

# Equity Release

A guide to our Lifetime Mortgage products



# Introducing Retirement Advantage

Previously known as MGM Advantage and Stonehaven, we are a well-established company that can trace its roots back over 150 years. In 2015 we changed our name to Retirement Advantage – merging our equity release and retirement income divisions, to help us provide those over 55 with a range of simple, secure and flexible financial solutions to suit their needs.

As retirement specialists we believe we understand the needs of our customers better. And with over £1 billion of funds under management and thousands of retirees relying on us for their income, you can trust us to keep your money safe. We're also members of the Equity Release Council – an authoritative body for equity release lenders, which is dedicated to the protection of planholders – and we're committed to following their code of practice.

Releasing equity from your home is a big decision. So to make sure you make the choices that are right for you, we only sell our products through financial advisers. For more information about finding an experienced adviser, please call **0800 068 0212** or visit **[retirementadvantage.com](http://retirementadvantage.com)**



# What is equity release?

Put simply, equity release is a method of releasing some of the money built up in your home, without having to move house. How much equity you can release depends on your age, how much your home is worth and how much you choose to borrow.

There are two different types of regulated equity release plans – ‘Lifetime Mortgages’ and ‘Home Reversions’. At Retirement Advantage we only offer Lifetime Mortgages.

You can find out more about equity release, the costs involved and whether or not it’s right for you by reading our ‘guide to equity release’.

## **Our Lifetime Mortgages**

The products we offer are Lifetime Mortgages. This brochure will outline the Lifetime Mortgage products we provide, which allow you to tailor how you release cash from your home.

Your financial adviser will look at your personal circumstances and the property you live in. If you want to take out a Lifetime Mortgage, your property must be your main residence and it must be in England, Scotland or Wales. It also needs to be valued at £70,000 or more. The minimum loan amount you can take is £10,000 and the maximum loan amount is £750,000.

If you think you’d like to release more money in the future, you can choose to add a cash reserve facility to your Lifetime Mortgage at the outset. You may also be able to apply for additional borrowing if you wish to release more equity from your property after taking your initial lump sum. We’ll talk about these options in more detail later on in this brochure.



# Our products

## Interest Select Options

Unlike traditional roll-up Lifetime Mortgages, our Interest Select Lifetime Mortgages allow you to pay some, or all, of the interest charged each month, for a period of your choice. This allows you to reduce the size of the rolled-up loan significantly. And, if you'd like to leave an inheritance to your family, this could be a good choice for you.

With our Interest Select Options the money you release is a tax-free one-off payment. You can choose how much interest you pay each month (between 50% and 100% of the total interest amount), and for how long (between 5 years and the whole of the life of the loan).

Interest payments will be debited from your nominated account on the first working day of the month. At the end of your chosen payment term, the interest payments will cease, and interest will be added to the loan - meaning there are no nasty surprises!

At Retirement Advantage we're committed to responsible lending, so we'll need to make sure you can afford the monthly payment amount you've chosen. Once you've decided how much to pay and for how long, you can't amend it you can only cancel it. If your financial circumstances change, you can choose to stop making the interest payments at any time but it may affect the interest rate charged. Your financial adviser will be able to talk you through the implications of this.

# Product Features

Our products come with many features set as standard. The following apply to all of the products in our range:

## **No negative equity guarantee**

We guarantee that when your property is sold, it's for the best price reasonably obtainable. If the proceeds after solicitors' and estate agents' fees are not enough to pay the amount owed to us, we will not ask you or your beneficiaries to pay the shortfall. If your property is sold for more than the amount you've borrowed against it, this amount belongs to you or your beneficiaries.

## **You will retain ownership**

With any Lifetime Mortgage, as long as you abide by the Terms and Conditions of the loan, you will always retain ownership and control of your property. This means that you are responsible for maintaining it.

