Aviva Equity Release

A guide to our lifetime mortgages

AVIVA

Lifestyle Lump Sum Max
Lifestyle Flexible Option

Contents

An introduction to equity release and lifetime mortgages

What is equity release?

If you own your property outright or if your property's worth more than any loans you have secured against it, then you've probably got equity tied up in your home. Equity release could allow you to access some of this money.

If you do have equity in your home, you may be considering ways of using it to help you enjoy your retirement more. A common way of doing this is to sell your home and move to a smaller property. However, you may not want to do this – it's your home, not just bricks and mortar. Instead, you may find equity release to be a better way of offering you an improved standard of living in retirement, without you having to sell your home or move.

What's a lifetime mortgage?

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

Although it's a mortgage, you don't have to make 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) pass away or move into ***long-term care,*** as defined in our terms and conditions. That's why it's called a lifetime mortgage. You continue to own your property.

When reading through this guide you may come across some terms you're not familiar with. We've highlighted these in bold and italics and provided a glossary at the end of the guide to explain what these terms mean, which you may find useful.

Who might qualify?

You could be eligible if you:

- **Are aged 55 or over** – you must be 55 or over to take out a lifetime mortgage. If you're married, in a civil partnership, or co-habiting you must both be aged 55 or over, own your home and take out the lifetime mortgage together. You can transfer ownership into joint names on completion if you need to. We'll use the age of the youngest borrower to work out the loan amount.
- **Live permanently in your home** – the property must be your main residence and you must not leave it unoccupied for more than six months at any one time.
- **Only have a small mortgage or are mortgage free** – you must pay your outstanding mortgage off before or at the same time as taking out the lifetime mortgage. You can use the money you borrow from us to do this.
- **Own a property valued at £75,000 or more which is your main residence** – for flats and maisonettes we only use 85% of the valuation to work out how much you can borrow.
- **Wish to and are able to borrow at least £15,000.** See page 12 of this guide for an estimate of how much you may be able to borrow.
- **Live in England, Scotland, Wales or Northern Ireland** – not including the Channel Islands or the Isle of Man.
- **Own a home that's:**

  freehold – or if you live in Scotland feuhold, ex-feuhold or freehold, or

  leasehold properties – the sum of the years remaining on the lease plus the age of the youngest borrower must equal at least 160.
  For example, if the youngest borrower is 65, at least 95 years must be left on the lease.

For details about the types of property we won't accept see page 23 of this guide on acceptable properties.

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

What you need to do

Taking out a lifetime mortgage is a long-term commitment and isn't suited to everyone's individual needs. You must receive financial and legal advice and we also suggest involving your family before making your final decision.

Talk to a financial adviser

A financial adviser can help you decide whether a lifetime mortgage is right for you. They will be able to talk you through all your options.

Equity Release can only be provided through an advised sale, so if you don't already have a financial adviser you can find one near you at **www.unbiased.co.uk**. See page 24 of this guide for more details.

Speak to 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. See page 24 of this guide for more details.

Involve your family

We suggest that you talk with your family about equity release as it's important that they understand and support your decision to release cash from your home. When you meet with your financial adviser, you can take members of your family with you, so that they're fully involved right from the start. Your adviser will be able to answer your questions and explain how equity release works and what to consider.

Our lifetime mortgages – features and considerations

We offer two different types of lifetime mortgage to help you unlock the equity tied up in your home – Lifestyle Lump Sum Max and Lifestyle Flexible Option. With both options you continue to own your home and live in it until you (and your partner in the case of joint lifetime mortgages), pass away or move into long-term care, as defined by our terms and conditions.

What are the benefits?

- A cash lump sum.
- Continue to own and live in your home.
- The possibility of releasing further cash in the future.
- A 'no negative equity' guarantee. See pages 9 and 25 for more details.
- 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. See page 9 for more details.
- A fixed rate of interest throughout the term of your mortgage.

To see how we assess the need for ***long-term care*** and whether the lifetime mortgage needs to be repaid please refer to our terms and conditions.

Things to consider

- Interest is added annually on the amount you've borrowed on a ***compound interest*** basis. This means the amount that you owe will 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 substantial ***early repayment charges*** to pay. See page 16 for more details.
- The amount of inheritance you can leave will be reduced, possibly to nothing. However, you can choose to take our optional ***inheritance guarantee***. See page 11 for more details.
- 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 may be required to repay your lifetime mortgage. This is usually by the sale of your home.

Our lifetime mortgages in more detail

Our lifetime mortgages, Lifestyle Lump Sum Max and Lifestyle Flexible Option, come with standard and optional features that you can use to tailor your lifetime mortgage to your own needs.

We calculate the maximum amount you can borrow based on your individual circumstances. We take into consideration the value of your property, your age, your health and lifestyle and whether you're applying in single or joint names. You can find out more about the fees on our lifetime mortgages on page 14 of this guide.

Additional borrowing

You may be able to borrow more later on if you need to, although we don't guarantee that you'll be able to. You should bear in mind that the interest rate is likely to be different.

Here's how our two lifetime mortgages work. We've also included some illustrative case studies to give you an idea of how you could use equity release to make life easier for you in retirement.

Lifestyle Lump Sum Max

Features

- Borrow a one-off cash sum from £15,000.
- Possibility to borrow a higher amount (***loan to value***) or benefit from a lower fixed interest rate, based on your health and lifestyle.

John, 67 and **Linda**, 65 are both retired. They live in a cottage, worth £250,000, in a small village in the Ribble Valley in Lancashire.

They have pensions from their previous employment and both have a state pension. However, they've been retired for a few years now and have spent all the tax-free cash they took out of their pension plans when they retired.

They now need some money to pay for essential home improvements and to help with the rising cost of living.

They'd also like to visit their daughter and grandchildren in Australia. They borrow £72,500 as a one-off cash lump sum to pay for the repairs and the opportunity to go on holiday.

