



Unlocking equity from your home

# **Income Lifetime Mortgage**

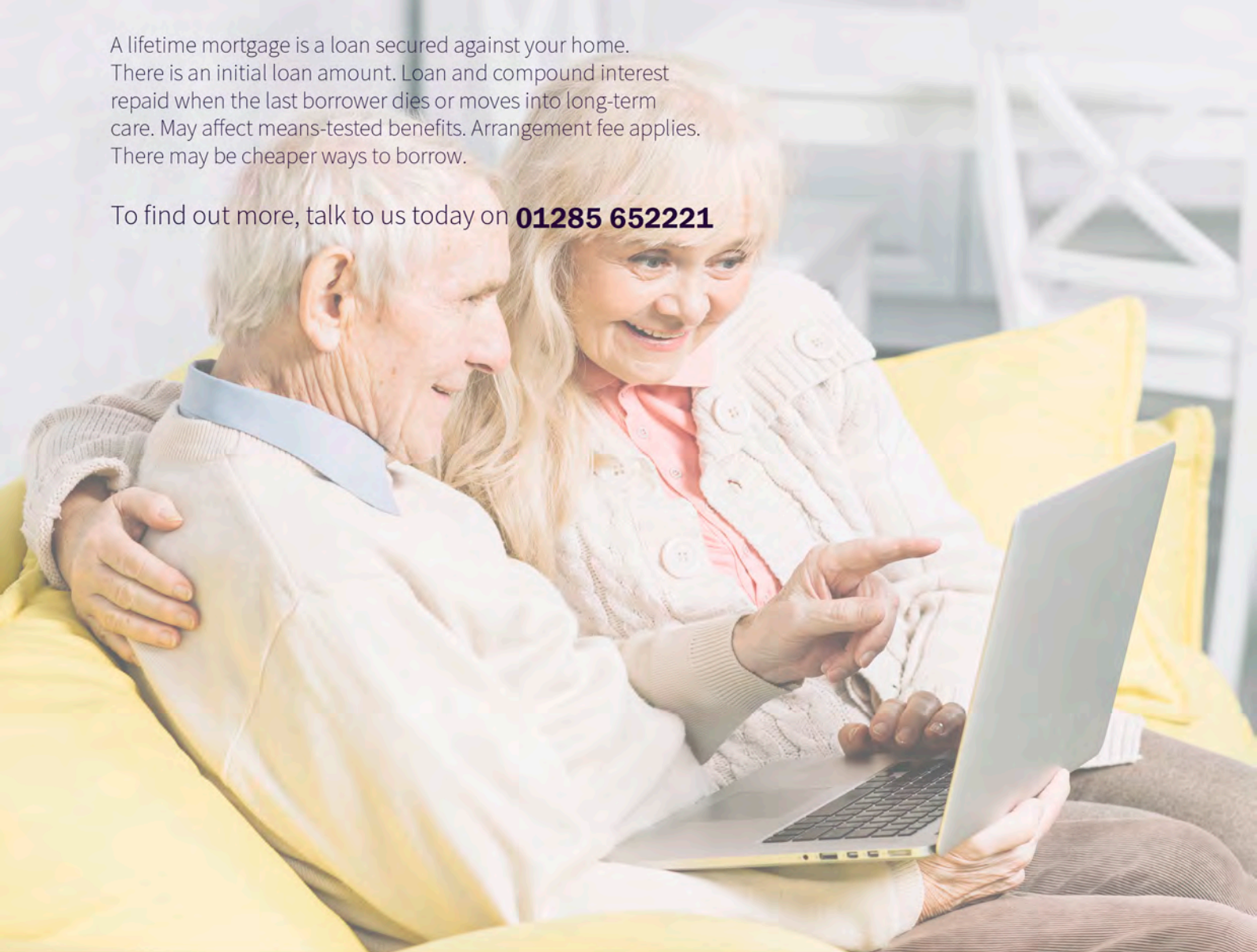


# Imagine getting an income to expand your horizons

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](http://www.cirencesterquityrelease.co.uk)

  
Cirencester Equity Release

# About Lifetime Mortgages

A lifetime mortgage is a way of releasing a lump sum from the equity in your home. They work by securing a loan against your property. The loan and any interest is repaid when your home is sold, so you do not have to make any monthly repayments. How much you can borrow depends on your age and the value of your home.

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 in later 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.



# 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 provide an additional source of income in retirement.

With an Income Lifetime Mortgage you can take an initial loan amount followed by a monthly income over a fixed income term. If your circumstances were to change, you can choose to stop taking the income at any time, but once stopped, income cannot be restarted.

Interest is added to the amount you owe each month. This means you will be charged interest on the loan plus any interest already added. This is sometimes called compound interest or rolled up interest.

Once the fixed income term comes to an end, the monthly income will stop, but interest will continue to roll up until the lifetime mortgage is repaid. 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 would be available to you or your beneficiaries.

## Did you know?

In 2018, over 80,000 people used lifetime mortgages to help support them in later life.

## 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**

<b>Loan Term</b>	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.
<b>Monthly payments</b>	You make a monthly payment until the end of the mortgage term.
<b>How interest is charged</b>	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.
<b>Affordability</b>	Your income and expenditure is assessed to ensure you can afford the mortgage.
<b>Interest rates</b>	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 die or move out of your home into long term care.
	No monthly payments are required.
	The interest charged is added to the amount you owe each month. 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.