## **No repossession**

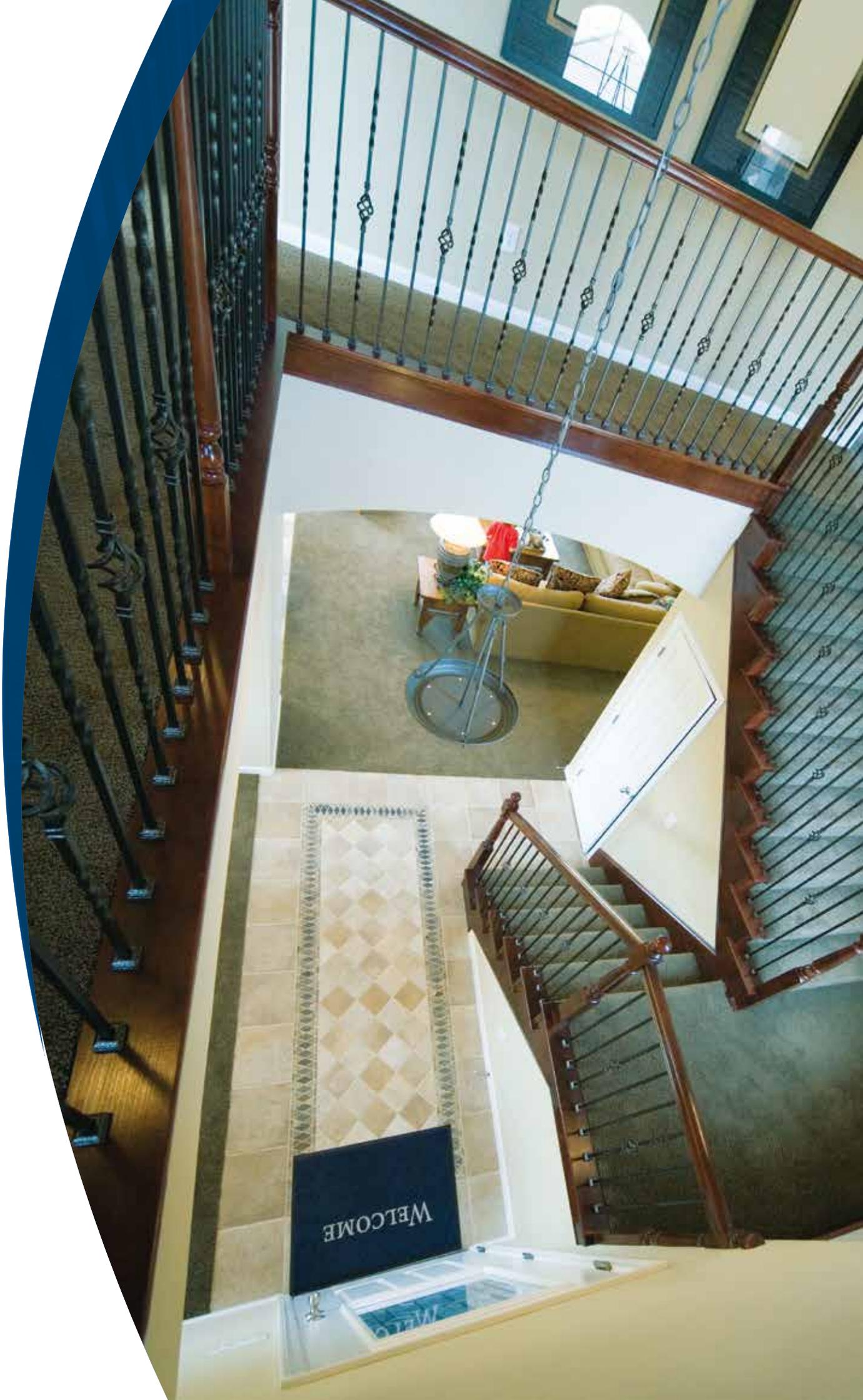
Providing you abide by the Terms and Conditions of the loan, you will be able to live in your property until your death or move into long-term care. You won't have to worry that your property will be repossessed due to the loan, including rolled-up interest, exceeding the value of the property.

## **Option to move home**

If you move to a new property that is suitable to us, you can move the loan to your new home under the same Terms and Conditions. However, if you move to a property of lower value, it may mean that we cannot lend you the amount you currently owe. In these cases you may have to repay part of the loan. This is described in more detail in your Key Facts Illustration.

