Aviva Equity Release

Getting family involved

Taking out an equity release plan is a big decision to make and will affect the amount of inheritance you can leave. Because of this, we feel it's important to involve your family in making this decision. This document can help to answer some of the questions you or your family may have.

Unlocking cash from your home

There are several ways of getting money from a property, from selling to renting out rooms, or taking out equity release.

Selling means moving out of an often much-cherished family home and renting out means giving up part of your home to someone else. With equity release, the homeowners can remain in their home until they die or go into long-term care, subject to our terms and conditions.

What is equity release?

It's a way for people aged 55 and over to unlock some cash from their home without having to move.

For most people, their home is the most valuable thing they own, so it could make sense to use it to raise some cash.

Equity release products don't have a fixed term and customers can stay in their home until they die or go into long-term care, subject to our terms and conditions. When this happens, the plan will end. For a couple taking out equity release, the plan ends when the second person dies, or both partners permanently go into long-term care, subject to our terms and conditions.

There are two types of equity release products – **lifetime mortgages** and **home reversion plans**. We only offer lifetime mortgages.

A lifetime mortgage is a form of equity release that allows you to access the equity tied up in your home. It is a long-term loan which is secured on your property.

Although it's a mortgage, you don't have to make any repayments. The loan is designed to be repaid, in full, usually from the sale of your property when you (and your partner for joint lifetime mortgages) die or move into long-term care, subject to our terms and conditions. You continue to own your property.

This is a lifetime mortgage. To understand the features and risks, ask for a personalised illustration.

Why would you consider a lifetime mortgage?

Retirement should be an enjoyable time, but it may not be if you're worried about your finances for any reason.

Each applicant has their own reasons for taking cash from their home. Here are some of the most common reasons:

- Paying for home improvements
- Helping friends and family
- Going on holiday
- Paying off unsecured debts
- Clearing an outstanding mortgage
- Help to pay everyday bills

If you are considering a lifetime mortgage, you should talk to your family to tell them why. Whatever your reason may be, it's important to discuss this with them.

How does a lifetime mortgage work?

It's a long-term loan, secured on your home, but there are no monthly repayments. Instead, the interest builds up on the original loan and any interest added to it. This means that the amount you owe will quickly add up.

The loan and interest will be paid off when the property is sold after you die or move into long-term care, subject to our terms and conditions. As the value of the loan and the interest increases over the years, the amount of inheritance you can leave behind will fall.

It's also important to note that taking a lifetime mortgage may affect your tax position and welfare benefits. Your financial adviser will tell you how this affects you.

What if I would like to or need to move from my home?

If you move to a property which does not meet our lending criteria, your lifetime mortgage would become repayable and you may need to pay an early repayment charge. However, you do not have to leave your home until you die or move into long-term care, subject to our terms and conditions. This applies to both people if it's a joint plan.

If you or your family believe you are in need of long-term care we'll conduct an Activities of Daily Living assessment. This will demonstrate to us your capability of completing everyday tasks and caring for yourself. The outcome of this assessment will determine whether you will be charged an early repayment charge if you leave your home.

Our definition of long-term care is outlined in your terms and conditions. If you would like further information on this you can speak to your financial adviser.

Circumstances in which early repayment charges don't apply

As a lifetime mortgage is a long-term commitment, you may find that your circumstances change over the time that you have it. With this in mind we try to be as flexible as possible should you need to repay your lifetime mortgage early.

If you leave your home and repay your loan in full early, then there may be an early repayment charge to pay, which is likely to be significant. However, there are certain circumstances in which early repayment charges don't apply:

- If you took out a joint lifetime mortgage on or after 28th April 2014 and you repay within three years of the date that one of you has passed away or the date that you notify us that one of you needs long-term care, whichever is earlier.
- Where all the borrowers have died or have moved into long-term care, subject to our terms and conditions.
- You're moving property and transferring your lifetime mortgage to the new property. If you move to a property that's worth less than your current home you may be required to repay part of your loan and the interest you owe.
- Where you are making voluntary partial repayments. This is only available to clients who applied for their lifetime mortgage on or after 28th April 2014. For more information see your terms and conditions.
- You want to sell part of your property and we've given you consent to do this.
- You want someone to move into the property with you as a joint borrower and for your lifetime mortgage to be repayable when the last person dies or moves into long-term care, subject to our terms and conditions. If the other joint borrower is younger than you, then you may be required to repay part of your lifetime mortgage.
- The value of yields on gilts will have an impact. The Gilt Yield at the time of redemption has a direct relation to whether an ERC is payable. Your financial adviser will be able to explain this to you and it is also explained in the terms and conditions.

What happens if my home sells for less than the amount owed?

Even if your home sells for less than your loan value, you or your estate will never have to repay more than the amount received from the sale of your home.

This is because every Aviva lifetime mortgage comes with a no negative equity guarantee. This is on the basis that your home is sold at the best price reasonably obtainable.

Can I guarantee my inheritance?

As we've said, a lifetime mortgage will always reduce the amount of inheritance you can leave behind. However, you can choose to safeguard a percentage of your home's value to leave as an inheritance.

