GUIDE TO

LIFETIME MORTGAGES

ALSO KNOWN AS EQUITY RELEASE

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WORKING WITH TURNEY & ASSOCIATES LIMITED

- **30 years plus experience in the mortgage and protection industry.**
- **Access to the whole of the market including specialist lenders.**
- **Relieving your stress and supporting you during a significant financial investment.**
- **Ongoing monitoring and advice as your needs change during your lifetime.**
- **Topical newsletters to keep you up to date with the latest financial news.**

YOUR GUIDE TO LIFETIME MORTGAGES

This guide provides an overview of the process of unlocking some of the equity from your home through a lifetime mortgage.

This guide will explain how lifetime mortgages work. We also outline other financial options and the potential impact on your financial situation. Please share this guide with family and friends, knowing you can speak to one of our friendly advisers for no obligation, impartial and independent advice at any time if you have any questions. When the time is right, we're here to walk you through the process step-by-step, allowing you to use your funds in a variety of ways .

Proud to be a Member of the Equity Release Council

WHAT IS A LIFETIME MORTGAGE?

A lifetime mortgage allows homeowners aged 55 or older to free up some equity locked in the value of their home.

Equity is the difference between your property's value and any outstanding loans (such as a mortgage) secured against it. Any lifetime mortgage can be lump sum or paid in drawdown stages after an initial release. We'll explain this difference later in the guide. You can use the funds in a wide variety of ways.

Example 1: Your home is valued at £445,000. You have paid all secured loans, including the mortgage. Your equity is £445,000.

Example 2: You borrowed £100,000. This money was used to purchase your house for £150,000. Since then, the house's value has risen to £250,000. The mortgage balance is £20,000. Your equity is £230,000

What could a lifetime mortgage do for you and your family?

You probably already know what you would spend any extra cash on if you are interested in releasing some of your equity. It is important to clearly define how the money would be used, before you decide whether it is a good decision. For example, a lifetime mortgage is a good way to boost your retirement finances.

If you're looking for a way to use the funds released for one-off purchases, such as renovations or travel this can be paid as a lump sum or in drawdown stages. Here are some reasons to take out a lifetime mortgage:

- Home and/or garden improvements
- Going on holiday
- Repaying existing credit card and loan debt, by doing so you will be paying more interest on this money in the long term and you are also transferring unsecured debt into secured debt against your property.
- Gifts to family
- Repaying an outstanding mortgage

These are the basic rules for a lifetime mortgage

Many lenders offer various lifetime mortgages with different eligibility criteria. There are however some rules that apply in general. These include:

- The homeowner must be at least 55 years old to apply for the loan.
- The property is located in England, Scotland or Wales.
- All current mortgages or loans secured against your property must be paid off by the time of completion. The funds released can be used to do this.

Are you sure a lifetime mortgage is the right decision for you?

A lifetime mortgage can be a solution for many people, but it is not always the best option. This guide will help you make informed decisions if there are family members or friends affected by this decision. Before you make any decisions, *ensure that you:*

- Understand how a lifetime mortgage works
- Are aware of the risks and potential benefits
- Have considered all options and alternatives
- Have taken specialist advice from an equity release adviser

THINGS TO CONSIDER

Before you take out a lifetime mortgage, there are several important factors to consider

Giving up an inheritance

Your home is likely to be one of your most valuable assets. This is an important consideration if you want to leave a lasting legacy for your loved ones.

Your beneficiaries will be affected if you unlock the wealth in your home, as this often accounts for a large portion of your inheritance. You can choose to protect a percentage of the property value to leave to your beneficiaries. It means your lender cannot access it, even if the total value of the loan or interest exceeds the remaining property value. This route will reduce the total amount you can borrow.

No Negative Equity Guarantee

In the past, house prices have increased. There are always instances when house prices fall, such as after 2008's financial crisis. The past is not a guarantee for the future. In certain circumstances, the loan may be worth more than your property due to mounting interest. Your estate would then have negative equity. We only recommend products that meet the Equity Release Council standards which come with a 'no-negative equity guarantee' which means you'll never owe more than your home's value. Before you decide on equity release, carefully review the details of each product.

WHAT ARE THE ALTERNATIVES TO A LIFETIME MORTGAGE?

It can seem like you have few options if you require additional capital. You may also want to consider other options, *such as:*

- Asking for help from friends and family
- Do you have money in savings or investments?
- Are you making the most of your pensions?
- A traditional, or retirement interest only (RIO), mortgage
- Relocating/Downsizing
- Could you let out some, or all, of your property?
- Do you qualify for benefits/grants?

Before you make a decision, weigh up the pros and cons. Just because it is the right decision for one person does not mean it is the right one for you.

HOW TO TAKE OUT A LIFETIME MORTGAGE THROUGH TURNEY & ASSOCIATES LTD

01 **Talk to one of our qualified lifetime mortgage advisers** to learn more about lifetime mortgages and how it might suit your individual circumstances. At this point we will also review the alternatives that may be open to you.