## **Cash reserve facility**

If you think that you'd like to borrow more money in the future, you can choose to add a cash reserve facility to your Lifetime Mortgage at the outset. This facility means that you can withdraw further funds without taking financial advice. Your financial adviser can talk you through this option in further detail.



### **Fixed interest rate**

The rate of interest is fixed for the duration of the loan, which means you won't get any surprises later on down the line. Any additional borrowing is also at a fixed rate, but the rate is set at the time you apply and can be different from the initial rate of the loan.

### **Repayment of the loan**

The loan, and all outstanding interest and charges, is usually repaid from the sale of your home when you die or move into long term care (or when the last surviving borrower dies or moves into care). Your estate will receive any remaining equity and retain full ownership of your home until it is sold.

If your beneficiaries can repay the loan without selling the property they can choose to do so.

### **Option to make interest payments**

Because the loan is usually repaid from the sale of your home when you die or move into long term care, you can choose whether to make any payments during the term of the mortgage. Your financial adviser will talk you through the options available to you.

### **Optional Inheritance Guarantee**

With all of our Lifetime Mortgages you can choose to protect a percentage of the eventual sale value of your home at the outset. This means that the percentage you choose to protect is guaranteed to be available to you or your beneficiaries in the future. This product feature is free of charge.

### **Regulated**

Retirement Advantage is regulated by the Financial Conduct Authority (FCA).

This is a Lifetime Mortgage.

To understand the features and risks, ask for a personalised illustration.



# Additional Borrowing

With our Lifetime Mortgages, you may be able to access further funds at a later date. We will describe the options available to you here, but your financial adviser will be able to discuss them with you in greater detail.

## Cash Reserve Facility

You can choose to add a cash reserve facility to your Lifetime Mortgage at the outset. This allows you to withdraw further funds at any time, without having to seek financial advice. If you choose to add this option to your mortgage, your monthly interest rate will increase by 0.2%.

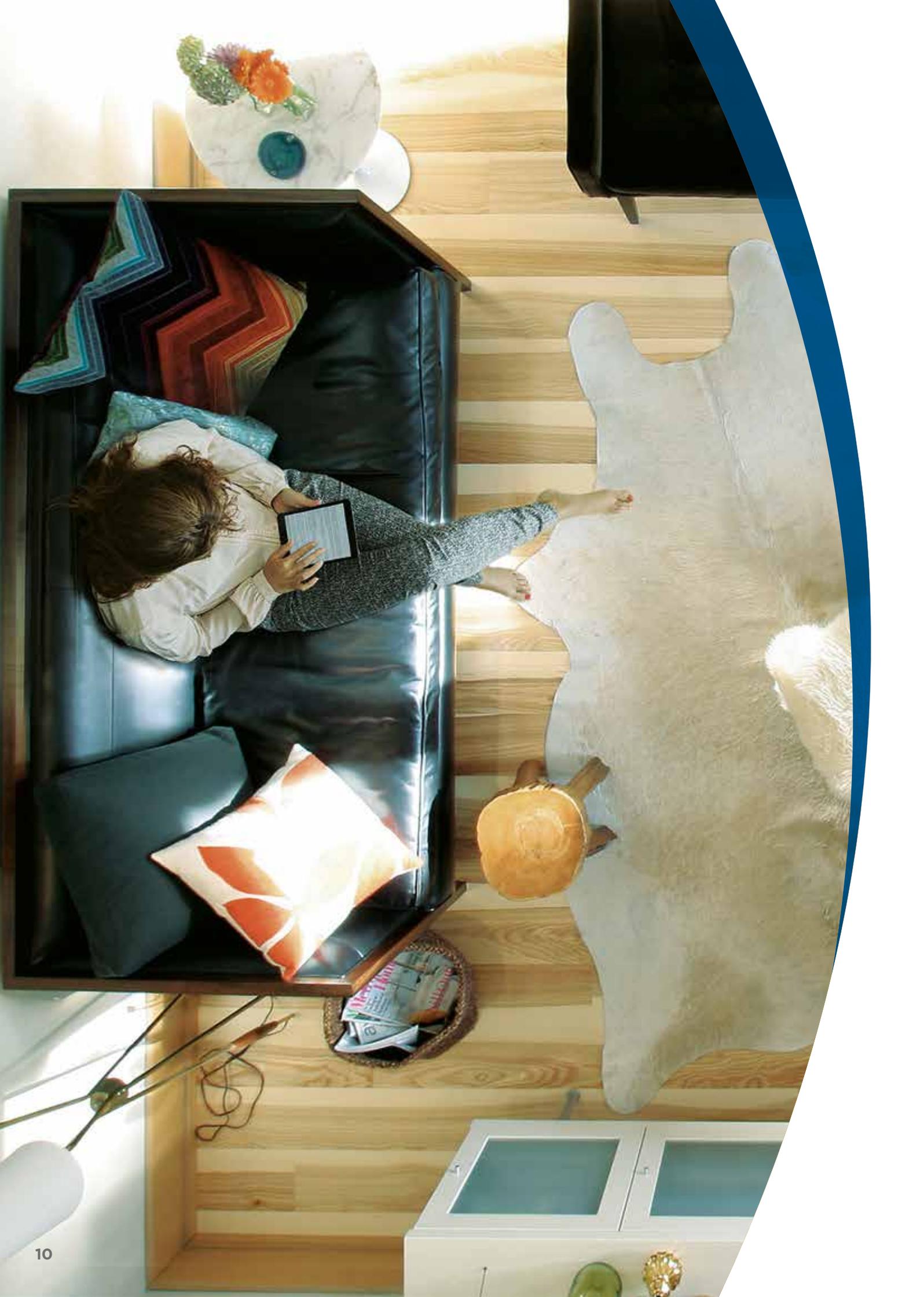
When you choose to make a withdrawal from your cash reserve facility, you need to get in touch with us. The withdrawal process takes up to 20 working days, and you can choose when and how often you withdraw funds. The minimum amount you can withdraw is £2,000 and the maximum is the total value of your facility. There is no fee for making withdrawals.