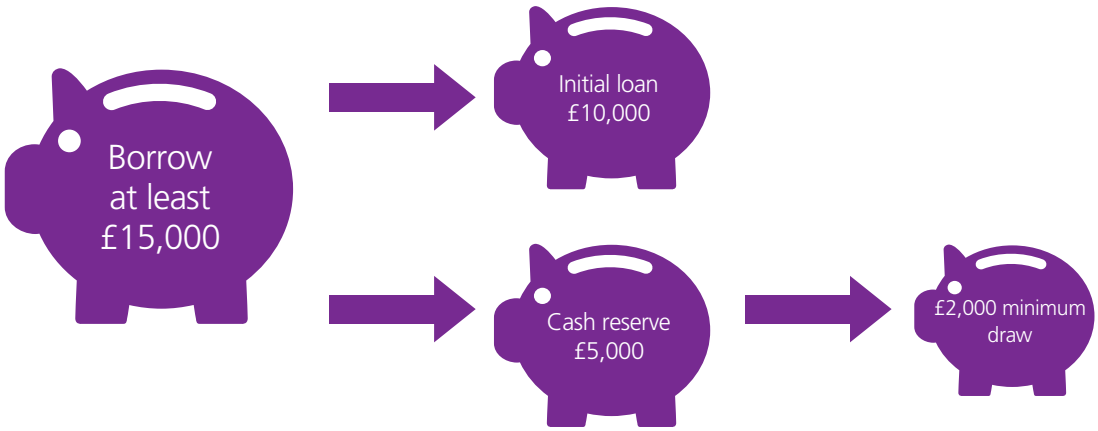
Lifestyle Flexible Option

Features

- Borrow at least £15,000.
- Possibility to benefit from a lower fixed interest rate based on your health and lifestyle.

Set up a cash reserve to draw on whenever you want to

- **No need to take all the money at once** – however, you must take a minimum of £10,000 as your initial loan and set up a cash reserve of at least £5,000.
- **A new interest rate for each draw** – each time you take money from your cash reserve, we'll offer you the interest rate valid on the day you ask to take the money. This may be higher or lower than your previous rate. See page 21 of this guide for more details.
- **Take as little as £2,000** – from your cash reserve at any one time.
- **Minimum cash reserve of £5,000** – if the initial loan you take leaves less than £5,000 to put into reserve you won't be able to set up a cash reserve. For example, if the maximum you can borrow is £100,000 and you take out an initial loan of £97,000, you'd have £3,000 left and wouldn't be able to set up a cash reserve.
- **Maximum cash reserve of 50% of what you can borrow** – so if the maximum you can borrow is £100,000, the most you can leave in reserve is £50,000.
- Once we've set up your cash reserve, we don't usually revalue your home. This means that any changes in the value of your property wouldn't normally affect the amount of cash you have in reserve. However, in exceptional circumstances we may revalue your home and reduce or cancel your reserve. There may be some circumstances when we won't allow you to take money from the cash reserve. Please read the terms and conditions for more information.



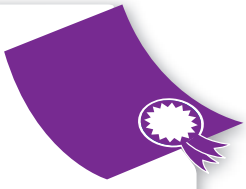
George is 71. After the death of his wife he lives alone in his home in the West Midlands, which is worth £300,000. He has no children. He has a small private pension and a state pension but he's finding it harder to make ends meet. After speaking to his financial adviser, George decides to release some of the money tied up in his home to make life easier and to pay for a new kitchen and conservatory.

He borrows £99,000 and decides to take half of this as an initial lump sum and to keep the rest in reserve. George won't be charged any interest on the money in reserve until he takes it. A few years after taking out his lifetime mortgage, his boiler breaks down. He's quoted £1,800 for it to be replaced and he's relieved that he can take out as little as £2,000 from his reserve to cover the cost.

Our lifetime mortgages – the standard features

Both of our lifetime mortgages come with a range of standard features.

No negative equity guarantee



As a member of the Equity Release Council, we give all of our lifetime mortgage customers a ***no negative equity guarantee***. This means that you or your estate will never have to pay back more than your property is sold for, as long as it's sold for the best price reasonably obtainable.

If your property is sold for more than the amount you've borrowed against it, including interest when you pass away, then this amount will form part of your personal estate and may be subject to any taxes due on that estate.

Voluntary partial repayment

A lifetime mortgage is designed to be repaid in full once you (and your partner for joint lifetime mortgages), have passed away or moved into ***long-term care*** (as defined by our terms and conditions at the time). However, if you applied for your lifetime mortgage on or after the 28th April 2014 you can make partial repayments on a voluntary basis. For instance, you may come into an unexpected windfall and find that you can afford to repay some of the money you've borrowed.

Our ***voluntary partial repayment*** feature allows you to do just that, with no ***early repayment charges*** to pay. It works like this:

- Once you've had your lifetime mortgage for a year, you have the option to make ***voluntary partial repayments***. If you want to do this, just give us a call at the time.
- The maximum you can repay each year is 10% of the total amount you have borrowed from us (which includes the initial loan amount plus any sums you borrow at a later date and any cash payments you draw from your cash reserve). We do not include any interest that has built up when deciding the maximum amount you can repay.
- You can repay in up to four instalments each year. The minimum you can repay in each instalment is £500.
- You must wait for one year between making any ***voluntary partial repayments*** and borrowing more, or drawing from your cash reserve and making ***voluntary partial repayments***, and vice versa.
- When you make a ***voluntary partial repayment***, we'll apply this to your lifetime mortgage on the day the money is received and the amount on which we charge ***compound interest*** will reduce. We'll send you a statement to show how your lifetime mortgage has changed.
- You don't have to make any ***voluntary partial repayments*** against your loan in your lifetime unless you want to.
- You must speak with us before making any ***voluntary partial repayments*** to understand how much is available to pay. Where we receive a repayment without having had a discussion with you, this will be returned in full.

This option is only available to those who applied for their lifetime mortgage on or after the 28th April 2014.

