

Your Guide to Interest Servicing with an Emerald Lifetime Mortgage



What is a lifetime mortgage?

A lifetime mortgage is a loan secured against your home. It allows you to access some of the money tied up in your home without having to move.

You can take the money as a tax-free lump sum or with a drawdown lifetime mortgage, as smaller amounts when you need them.

Monthly payments are not required; instead, interest is added to your loan each month, so the amount you owe will increase over time. The loan is usually repaid from the sale of the property when you, or the remaining borrower if the mortgage is in joint names, die or move into long-term care. Any money left after the loan has been repaid will be available to you or your beneficiaries.



What is interest servicing with Emerald lifetime mortgage?

An interest serviced lifetime mortgage offers you an interest rate discount if you choose to make regular monthly payments of at least 25% of the monthly interest. Making monthly payments each month helps reduce the amount of interest added to your loan and lowers the total cost of borrowing. If you pay all the interest in full each month, your loan balance won't increase.

Your financial adviser will explore your income and expenditure and help you agree a monthly payment that is affordable for you, when you set up your lifetime mortgage. You cannot change this amount later, but you can choose to stop making monthly payments at any time. Any unpaid interest will be added to your loan each month.

You can take up to three monthly payment holidays in each 12-month period from your completion date, but if you miss more than three monthly payments in a year, the discount will no longer apply.

In addition, you can also make optional partial repayments of up to 12% each year of the amount you borrowed without paying any early repayment charges. You can make these repayments whether or not you are currently making monthly interest payments.

This is a Lifetime Mortgage. To understand the features and risks, ask for a personalised illustration. A Lifetime Mortgage will reduce the value of your estate and could affect your entitlement to means tested benefits.

How David used an interest serviced lifetime mortgage to improve his home

This example shows how interest servicing could work. David is 70, works part-time and owns a home worth £300,000. He wants to borrow £50,000 to repay his existing mortgage and make changes to his home to better suit his lifestyle in retirement.

After speaking with a financial adviser and discussing his circumstances, his adviser identifies an option that meets his needs.

By choosing to pay at least 25% of the monthly interest, David qualifies for a 0.50% interest rate discount. The table shows how different monthly payment options could affect the estimated amount David owes after 15 years.

David can stop making monthly payments at any time. If he does, the discount will no longer apply, and his interest rate will increase. Any unpaid interest will be added to the amount he owes each month.



Based on a loan of £50,000 and monthly payments for 15 years.

Payment options	Monthly payment	Estimated amount owed after 15 years	Estimated overall saving compared with making no monthly payments
No monthly payments	£0	£153,473	£0
25% monthly payment	£72.92	£119,334	£21,013
50% monthly payment	£145.84	£96,222	£31,000
75% monthly payment	£218.76	£73,109	£40,987
100% monthly payment	£291.67	£50,000	£50,973

These figures are for illustration only and based on indicative prices. Your financial adviser will explain the options available and provide you with a personalised illustration based on your circumstances.

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Frequently asked questions

Do you assess my affordability?

We won't assess the affordability of your monthly payments. However, your financial adviser will explore your income and expenditure and assess your affordability when considering whether an interest serviced lifetime mortgage may be suitable for you. Although you can stop making payments at any time, your interest rate will increase if you stop, and we'll add any unpaid interest to your loan each month.

Can I make additional repayments?

In addition to your monthly payments, you can make optional partial repayments of up to 12% each year of the amount you borrowed without paying any early repayment charges. The maximum number of repayments is 12 each year for a minimum payment of £50, and you can make these payments ad hoc or set up a regular standing order.

Can I take a payment holiday?

You can take payment holidays of up to three monthly payments in each 12-month period. If you miss more than three monthly payments in any 12-month period from your completion date, the interest rate will increase, as the discount will no longer apply for the remainder of your lifetime mortgage.

How do I take a payment holiday?

If you'd like to take a payment holiday, please contact us. We'll arrange this on your behalf and suspend your Direct Debit, so monthly payments will not be collected during the payment holiday.

If your Direct Debit is not suspended and your bank rejects the monthly payment, you may have to pay bank charges. The rejected Direct Debit may also appear on your bank statement as unpaid. Notifying us in advance means we can manage your payment holiday and help minimise any potential impact with your bank.

We'll add any unpaid interest from a payment holiday to your loan. Interest will then be charged on the amount added.

How do I stop making monthly payments?

You can stop making regular monthly payments at any time. If you'd like to stop making monthly payments, please contact us, and we'll ensure you receive any unused payment holidays you're entitled to and cancel the Direct Debit with your bank.

Will missing payments affect my credit history?

As the monthly payments are optional, they won't affect your credit history. However, rejected payments may appear on your bank statements, and your bank may apply charges if any Direct Debit payments are rejected or unpaid.

What happens if I apply for a cash release or further advance?

If you apply for additional borrowing, either through a cash release or a further advance, you can also choose to service the interest on your additional borrowing. As with your initial advance, you will receive an interest rate discount on your additional borrowing if you make monthly payments of at least 25% of the monthly interest. The amount of your monthly payment cannot be changed, but you can choose to stop making the monthly payments at any time.

The interest rate on your additional borrowing will be the interest rate available at the time you apply. This may be higher or lower than the interest rate on your initial loan.

Lifetime mortgage considerations

Pure Retirement is a specialist lifetime mortgage provider regulated by the Financial Conduct Authority and a member of the Equity Release Council. It is important to consider all options before applying for a lifetime mortgage.

A lifetime mortgage is a long-term commitment secured against your home. Interest is charged on the amount borrowed and any interest already added to the loan, which means the amount owed can increase over time.

Taking out a lifetime mortgage will reduce the value of your estate and the inheritance available to your beneficiaries. It may also affect your entitlement to means-tested state benefits and could affect your tax position.

Early repayment charges may apply if you choose to repay the mortgage sooner than planned.

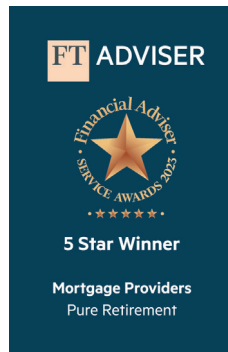
It is important to consider alternative ways of raising the money, including downsizing or using other savings or assets. A qualified financial adviser will discuss the available options and assess whether a lifetime mortgage is suitable based on individual needs and circumstances.

Your estate will never owe more than your property is worth when it is sold.

Advice is required to proceed with equity release and there may be other options which better suit your circumstances.



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