## Additional Borrowing

If you'd like to borrow further funds from your home, you can apply for additional borrowing. You can do this at any point, providing your application meets our lending criteria, and sufficient equity at your property still exists. This must all be done through your financial adviser.

The minimum amount which can be taken as a further advance is £4,000 and the maximum will depend on your personal circumstances.

Your financial adviser will be able to tell you about the fees associated with additional borrowing. Although Retirement Advantage will not charge you a completion fee, you may need to pay for a new property valuation, and your financial adviser may also charge you an advice fee.



# Early Repayment Charges (ERCs)

Our Lifetime Mortgages can be repaid at any time. You can also make partial repayments – providing there is a minimum loan balance of £10,000 remaining. However, our plans are designed to last for the rest of your life, so an early repayment charge may be payable if the loan is repaid early.

Each repayment is subject to a fee that is calculated based on when the initial advance, further advance or cash withdrawal was made. The early repayment charges are as follows:

- Years 0-5: 5% of the initial advance
- Years 6-8: 3% of the initial advance
- Years 9+: no charge on any early repayments

If a partial payment is made, it is calculated in the same way, but is based on the amount being repaid rather than the initial loan amount.

## When an early repayment charge is not applicable

There are circumstances where an early repayment charge wouldn't be payable:

- If you sell the property and transfer the mortgage to another suitable property.
- If you, or the remaining borrower, have moved into long-term care.
- When repayment takes place after death of the remaining borrower.
- If the early repayment charge term has expired.

Our early repayment charges have been designed with you in mind. They are fixed, transparent, and simple to understand. They let you know where you stand throughout your Lifetime Mortgage and give peace of mind from the outset.



# We're a member of the Equity Release Council

Retirement Advantage is a member of the Equity Release Council, the equity release trade organisation. Members must adhere to their Statement of Principles, which:

- Guarantees you will never owe the lender more than the value of the property in the event of your death or move into long term care. This is called a 'no negative equity guarantee'.
- Guarantees that you can move home and take the loan with you without being charged an early repayment charge.
- Insists that all clients seek independent legal advice.