Louise, 59, is recently widowed. She has a moderate income from her husband's company pension and her own pension, but won't receive her state pension until she's 66. After a lifetime of working, she's decided to retire early to fulfil her ambition of travelling the world.

Louise's home in Surrey is valued at £400,000 and her mortgage has been paid off. After talking to her financial adviser, she decides to take an initial lump sum of £80,000 to cover the cost of her dream holiday and to give some money to her children now.

Five years after taking out her lifetime mortgage, Louise's aunt dies. She leaves her a large lump sum, so Louise decides to repay some of the money she's borrowed using our ***voluntary partial repayment*** feature. She's able to pay off £8,000 each year without having to pay any ***early repayment charges***.

Additional borrowing

With both of our lifetime mortgages you may be able to increase your loan amount. We can't guarantee you'll be able to do this as it depends on:

- The value of your home.
- How much you've already borrowed from us.
- Our lending criteria and loan availability at the time.

If you want to borrow more you'll need to apply again and will have to pay for your home to be revalued. The interest rate on the additional amount of money you borrow will be the rate that is current at the time that you apply.

Enhanced lifetime mortgages

If you have certain medical conditions that may restrict your life expectancy, then you may be able to get a lower rate of interest on your Lifestyle Flexible Option mortgage. If you choose our Lifestyle Lump Sum Max lifetime mortgage you may be able to borrow a higher proportion of your property's value (***loan to value***) or benefit from a lower rate of interest instead. Your financial adviser can assess your eligibility for getting an ***enhanced lifetime mortgage***, using a medical questionnaire that we provide.

Fixed interest rate

Our lifetime mortgages have a fixed interest rate that applies throughout the term of your loan. The rate we set takes into consideration a number of things, including your personal circumstances such as your age, medical conditions and lifestyle.

The benefit of a fixed rate is you'll know how much this will be throughout the life of your loan.

Sally is 73 and receiving treatment for cancer. Her home in Wales is worth £150,000 and after spending her life savings she now has just her state pension to rely on. Sally wants to spend more time with her children and grandchildren who live in different parts of the country. She decides she'd like to take equity from her home with our Lifestyle Lump Sum Max option.

Due to her medical condition, she's able to borrow a higher percentage of her property's value (***loan to value***) than she would be able to otherwise.

Sally decides to borrow £64,500, which she uses to spend valuable time with her family.

Our lifetime mortgages – optional inheritance guarantee

Inheritance guarantee

A lifetime mortgage will reduce the amount of inheritance you can leave your loved ones. However, when you apply for your lifetime mortgage you can leave them a percentage of the value of your home by adding an ***inheritance guarantee***. You cannot add this feature at any other time and if you decide to take out an ***inheritance guarantee*** it may affect the interest rate you're charged.

This is how it works, but for more details please see the Frequently Asked Questions (FAQs) on page 22 of this guide:

- When you apply, tell us what percentage of the value of your property you want to safeguard for your loved ones.
- The guarantee will be for a percentage of the sale price of your home, rather than a specific sum.
- If you choose this option, you won't be able to borrow as much from us because the loan amount will be based on the proportion of your property's value that's not guaranteed.

Please also bear in mind that inflation will affect the real value of the money you safeguard through an ***inheritance guarantee***.

Martin, 68, and **Sarah**, 67 are married and have one child, Jane. They both have small private pensions and they also have state pensions. They live in West Yorkshire in a semi-detached property worth £200,000 with no mortgage on it. Martin and Sarah would like to withdraw some of the money tied up in their home to help with the rising cost of living. They also want to leave an inheritance to Jane once they've both passed away.

They decide to guarantee 25% of their home's value for Jane, using our ***inheritance guarantee***. Because of this, their lifetime mortgage is now based on a value of £150,000 rather than £200,000 meaning they will be able to borrow less.

They decide to release £39,750 and take £20,000 of this straight away, leaving £19,750 in a cash reserve. After five years, they use some of the money in their reserve to help Jane with the cost of nursery school fees for their grandson, Albert.

How much could you borrow?

This depends on three things:

1. Your age (we'll use the age of the youngest borrower for joint lifetime mortgages).
2. The plan you choose.
3. The value of your home.

For our Lifestyle Lump Sum Max, the amount you can borrow also depends on whether you're applying alone or with someone else.

Getting your home valued

As the amount you can borrow depends on the value of your home, we'll arrange for a valuer to assess how much your home is worth.

You'll have to pay a valuation fee, which depends on the estimated value of your property. You can find out more about this on page 14.

The valuer may recommend a specialist report for your property. If they do, we may need to see this report before we can continue with your application.

If the report shows that your home needs essential repairs, you will need to get this work completed as a condition of the mortgage. We'll talk to you about this at the time, but we may agree to release the money to you to get the work done, if you agree to it being completed within a certain time frame. Sometimes we won't be able to release any money until the work is completed so you will have to pay for this yourself.

The valuer may need to re-inspect your home after the work has been done. We'll tell you if this is the case and will charge a re-inspection fee. For more information on the charges please see page 14.

Get an estimate before the valuer visits

As the valuation fee depends on your estimate of your property's worth, it's a good idea to look at websites for values of similar properties in your area. Here are some useful sites for property values:

www.nationwide.co.uk/hpi/calculator
www.nethouseprices.com
www.zoopla.co.uk/house-prices/

The table below shows:

- The minimum amount your home must be worth before we'll consider your application for a minimum loan of £15,000.
- The maximum amount you could borrow as a percentage of the value of your home. For flats and maisonettes, we base the loan on 85% of the value.

Want to borrow more?

You may be able to borrow a higher amount on the Lifestyle Lump Sum Max if you have certain medical conditions or lifestyle factors affecting your health. Ask your financial adviser for more information.

