mortgage?

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.

## Benefits

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

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**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.

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**No monthly payments needed** - For the duration of your lifetime mortgage you do not need to make any monthly payments.

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**Ability to make Optional Partial Repayments** - you can 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 total amount of interest that will accumulate on your lifetime mortgage.

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**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 lender and lifetime mortgage.

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**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 the beneficiaries.

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**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.

## Risks

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

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**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 take it.

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**The total amount you owe increases over time** - 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 any inheritance. You should consider if there are cheaper ways for you to borrow money.

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**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 of your lifetime mortgage off early, you may have to pay an Early Repayment Charge, which could be substantial.

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**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.

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

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**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 would ask you to repay would be subject to an Early Repayment Charge



# What could you do with the money?



## Help your family

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

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## Lifestyle improvements

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

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## Holidays and trips

Enjoy your retirement and get the most out of life.

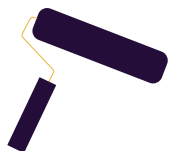
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## Provide additional income

Supplement your pension.

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## 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, or to relieve any pressure of monthly outgoings.



# What costs are involved in setting up a lifetime mortgage?

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

**Arrangement Fee:** this covers the 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.

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

**Telegraphic Transfer Fee:** this is charged to cover costs in transferring money to a solicitor.

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

**Advice Fee:** you may be required to pay a fee to your lender 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 if you need more money?

### Drawdown Facility

A lifetime Mortgage offers you a cash sum as the initial loan. If you choose to take less than the maximum amount you're eligible for, you may have the flexibility to borrow more in the future. You may be able to borrow up to the maximum originally agreed. This could be in one cash sum or a number of smaller amounts.

If there is no Drawdown Facility available you may need to apply for a further advance. This is additional borrowing on top of your existing lifetime mortgage. Applications for further advances may be considered 12 months after completion of a lifetime mortgage. Any further borrowing must be on the same basis as an existing lifetime mortgage. The interest rate may be different depending on interest rates available at the time of requesting further advance.

The difference between the initial cash sum you take and the maximum amount you could take is called Drawdown Facility.



# 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](http://www.cirencesterequityrelease.co.uk)

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