To find out more about the Equity Release Council please visit [equityreleasecouncil.com](https://www.equityreleasecouncil.com)



# What do our customers think?

**“Retirement Advantage helped us clear our mainstream mortgage”**

*Mr and Mrs Richards, Cheshire*

Mr and Mrs Richards had an interest-only mortgage, which had an outstanding balance of £25,000. When they were two years away from the end of their mortgage term, their mortgage Lender started to write to them asking how they were going to clear the outstanding balance.

They didn't have a sufficient means of paying off the mortgage, so they went to see a financial adviser to discuss their options. Although Mrs Richards was only 57, they were turned down by mainstream lenders because she was approaching retirement. Instead, their financial adviser recommended an interest paying lifetime mortgage. They were able to clear the mortgage with the equity they released from their home, and also released some additional cash to make some home improvements.

Mr and Mrs Richards would recommend a lifetime mortgage, and are happy that it offered them a stress free way to stay in the home they loved.



**“ A Retirement Advantage Lifetime Mortgage meant I could give £20,000 to my daughter as an early inheritance ”**

*Mrs. C, Scotland*

Mrs. C had recently moved into a new home, which she had begun to improve and enhance. Her daughter and son-in-law live close by, and she enjoys spending time with them and her two granddaughters.

Over recent months Mrs. C noticed her daughter struggling with financial commitments, so she decided to help. Being financially comfortable herself, she approached a bank to see if she could loan some money and make monthly payments

to clear it. But the repayment amount was too much, so she didn't want to proceed.

When Mrs. C made the decision to help her daughter, she decided that she'd want to make interest payments on any money she borrowed, to reduce the impact of interest roll up. As this was an important feature to her, she was thrilled to see that Retirement Advantage offered an Interest Select Lifetime Mortgage – where she could choose how much interest to pay each month.

To make sure Mrs. C received the right information and advice we referred her to an adviser, who guided her through the process. Having reviewed her financial situation, he recommended the Retirement Advantage Interest Select product and they submitted an application. Two weeks later she received an Offer document, and she completed soon after.

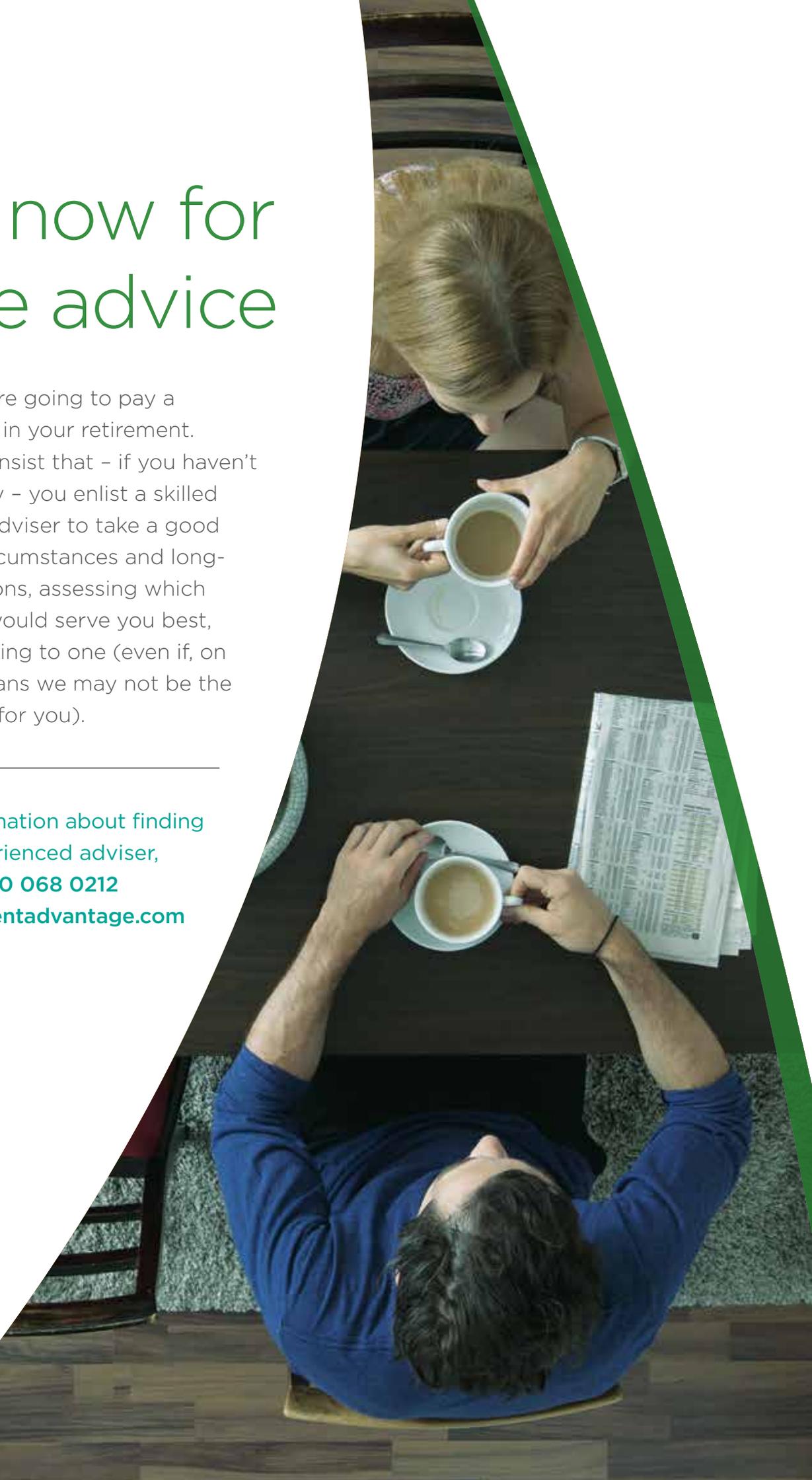
Mrs. C is thrilled that she has been able to gift an early inheritance to her daughter at a time when she needs it. And is pleased that she can make interest payments to safeguard her future inheritance as well. She found the process straightforward and was pleased with the efforts of everyone involved.