Age	Lifestyle Lump Sum Max			Lifestyle Flexible Option	
	Minimum value of your home	Percentage of the property value we'll lend for single applications	Percentage of the property value we'll lend for joint applications (based on the youngest person)	Minimum value of your home	Percentage of the property value we'll lend
55	£75,000	20.5%	19.5%	£115,385	13.00%
56	£75,000	21.5%	20.5%	£107,143	14.00%
57	£75,000	22.5%	21.5%	£100,000	15.00%
58	£75,000	23.5%	22.5%	£93,750	16.00%
59	£75,000	24.5%	23.5%	£88,236	17.00%
60	£75,000	25.5%	24.5%	£83.334	18.00%
61	£75,000	26.0%	25.0%	£78,948	19.00%
62	£75,000	27.0%	26.0%	£75,000	20.00%
63	£75,000	28.0%	27.0%	£75,000	21.00%
64	£75,000	29.0%	28.0%	£75,000	22.00%
65	£75,000	30.0%	29.0%	£75,000	23.50%
66	£75,000	31.0%	30.0%	£75,000	25.00%
67	£75,000	32.5%	31.5%	£75,000	26.50%
68	£75,000	33.5%	32.5%	£75,000	28.00%
69	£75,000	34.5%	33.5%	£75,000	30.50%
70	£75,000	36.0%	35.0%	£75,000	32.00%
71	£75,000	37.0%	36.0%	£75,000	33.00%
72	£75,000	38.0%	37.0%	£75,000	34.00%
73	£75,000	39.0%	38.0%	£75,000	34.50%
74	£75,000	40.0%	39.0%	£75,000	35.00%
75	£75,000	41.0%	40.0%	£75,000	36.00%
76	£75,000	42.5%	41.5%	£75,000	37.00%
77	£75,000	44.0%	43.0%	£75,000	38.00%
78	£75,000	45.0%	44.0%	£75,000	39.00%
79	£75,000	46.0%	45.0%	£75,000	40.00%
80	£75,000	47.0%	46.0%	£75,000	41.00%
81	£75,000	48.0%	47.0%	£75,000	42.00%
82	£75,000	49.0%	48.0%	£75,000	43.00%
83	£75,000	50.0%	49.0%	£75,000	44.00%
84	£75,000	51.0%	50.0%	£75,000	45.00%
85+	£75,000	52.0%	51.0%	£75,000	45.00%

You can get an idea of the maximum amount you can borrow by multiplying the value of your property by the percentage we've given for your age. These figures are correct at the time of publication but we reserve the right to alter them at any time and without notice.

Understanding the fees

To set up your lifetime mortgage, you'll have to pay a number of fees. These range from fees we'll charge you, like the arrangement and valuation fees, to fees charged by legal advisers.

Definite fees	Possible fees
• An arrangement fee. • A valuation fee (revaluing your existing property or valuing a new property).	• Re-inspection fee.

Arrangement fee

This fee covers the cost of setting up the lifetime mortgage and includes all our legal fees and disbursements. This is currently £600 for both the Lifestyle Lump Sum Max and the Lifestyle Flexible Option.

Valuation fee

You'll need to pay a fee for an independent valuation of your home. The cost will depend on your estimated value of your home. The fees in the table below include an administration cost of £20, including VAT.

Estimated value of your home	Fee
£75,000 to £150,000	£153
£150,001 to £300,000	£210
£300,001 to £500,000	£295
£500,001 to £750,000	£480
£750,001 to £1,000,000	£685
£1,000,001 to £1,100,000	£920
£1,100,001 to £1,200,000	£1,120
£1,200,001 to £1,500,000	£1,270
£1,500,001 to £2,000,000	£1,420
Over £2,000,000	Please call us about this

Re-inspection fee

We'll charge a re-inspection fee of £60 if we need to send a valuer out to inspect your home again. This may be necessary if you've had to carry out essential repairs. The £60 includes a £15 administration fee.

Legal fees

You must appoint a legal adviser to act on your behalf. Solicitors who are members of The National Solicitors Network will charge £350 plus VAT for a standard case, although you may have to pay fees for any extra services. Solicitors outside of this network may charge differently.

Fees for making changes to your plan

There may be a time where you decide you need to borrow more money, move home or even add or remove someone from your lifetime mortgage.

If this happens there will be fees involved which we'll discuss with you at the time.

Other legal fees

Depending on your circumstances, there could be occasions when you may have to pay for extra legal services:

Where your home is unregistered	Fees
If there are still deeds for your property, it probably hasn't been registered electronically with the Land Registry. This means your solicitor will have to check paper trails for ownership and any previous mortgages, rights and interests in the property.	£70 plus VAT charged where using a solicitor from The National Solicitors Network.
Where your home is leasehold	
Your solicitor must read your lease (usually about 20 pages or so) and make enquiries with your landlord.	£35 plus VAT charged where using a solicitor from The National Solicitors Network.
Where you're moving home	
If you're buying your home, your solicitor will need to make additional checks, searches and enquiries to make sure the property and the title are suitable for the lifetime mortgage.	£85 plus VAT charged where using a solicitor from The National Solicitors' Network.
Where a transfer of equity is needed	
The property must be owned by the person or persons who are taking out the lifetime mortgage. For example, if there are two of you, and the property is only owned by one of you, or if you've inherited a property, the ownership will need to be transferred. Your solicitor will have to make additional checks and draft extra documents to do this.	£75 plus VAT where using a solicitor from The National Solicitors Network.
Home visit	
You can ask your solicitor to visit you at home, although not all solicitors will offer this service.	£50 plus VAT where using a solicitor from The National Solicitors Network.
Where your home has complex title problems	
This is to cover circumstances that neither your solicitor nor ours could have anticipated when putting the fee scale together. This rarely happens, but if it does we'll always tell you before making the charge and explain what the charge is for.	The cost varies – we'll tell you if this applies to you.

What happens if your circumstances change?

Early repayment charges

A lifetime mortgage is designed to be a long-term commitment. Therefore you may face ***early repayment charges*** if you repay the loan in full before you (and your partner for joint lifetime mortgages), pass away or move into ***long-term care***.