02 **After completing our Client Profile,** our experts will discuss your goals, objectives, and personal situation to find the most suitable product for you.

03 **We will create and send you a personalised recommendation.** This will include details about the product that we believe is most suitable for you, and why. The adviser will walk you through the recommendation and answer all your questions.

04 **It is then time to reflect on your decision** with family and friends, if appropriate so they are aware of your choices. We recommend this, however you may not want to discuss your financial circumstances with family Make sure it is the right option for you.

05 **If you're ready to move forward with the product,** let us know and we'll help you navigate the next steps.

06 **Appoint a solicitor,** we are happy to offer a recommendation if you require assistance.

07 **An application is submitted to the provider,** accompanied by any supporting documents they require. An independent valuer will value your property. Your lender will assess this information to check they are happy to lend to you. If the lender wishes to proceed a formal offer letter will be issued.

08 **The lender will provide a mortgage offer,** to us and your solicitor. You will need to provide a building insurance certificate to the solicitors. If you would like a building insurance quote, please do not hesitate to contact us. The solicitor will also complete vulnerability and coercion checks.

09 **The whole process will take around 6-12 weeks.** Enjoy the cash you've released from your home, our fee becomes due on completion.

THE VALUE OF SPECIALIST LIFETIME MORTGAGE ADVICE

Making such a huge decision can seem daunting. Get advice to help you understand your situation and determine if a lifetime mortgage is appropriate.

We will provide you with clear and realistic advice on what is best for your situation, as well as the costs and risks involved. If we agree that a lifetime mortgage is the best choice, we will help you determine which product is best for your situation, as well as whether it should be a lump sum payment or drawdown payments.

Our equity release advisers can help you make informed decisions when considering a lifetime mortgage.

FREQUENTLY ASKED QUESTIONS

What is a lifetime mortgage?

A lifetime mortgage allows you to release some of the equity from your property into funds that you can use in a variety of ways. The money you release can be taken in one lump sum, or a smaller initial sum with an agreed drawdown amount in the future as needed. Further advances may also be available subject to the lender's criteria at the time or a possible remortgage to another lender. Please bear in mind early repayment charges may be applicable.

Are there any instalments required to repay the loan?

With a lifetime mortgage, there are typically no monthly repayments to make, as the loan, plus roll up interest, is repaid when the plan comes to an end. Usually, that's when you, or the last remaining applicant, either passes away or moves into long-term care. With a lifetime mortgage, you'll still retain full ownership of your home. There are also plans which allow you to make voluntary payments typically up to 10% of the outstanding balance per year. This may be suitable if you want to leave an inheritance for your beneficiaries.

Can I spend my money as I please?

There are many reasons why people choose to release equity, whether outstanding debts, loans to pay, home improvements, holidays, helping family or simply to enjoy retirement more comfortably. You should always think carefully before securing a loan against your home. Our advisers will inform you of any advantages/disadvantages of your need for equity release.

What amount of equity can I release?

While this will vary from product to product, it depends on your age, health, property value, and if you are applying individually or in joint names. The minimum loan amount is usually £10,000. The loan must be sufficient to pay off any existing mortgage or secured loans on the property, if applicable.

Do I need to involve my family?

Although the final decision is yours, you are encouraged to discuss your plans with your family and beneficiaries, as a Lifetime Mortgage could have an impact on any potential inheritance. We would also encourage you to invite them to join any meetings with your equity release adviser, so they can ask questions and join in the decision.

You may find they are supportive of your decision, or they may have some concerns.

Either way, we believe it is better to discuss your decision with them before you go ahead, if appropriate.

Can I live in my home all my life?

We only recommend plans that meet the Equity Release Council standards which means you'll be guaranteed the right to stay in your home until the plan comes to an end. This is usually when you, or the last remaining applicant either passes away or enters long-term care.

When will I receive the money?

An easy application with experienced solicitors and advisers takes approximately 6-12 weeks. You will be kept informed about any developments throughout.

What are the average interest rates for a lifetime mortgage?

The rates offered by different lenders can vary, just like conventional mortgages. They will also differ depending on the lender you choose. Although rates are typically slightly higher than conventional mortgages, they will remain fixed for the term of the agreement.

Can I get a lifetime mortgage if I have a mortgage on the property?

Yes, you can. However, equity released must be used first to repay the mortgage(s), or loan(s) secured on the property.

We are here to help. As this guide shows, a lifetime mortgage can offer many options that will help you plan for your future. We can help you assess whether a lifetime mortgage is right and arrange the best product for you, so you have one less thing to worry about. Contact us if you'd like to learn more or schedule an appointment with an adviser who can assist you. We are looking forward to helping you achieve your goals.

Factors to consider:

- It is important to be aware that releasing equity with a lifetime mortgage reduces the value of your estate and could affect your entitlement to means-tested benefits.
- The loan, plus compound interest, is repaid when the plan ends. This is usually when you, or the last remaining applicant, either passes away or enters long-term care.

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