# And now for some advice

Your finances are going to play a substantial role in your retirement. That's why we insist that - if you haven't done so already - you enlist a skilled and objective adviser to take a good look at your circumstances and long-term expectations, assessing which opportunities would serve you best, before committing to one (even if, on occasion, it means we may not be the right company for you).

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For more information about finding a trusted, experienced adviser, please call **0800 068 0212** or visit **[retirementadvantage.com](http://retirementadvantage.com)**



# How to make a complaint

We're serious about resolving customer issues fairly and as quickly as possible.

We believe the majority of problems can be resolved immediately and to your satisfaction by contacting our Customer Centre.

We also have a complaints procedure to deal with any issues that can't be resolved through the Charter or any complaints you may have about the Retirement Advantage products you have purchased.

## Customer complaints procedure

1. To make a complaint, please contact us by one of the following ways:

Email: [er-complaints@retirementadvantage.com](mailto:er-complaints@retirementadvantage.com)  
Call: 0800 068 0212

2. We'll provide a written acknowledgement of your complaint within five working days of receipt.
3. If we cannot resolve your complaint within four weeks, we'll write to you explaining why and let you know when we'll make further contact. We'll write to you again if your complaint is still unresolved after eight weeks of initially receiving your complaint. Our letter will explain the reason for the further delay

and let you know when we expect to be able to provide a final response. We'll also explain what action you may take if you are dissatisfied with the progress of the investigation.

4. When we've concluded our investigation into your complaint, we'll explain our decision in writing.
5. If after 8 weeks we have been unable to satisfy your complaint, or haven't sent you our final response, you can write to the Financial Ombudsman:

**Financial Ombudsman Service, Exchange Tower, London, E14 9SR.**

**[financial-ombudsman.org.uk](http://financial-ombudsman.org.uk)  
Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)**

**Telephone: 0800 023 4 567**

However, the Financial Ombudsman is unable to deal with your complaint unless you've first given us the chance to put things right.

We've made our complaints procedure easy to follow, so that you should not have to use a solicitor or seek professional help. If you choose to do this, you'll be responsible for the costs.

For further information please talk to your financial adviser.



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