If an ***early repayment charge*** (ERC) does apply, we guarantee that it will never be more than 25% of your initial loan amount.

If you've borrowed more money from us, you may also have to pay an ERC on any additional money you've borrowed. This could be up to 25% of each additional amount you've borrowed.

If you take the Lifestyle Flexible Option and want to repay it, you may also have to repay an ERC of up to 25% on each amount you've borrowed from your cash reserve.

If you consider fully repaying your lifetime mortgage, your adviser will be able to inform you of the costs that will apply at that time.

How we calculate early repayment charges

We calculate the ERC based on movements in the yield on government ***gilts***. If the yield on government gilts has fallen since you took out your lifetime mortgage (or borrowed more money from us), then an early repayment charge may be payable.

We suggest you talk to your financial adviser, who'll be able to tell you more about this. You'll also find more information in the terms and conditions.

Circumstances in which early repayment charges don't apply

In certain circumstances there will be no ERC to pay. These are:

- You have a joint lifetime mortgage 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*** (subject to our terms and conditions), whichever is earlier. This only applies to those who applied for their lifetime mortgage on or after the 28th April 2014.
- Where all the borrowers have died or have moved into ***long-term care***.
- You're moving property and transferring your lifetime mortgage to a new property. If you move home 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***. See page 9 of this guide.
- 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***. If the other joint borrower is younger than you, then you may be required to repay part of your lifetime mortgage.
- Gilt yields have stayed the same or are higher. Your financial adviser will be able to explain this to you and this is also explained in the terms and conditions.

Making changes to your lifetime mortgage

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

Can I move?

Yes, provided your new property meets our lending criteria when you apply, and we agree that you can move home and take your ***lifetime mortgage*** with you.

As soon as you decide you want to move, please call us on 0800 158 4177. We'll explain the process and let you know if our lending criteria have changed since you took out your lifetime mortgage. We can also send you our moving home guide.

Moving from a house or bungalow to a flat or maisonette

This will have implications for your lifetime mortgage. We currently only consider 85% of the value of flats and maisonettes for a lifetime mortgage. Because of this, we may require you to repay part of your loan if you move from a house or bungalow to a flat or maisonette.

Please call us on 0800 158 4177 if you're considering doing this as our lending criteria may change in the future.

Will I have to pay any fees if I move home?

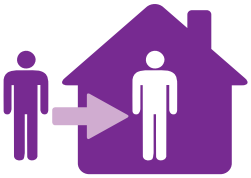
Yes, we'll arrange to value the new property and we may also need to revalue your existing property. You'll have to pay the fees for this and an application fee.

You must also appoint a legal adviser to carry out all the legal work for buying your new property and transferring your lifetime mortgage. We will instruct your legal adviser to act for us as well and you'll have to pay their fees.

You won't have to pay any ***early repayment charges*** if you transfer your loan to your new home.

Moving to a property of lower value	Moving to a property of higher value
• We may require you to repay part of your original loan and interest if you move to a property of lower value. • This depends on the total amount of your loan, plus interest at that time, and the value of your new home. • If you have a cash reserve, we may need to reduce this amount.	• This won't have any effect on your loan. • You may be able to borrow more.

Adding someone new to your plan



If someone else is moving into your property to become a joint owner after you've taken out your ***lifetime mortgage***, then you'll need to inform us about this as soon as possible. Whether you can add the other person to your lifetime mortgage depends on how old they were when you took it out.

Under 55 when you took out your lifetime mortgage	Over 55 when you took out your lifetime mortgage
• You can't add them to your lifetime mortgage as you need to be aged 55 or over when the plan starts. • You'll have to repay your lifetime mortgage if you want the other person to become a joint owner of your home. • We strongly advise that you talk to your financial adviser if you're considering this option as you may have to pay a substantial ***early repayment charge***. • It's also worth speaking to your solicitor as you may be able to make provision for your partner without naming them as a joint owner of your home.	• You can transfer your home to joint names and we'll add them to the lifetime mortgage. You will have to pay legal fees if you do this. • You may be required to repay part of your loan and interest, especially if the person you're adding is younger than you. • It will depend on: – how much you already owe for the lifetime mortgage – the current ***loan to value*** amount for the younger person – the value of your property (we'll appoint a valuer to assess your property. You'll have to pay valuation fees).

Removing someone from your plan

It may be the case that you or your joint policy holder leaves the property. If this happens you must tell us as soon as possible. You won't have to repay the loan, but we will transfer your home and lifetime mortgage into the name of the remaining borrower.

We'll send you an application form and you'll need to appoint a solicitor to carry out the legal work. We will instruct your legal adviser to act for us as well and you'll have to pay their fees.

If you're the elder borrower and the lifetime mortgage is transferred to your name, you may be able to borrow more. Please talk to us about this if you're considering it.

Questions and answers

Will I still own my home?

Yes, you're still the legal owner of your home and can stay in it until you (and your partner for joint lifetime mortgages) pass away or need to leave your home to go into ***long-term care***.

We'll never force you to leave your home because you need care. In fact, you can arrange for care in your home. If you do this, you won't have to repay the loan unless you pass away or move into ***long-term care***.

What are my responsibilities?

You must maintain the property and keep it in good repair. The property must also be insured and you must pay all property-related bills such as council tax, utility bills and service charges. The property also needs to remain your main residence.

What happens if I leave my home to move into long-term care?

If you leave your property permanently to move into ***long-term care*** we may send you an assessment form to complete. This assessment form will determine whether you will need to pay an ***early repayment charge*** for leaving your home.

You won't have to pay an ***early repayment charge*** if we understand that you have dementia or are unable to perform two or more activities of daily living, which are defined in our terms and conditions, and have permanently left your home to receive care.

If this criteria is not met then you may have to pay an ***early repayment charge*** if you have permanently left your home.