# 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 require a regular monthly income for a fixed term.



I am living in England, Wales or mainland Scotland.



My House is worth a minimum of £100,000.



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.



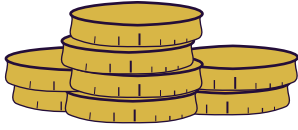
I can claim benefits that will supplement my income.



I require a lump sum of more than 10% of the total amount available to me.



# What could you do with the money?



## Paying off outstanding debt

Use your initial loan amount to relieve the pressure of monthly outgoings. You should consider if there are cheaper ways to pay off any debts you may have.

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## Holidays and trips

Enjoy your retirement and get the most out of life.

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## Provide additional income

Take an initial loan amount followed by a monthly income to supplement your retirement income.



## Home improvements

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

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## Lifestyle improvements

Maybe a new car, a hobby or to provide care within the home.

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### 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.

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

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

**Arrangement Fee:** this covers costs for setting up your 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 costs of 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 your 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 one of our advisers for arranging your lifetime mortgage. You should agree a fee with them and you will be responsible for paying the adviser.



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

## Benefits

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**Take an initial loan followed by a monthly income** - you could release money from your to provide you with an additional source of income in retirement.

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**Stop income at any time with no fee** - if your circumstances change, you can stop the income at any time with no fee.

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**You can stay in your home** - you do not need to leave your home and you will still own the property.

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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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**It is 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.

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**No Negative Equity Guarantee** - this means that there is no risk of you or any beneficiaries being left with an outstanding mortgage after your home is sold. This is provided that the property is sold for the best price reasonably obtainable and you have met the terms and conditions that you lender and lifetime mortgage has set.

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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.

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**Ability to make Optional Partial Repayments** - if the fixed income term has come to an end or you have chosen to stop receiving the monthly income, 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 lender terms that apply. This will reduce the amount of interest that will accumulate over the term of the lifetime mortgage.

## Risks

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**Monthly income is fixed** - once the lifetime mortgage completes, you won't be able to change the amount of monthly income or receive it for longer than the fixed income term. Inflation may reduce the value of monthly income received over time.

**Income is not for life** - it is also important to remember that this lifetime mortgage does not provide an income for life and income will stop at the end of the fixed income term.

**Means tested benefits may be affected** - your entitlement to means tested benefits might be affected.

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**You won't be able to restart the income** - once stopped, income cannot be restarted.

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**Failure to meet the term 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.

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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 property and the value of any inheritance. You should consider if there are cheaper ways for you to borrow money.

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

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**You will 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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**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.

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





# What happens if your circumstances change?

**Although a lifetime mortgage is designed to be a lifelong commitment, we understand circumstances could change and you may need help in the future.**

# What happens if you want to stop taking the income?

When a lifetime mortgage is taken out, you need to select a term that you would like the income to be paid for. When that term comes to an end, the monthly income payments will stop. You can choose to stop receiving the monthly income at any time before that date, but once you stop the the monthly income, it can not be restarted again.

When you stop receiving monthly income, interest will continue to roll up until the loan is repaid. Your lender will write to you before the income has stopped to explain the effect on your lifetime mortgage and show you how the amount you owe will increase over time.

# What if the monthly income has come to an end, but you have money available and what to repay part of your lifetime mortgage?

Making repayments will reduce the amount you owe and will reduce the total amount of interest charged over the duration of the lifetime mortgage.

If the fixed income term has come to an end or you have chosen to stop taking the monthly income you can make Optional Partial Repayments. This enables you to pay part of the mortgage off early with no Early Repayment Charge subject to your lenders terms and conditions.



# What if you want to fully repay your lifetime mortgage early?

Lifetime mortgages are designed to last for your lifetime and to be repaid when you (or, if borrowing jointly, both of you) die or move into long-term care.

However, we understand that circumstances may change and you may wish to repay your lifetime mortgage early, in which case an Early Repayment Charge may be payable.

## Early Repayment Charges

You should think carefully before you decide to repay any of your lifetime mortgage early, as there could be a substantial Early Repayment Charge. It is important to understand when an Early Repayment Charge may apply and how much it will be.

Early Repayment Charges only apply until the youngest borrower reaches age 88 or their birthday ten years following the date of the offer of loan, whichever occurs later.

The Early Repayment Charge is calculated to recover costs that your lenders or lenders funding providers incur when setting up the lifetime mortgage. The costs include transaction costs incurred in reinvesting the money, or due to changes in the long term rates.

You'll never have to pay an Early Repayment Charge of more than 25% of each amount that is loaned to you, plus the amount of the closing administration fee, which is payable whenever the lifetime mortgage is repaid in full.

## An Early Repayment Charges is not payable if any of the following apply



You repay after you (or if joint borrowers, the youngest of you) reach the age shown in your offer of loan made with your lender.



You move home and transfer your lifetime mortgage to a new property that is acceptable with your lender and as a result of which you repay a part of the lifetime mortgage as required by your lender.



On any Optional Partial Repayments you make within the permitted limits.



You repay after you (or if joint borrowers, the last surviving of you) dies or goes into long-term care.



Joint borrowers and the last surviving of you repays in the first three years after the first of you die or moves into long-term care.

# 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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