This is called an inheritance guarantee. It means that you can select a percentage of your home's value to be paid to your loved ones or estate when you die or move into long-term care, subject to our terms and conditions. This will be done when your house is sold for the best price reasonably obtainable.

All you have to do is tell us the percentage of your property value you want to guarantee. You can only do this when you apply for a lifetime mortgage, it can't be added as an option once the loan is set up.

Selecting an inheritance guarantee will reduce the amount of money you can borrow. To understand how this is calculated you can speak to your financial adviser or contact us.

It's important to note that the inheritance guarantee may also affect the interest rate on your lifetime mortgage. We won't apply the inheritance guarantee if you don't keep to the terms and conditions of your lifetime mortgage, or if you repay your lifetime mortgage early.

Can I repay part of my lifetime mortgage if my circumstances change?

If, for instance, you come into some money unexpectedly, you may decide you'd like to repay part of your lifetime mortgage to reduce the amount you owe when your property comes to be sold. You can do this, using our voluntary partial repayment feature, with no early repayment charges to pay.

To make voluntary partial repayments you must have had your lifetime mortgage for a year. The maximum you can repay each year is 10% of the initial amount you've borrowed. You can repay in up to four instalments each year. The minimum you can repay in each instalment is £500.

If you borrow more at a later date, or draw money from your cash reserve (if you select our Lifetime Flexible lifetime mortgage option), you can also repay up to 10% of each of those initial loan amounts each year.

To find out more about how our voluntary partial repayment feature works see our equity release guide or speak with your financial adviser.

Lifetime mortgages – the benefits and things to consider

What are the benefits?	Things to consider
• A cash lump sum to enhance your retirement. • Continue to own and live in your home. • The possibility of releasing further cash in the future. • A 'no negative equity' guarantee. • Our optional inheritance guarantee ensures you can leave an inheritance to your family. • Our voluntary partial repayment feature lets you pay back some of the money you've borrowed each year. This is only available to clients who applied for their lifetime mortgage on or after 28th April 2014. For more information see your terms and conditions. • A fixed rate of interest throughout the term of your mortgage.	• Interest is added annually to the amount you've borrowed on a compound basis. This means the amount that you owe can increase quickly. • You don't have to pay tax on the amount you release. However, equity release may affect your tax position and your eligibility for certain welfare benefits. You'll need to talk to your financial adviser about this, or visit www.gov.uk for more information on how this may affect you. • A lifetime mortgage is a lifetime commitment. If you choose to fully repay the plan early, you'll have to repay the loan and the interest, and there may be early repayment charges of up to 25% of the loan value to pay. • The amount of inheritance you can leave will be reduced, possibly to nothing. However, you can choose to take our optional inheritance guarantee. • If you decide to leave, or have left the property permanently because you need long-term care, or if you're a joint borrower and both of you or the surviving borrower move into long-term care, then you will be required to repay your lifetime mortgage.

Can my family contact Aviva?

There may come a time when your relatives have questions for us regarding your plan. Alternatively they may need to contact us to tell us that you've moved into long-term care or passed away.

It's good for them to have your plan details to hand when they call, as we'll need to ask them some questions for security purposes.

If they want to discuss specific details of your plan, we must have your written authority to deal with them on your behalf, or, if appropriate, a copy of the Power of Attorney document.

If you have died, we'll need to make sure they are responsible for handling your estate. They can;

call us on 0800 158 4177

write to us at:
Aviva
PO Box 4
Surrey Street
Norwich
NR1 3NQ

Or visit our website at aviva.co.uk

Contact us

Please contact our equity release customer service team if you have any questions and they'll be happy to help. You can call them on;

0800 206 2014

Monday to Friday,
9.00am – 5.00pm

Calls may be monitored or recorded.

If you're calling from abroad the number is
+44 1603 844770.

Talk to your financial adviser

We strongly recommend that you talk to a financial adviser if you want to understand more about lifetime mortgages. They will be able to explain equity release to you thoroughly and answer any questions you may have.

The adviser looks at your overall financial situation and recommends the best course of action. A lifetime mortgage isn't suitable for everyone and your adviser will tell you if its right for you or not.

It's important that you all understand how a lifetime mortgage works. It's a big decision, so it's a good idea to talk to your family about it.

For more information or to find out if you're eligible for a lifetime mortgage call us on 0808 115 5382.

Lines open Mon–Fri 9am–5.30pm. Whilst we are unable to give you financial advice, if you don't have a financial adviser already we can refer you to a carefully selected equity release specialist. This adviser isn't employed by Aviva but can only advise on Aviva's lifetime mortgages.

Speak with a solicitor

You wouldn't think of buying a new home without appointing a solicitor. It's no different if you're thinking about taking out a lifetime mortgage.

It's important you appoint a solicitor to act on your behalf to carry out searches and deal with The Land Registry, etc. We suggest appointing a solicitor who is a member of the National Solicitors Network. That way you'll know the fees from the start and you can be sure that your solicitor will meet their standards of service.

Your financial adviser will be able to give you the names of at least two solicitors in your area who are members of the National Solicitors Network.

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