We will never ask you to leave your home, you can continue to live in your home until you pass away or move into ***long-term care***.

Can I make changes to my home?

You're free to make improvements to your home, you can even use the money from your lifetime mortgage. However, you must let us know if you're planning to make any structural changes, e.g. adding an extension or conservatory to your home. You'll need to send us copies of any planning permission and building regulations approval.

Will this affect my tax position?

You don't have to pay tax on the money we loan you. However, you need to consider the tax implications of what you do with this money e.g. invest, put in a bank account. You may wish to seek financial advice if you are unsure.

Will this affect my benefits?

The loan could affect your entitlement to welfare benefits, such as council tax benefit, pension credit and certain health benefits. We suggest visiting **www.gov.uk** for more information.

When is my loan repaid in full?

Your loan isn't repaid in full until you pass away or go into ***long-term care***. When that happens, your home will be sold and we'll take the value of the loan, plus the interest that's been accrued on it, from the sale price.

Our no ***negative equity*** guarantee means we'll never ask you or your estate to pay back more than what you receive from the sale of your home, provided its sold for the best price reasonably obtainable.

Can I repay my loan early in full?

Yes, but you should remember that your lifetime mortgage is a long-term commitment, designed to last until you pass away or become eligible to move into ***long-term care***.

Repaying your loan in full before then could mean you have to pay ***early repayment charges***. See page 16 for details of what happens should your circumstances change.

If you're thinking about repaying your loan early because you're moving home, you might want to consider transferring your lifetime mortgage to your new home.

Can I repay part of my loan?

You can make voluntary partial repayments if you applied for your lifetime mortgage on or after the 28th April 2014 and have had your loan for a year. For details of how our ***voluntary partial repayment*** feature works see page 9 of this guide.

Questions and answers

Can I add a new borrower?

You may be able to add a new borrower. You'll need to contact us and we'll explain what happens and any fees that may be charged. However, if you go ahead we may require you to pay back part of your loan and part of the interest. See page 18 of this guide for more details.

What happens if I move to a new lower valued property?

Provided your new property meets our lending criteria at the time and we agree, then you can move home and take your lifetime mortgage with you.

We may require you to pay back part of your loan and the interest you owe if you move to a new property that's worth less than your current home or you're moving to a flat or maisonette.

How do I know how much I owe?

We'll send you an annual statement on the anniversary of you taking out your lifetime mortgage. It'll tell you how much you've borrowed, whether you've made any repayments and the amount of interest accrued.

Whenever you make a ***voluntary partial repayment*** we'll send you a separate statement to show how this has affected your loan amount.

Can I borrow more money?

You may be able to borrow more money, but it depends on:

- The value of your home.
- How much you've already borrowed from us.
- Our lending criteria and loan availability at that time.

You may be able to borrow more if your home has increased in value or if you didn't borrow the full amount when you took out your original loan.

It's unlikely you'd be able to borrow more if your home has fallen in value or if you've already borrowed the maximum available.

If you added an ***inheritance guarantee*** to your lifetime mortgage, you may be able to reduce or remove it to borrow additional money.

We'll only accept an application for additional borrowing if you've received full financial advice.

We'll arrange for a valuation of your home, which you'll have to pay for. If you're borrowing more at the same time as moving home or changing ownership and have already paid a valuation fee, we won't ask you to pay another fee. You'll need to pay an arrangement fee, which we'll take from your loan before we send you the money.

We've outlined the fees on pages 14 and 15 of this booklet, but you can find full details of all the fees in our tariff of charges document. Your financial adviser will be able to give you a copy of this.

Will I pay interest on my loan?

Yes, but you don't have to make repayments like you would with an ordinary mortgage. Instead, we'll add interest to the amount you owe. The interest must be repaid along with the loan when you pass away, go into ***long-term care*** or choose to repay the loan early.

We charge interest on both the amount you borrow and the interest already added. This method of charging interest is known as ***compound interest***. This means the amount you owe grows quickly.

Compound interest is also applied to any additional money you borrow and to any cash reserve you draw, so the more you borrow, the faster the total amount you owe will increase. Because of this, it makes sense to only borrow as much money as you need. You may be able to borrow more at a later date if you need to.

Questions and answers

What are the interest rates?

To help you compare with other loans, here are the current average rates and annual percentage rates (APR) for our Lifestyle Lump Sum Max and Lifestyle Flexible Option lifetime mortgages.

The actual rate available will depend upon your circumstances. Please ask us for a personalised illustration.

	Lifestyle Lump Sum Max	Lifestyle Lump Sum Max (with inheritance guarantee)	Lifestyle Flexible Option	Lifestyle Flexible Option (with inheritance guarantee)
Annual interest rate:	**7.39%**	**7.30%**	**6.19%**	**6.36%**
The overall cost for comparison is:	7.5% APR	7.5% APR	6.3% APR	6.5% APR

These rates are correct as at 09/04/2015. An APR is designed to allow you to compare one type of loan to another. It is the interest rate for a whole year rather than just a monthly rate.

Once we receive your application, we'll guarantee the interest rate on that date for the next 14 weeks. If your loan hasn't completed within this time, we'll contact your adviser to see if you want to continue with your application. If you complete after the initial 14 weeks we will apply the rate that is correct on the day you complete, which could be higher or lower than your original rate.

What interest rate will I pay when I take money from my cash reserve?

We'll offer you the interest rate applying on the day you ask for each additional cash release. We'll guarantee this for 14 days. If your additional loan doesn't complete within this time, we'll use the interest rate on the day we release your money.

How will a lifetime mortgage affect the inheritance I leave behind?

Your lifetime mortgage will reduce the amount of inheritance you leave for your loved ones. As you don't repay your loan until you pass away or go into ***long-term care***, the interest on your loan builds up over the years. This reduces the amount of inheritance you can leave, possibly to nothing, depending on your circumstances.

The loan and interest are only repaid when you pass away or need to go into ***long-term care***, usually by selling your property. If there's any money left over, it will go to you or your estate.

