A Quick Guide to Lifetime Mortgages

2 page client leaflet

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Lifetime Mortgages

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What is Equity Release?

Equity release allows you to release some of the value tied up in your home without needing to move, and the cash released is tax free. The most common form of equity release is a **lifetime mortgage**, which is a long term loan secured against your property and usually repaid when the last borrower dies or moves into long term care.

You remain the legal owner throughout, and you can continue living in your home as normal.

Eligibility generally includes:

- Being a UK homeowner
- Typically aged 55+
- A property that meets lender criteria

Modern lifetime mortgages also offer features such as optional drawdown facilities, fixed early repayment charges (ERCs), downsizing protection, ERC-free repayment allowances and a no negative equity guarantee.

What can a Lifetime Mortgage be used for?

You may choose to release equity from your home for a wide range of reasons, including:

- **Repaying an existing mortgage**, such as an interest-only loan nearing its end.
- **Increasing day-to-day income** to support a more comfortable retirement.
- **Funding home improvements**, repairs or energy-efficiency upgrades.
- **Supporting family**, such as helping children or grandchildren with property deposits.
- **Covering one-off costs**, such as holidays, major purchases or special occasions.

Is a Lifetime Mortgage right for me?

A lifetime mortgage is a long term commitment, so it's important to consider all aspects before deciding.

You should be aware that:

- Alternatives such as downsizing or other finance should be explored first.
- Interest rolls up over time unless repayments are made.
- Early repayment charges may apply depending on the product.
- Releasing equity will reduce the inheritance left behind.
- It may affect entitlement to means-tested benefits or care support.

These considerations will be discussed in detail with an equity release adviser.

What costs are involved?

Costs may include a valuation fee, arrangements fees (paid upfront or added to the loan), solicitor and adviser fees, and an early repayment charge if the loan is settled early.

How does the process work?

A lifetime mortgage typically involves checking your eligibility with your equity release adviser, completing an application with legal support, and having your property valued before an offer is issued. Once everything is reviewed and signed, your solicitor finalises the legal work and the funds are released to you.

Frequently asked questions

Will I still own my home?
Yes. You remain the legal owner throughout, with the loan secured against the property.

Can I move home in future?
Yes, subject to the new property meeting lending criteria. Downsizing may require loan repayment.

Can I use it to repay my existing mortgage?
Yes, providing the released amount covers the outstanding balance.

affect my benefits?
ng equity may impact entitlement to means-tested benefits.

appens when I die or go into long-term care?
becomes repayable when the last borrower dies or enters long-term care.

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