Can I do anything to guarantee leaving an inheritance?

You can add an ***inheritance guarantee*** to your lifetime mortgage when you take it out. This makes sure that you or your beneficiaries receive a percentage of the sale price of your house when it's sold, whatever it's worth.
See page 11 of this guide for more details.

Questions and answers

Does an inheritance guarantee affect how much I can borrow?

Yes, it will reduce the amount you can borrow. This is because we calculate how much you can borrow using the value of your property not covered by the guarantee.

For example, if you want an ***inheritance guarantee*** of 20% and your home is currently worth £150,000, we'll base our calculations on a value of £120,000. This means you need to make sure that you can still borrow at least the minimum loan amount after taking into account the amount covered by the ***inheritance guarantee***.

An ***inheritance guarantee*** may also affect the interest rate we offer you. Please see the interest rate table on page 21.

Can I change my mind about an inheritance guarantee?

You can only add an ***inheritance guarantee*** to your lifetime mortgage when you first take it out. You can't add it at a later date. Although you can't increase the percentage you've chosen, you can reduce or remove the guarantee in certain circumstances. See our terms and conditions for more details.

Will you always pay the percentage safeguarded by the inheritance guarantee to me or my estate?

Yes, except where:

- You repay your loan early, or
- You don't adhere to the terms and conditions of your lifetime mortgage.

What if I don't choose to guarantee an inheritance?

Without an ***inheritance guarantee***, there may not be any value left in your home to leave to your family and friends once your loan and the interest has been repaid.

Will my beneficiaries have to pay the difference if my home sells for less than the amount owed?

No, our lifetime mortgages have a no ***negative equity guarantee***. This means we'll never ask you or your estate to pay back more than the amount received from the sale of your home, provided it is sold for the best price reasonably obtainable.

Acceptable properties

Types of homes we may accept

Location

- Homes must be located within England, Wales, Scotland or Northern Ireland.
- We don't currently accept properties in the Isle of Man or the Channel Islands.

Tenure

- Houses in England, Wales and Northern Ireland can be freehold or leasehold.
- Flats and maisonettes in England, Wales and Northern Ireland must be leasehold.
- Properties in Scotland can be Freehold, feuhold or ex-feuhold.
- For leasehold properties the sum of the years remaining on the lease plus the age of the youngest borrower must equal at least 160.

Occupancy

- The property must be your main residence.
- If you are making a single application, you must be the sole owner/occupier.
- If you are making a joint application, you must jointly own and occupy the property.

Valuation

- It must be worth at least £75,000.

Please ask your financial adviser to contact us for further information on properties we do and don't accept.

We may not be able to accept your property if:

Property Type

- It's a flat or maisonette that is freehold or in a local authority (NIHE in Northern Ireland) or housing authority block of more than four storeys.
- It's a retirement property.
- It's a studio or basement flat.
- It's a mobile home or houseboat.

Property Use

- It's a farm or smallholding being used for agriculture.
- It's a hotel, guest house or B&B.
- It is property used for any form of business or commercial activity by anyone.

Occupancy

- It is tenanted.
- It is bound by planning restrictions over who can live in the property, for example, tied to a particular job, such as an agricultural job.

Valuation and condition

- It's in a flood risk area.
- It is below the value needed for us to lend you the minimum loan amount.
- It is deemed unsuitable security for the loan by the valuer.
- The valuer recommends specialist reports and/or essential repairs that you don't want to carry out.
- Essential repairs identified by the valuer or specialist are not completed. We will not transfer the lifetime mortgage if they are not. You will be responsible for any costs, including the valuer's re-inspection fees.

Building materials

- Built with any mundic concrete, high aluminium cement (HAC), or pre-fabricated concrete (PFC) or pre-reinforced concrete (PRC).
- Built on or very close to a contaminated site.
- A timber framed property and cavity wall insulation was installed after it was originally built.
- Metal/Steel framed or steel clad property built before 2000. These types of properties generally tend to have been built by a local authority (NIHE in Northern Ireland).
- Metal/Steel framed property with cavity wall insulation installed after completion of the original construction.
- A single skin, leaf construction, or large panel system building.
- A flat-roofed property.
- Contains red ash.

Getting advice and help

To ensure equity release is right for you, we can only provide one of our lifetime mortgages if you take both financial and legal advice.

Talk to an authorised financial adviser

If you're considering a lifetime mortgage, you must seek financial advice. Equity release isn't suitable for everyone and a financial adviser can help you decide whether it's the right option for you.

If you have a financial adviser then contact them and they'll be able to talk you through your options.

If you don't have a financial adviser you can find one near you by visiting **www.unbiased.co.uk.**

If equity release isn't right for you for whatever reason, your financial adviser will tell you so. They'll be able to explain the lifetime mortgage to you and make sure that you understand everything before you make your final decision.

Make sure you take legal advice

You wouldn't dream 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 that you appoint a solicitor to act for you. We suggest that you appoint a solicitor who is a member of The National Solicitors Network. That way you will 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. We've outlined the legal fees on page 14 and 15 of this guide. You can find full details of all the charges in our tariff of charges leaflet. Your financial adviser will be able to give you a copy of this.

Making a complaint

We're confident you'll never need to complain, but if you do, please write to us at:

Aviva
PO Box 520
Surrey Street
Norwich
NR1 3WG

or call us on:
0800 068 6800

If you're not happy with our response, you can get in touch with the Financial Ombudsman:

Investment Division
Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Tel: 0800 0234 567 (free from landlines) or **0300 1239 123** (charged at the same rate as 01 and 02 numbers from a mobile phone).

This won't affect your legal rights.

Putting your mind at rest

One of the most important aspects of taking out a lifetime mortgage is making sure that you're completely comfortable with the decision you've made.

Why Aviva?

There are a number of reasons you can feel confident about taking out a lifetime mortgage with Aviva.

- Award winning proposition.
- We've over a decade of experience helping people unlock cash from their home.
- We're a leading life insurer in the UK, so you know we're a name you can trust.
- We're regulated by the Financial Conduct Authority, an independent watchdog that oversees the financial services industry in the UK and protects the rights of consumers.
- We're members of the Equity Release Council, which protects people releasing equity from their home.
- We'll only sell you a lifetime mortgage after you've been properly advised by a professional financial adviser.

Equity Release Council

We're long-standing members of the Equity Release Council, formerly known as SHIP, a trade body set up in 1991 to help protect people taking out equity release.

We always recommend that if you're considering equity release, you should choose a provider that is a member of the Equity Release Council.

If you'd like more information about the Equity Release Council call

0844 669 7085

or visit: **www.equityreleasecouncil.com**

Statement of Principles

1. Allows customers to remain in their property for life provided the property remains their main residence.
2. Provides customers with fair, simple and complete presentations of their plans. This means that the benefits and limitations of the product together with any obligations on the part of the customer are clearly set out in their literature. It should include all costs that the customer has to bear in setting up the plan as well as the tax implications, their position on moving house and the effects of changes in house values on their loan.
3. Allows customers the right to move their plan to another suitable property without any financial penalty.
4. Gives customers the right to an independent solicitor of their own choice to conduct their legal work. The firm must provide the solicitor with full details of the benefits their client will receive prior to the completion of the plan. The solicitor only signs a certificate once he or she is satisfied that their client fully understands the risks and benefits of the plan.
5. Provides an Equity Release Council certificate, signed by the solicitor, to ensure clients are aware of the terms and implications of the plan including the impact of equity release on their estate.
6. Gives customers a no ***negative equity guarantee*** on all equity release plans. This means customers will never owe more than the value of their home and no debt will ever be left to the estate.

This Statement of Principles offers peace of mind to the consumer, who can use Equity Release Council approved equity release products in confidence. They know they'll be able to remain in their own home for the rest of their lives or until they qualify to go into ***long-term care***. Consumers can be sure that they will never leave a debt to their family as all Equity Release Council members who provide equity release products give consumers a ***no negative equity guarantee***, meaning that no matter what happens to the housing market, they will never owe more than the value of their home.

The Equity Release Council also insists its members ensure that any customer buying an equity release plan has received advice from a fully qualified adviser who has gone through a full advice process.

Glossary

We've tried to write our guide on equity release with as little financial services jargon as possible. However, there may be some terms in the guide that you're not familiar with. This glossary is here to help you with any terms you're not sure about.

Compound interest

Interest is calculated on a daily basis and added, once a year, to the total amount of money you owe which includes your original loan plus any interest that has already been applied. This means the amount that you owe can increase quickly.

Early repayment charges (ERC)

These apply if you pay off your lifetime mortgage in full before you and/or your partner on joint lifetime mortgages, pass away or move into ***long-term care***.

We use insurance statistics to help us estimate when you're likely to repay your lifetime mortgage as a result of you, and your partner for joint lifetime mortgages, passing away or moving into ***long-term care***. We use this information to help set the rate of interest on your loan. If you repay your lifetime mortgage in full, then depending on the circumstances, we may apply early repayment charges to help us recover our costs and put us back in the position we would have been in had your lifetime mortgage continued as expected.

Enhanced lifetime mortgages

If you have certain medical conditions that may restrict your life expectancy, then you may be able to get a lower rate of interest on your lifetime mortgage. If you choose our Lifestyle Lump Sum Max, you may be able to borrow a higher proportion of your property's value (***loan to value***) instead.

Gilts

These are government bonds issued by the UK Debt Management Office on behalf of the UK Government as part of its debt management responsibilities. They are called gilts (or gilt-edged investments) because of their security, e.g. the British Government has never failed to make interest or principal payments on gilts as they fall due.

Inheritance guarantee

You can add this feature to your lifetime mortgage when you apply for your loan. You cannot do this at any other time. It lets you set aside a proportion of the value of your home for your loved ones. The guarantee is for a percentage of the sale price of your home rather than a specific sum, so the amount of money your loved ones will receive will change as the value of your property goes up or down. There's no charge for adding this guarantee to your loan.

Loan to value

Loan to value (LTV) is a figure that shows the loan you're taking out as a percentage of the value of your property. So, for example, if you take out a lifetime mortgage of £50,000 and your property is worth £100,000, the LTV for your loan is 50%.

Long-term care

This is the permanent care you would need from another person or other persons, either to help you to perform two or more Activities of Daily Living (ADLs), or because you are suffering from Dementia. For details of ADLs please see the terms and conditions.

Negative equity

This is when the value of your property is worth less than any money you may have borrowed to buy it, or any loans you've secured against it.

No negative equity guarantee

The no negative equity guarantee means that you or your estate will never have to pay back more than what your property is sold for, provided it's sold for the best price reasonably obtainable.

Voluntary partial repayment(s)

While the lifetime mortgage is designed to be repaid in full once you and your partner for joint lifetime mortgages have passed away or moved into ***long-term care***, you can make partial repayments on a voluntary basis. For instance, you may come into an unexpected windfall and find that you can afford to repay some of the money you've borrowed.

You can make voluntary partial repayments if you applied for your lifetime mortgage on or after the 28th April 2014 and have had your loan for a year. The minimum repayment each year is £500 and the maximum is 10% of the initial loan amount and any additional borrowing or cash reserve releases.

You can repay in up to four instalments each year.
The minimum you can repay in each instalment is £500.
Voluntary partial repayments cannot be made within 12 months of taking additional borrowing or cash reserve releases.

You don't have to make any repayments unless you want to, but the option is available should you wish to use it.

Aviva Equity Release UK Limited. Registered in England No. 3286484. 2 Rougier Street, York, YO90 1UU.
Authorised and regulated by the Financial Conduct Authority. Firm Reference Number 310433.

Aviva.co.uk

PF01970 04/2015

AVIVA