

Use your home to your advantage

A guide to equity release





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.

Retirement Advantage is authorised and regulated by the Financial Conduct Authority (FCA). We're also a member 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](https://www.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.

With a Lifetime Mortgage, the amount borrowed (along with any charges or interest accumulated) will be repaid at the time of your death or when you move into long-term care, usually using the cash generated from the sale of your home. You will always retain ownership of your home, and it will never be repossessed, as long as you abide by the terms and conditions of the loan.





Is a Lifetime Mortgage right for me?

People choose to release equity from their home for various reasons – from supplementing their own pensions or paying off existing mainstream mortgages, to giving their children or grandchildren a lump sum towards buying homes of their own.

Whatever the reason it's important to remember that taking out a Lifetime Mortgage is a long-term commitment, as it is designed to be paid back only when you die or if you move permanently into long-term care. You should consider the options available to you, as there may be more suitable ways of raising the money – such as downsizing, or using your savings.

It's also important to consider that a Lifetime Mortgage could impact your tax position and your eligibility for means-tested state benefits. It could also change the amount of inheritance your beneficiaries receive. So, along with discussing your options with a financial adviser, it's a good idea to talk these outcomes through with your family.

This is a Lifetime Mortgage. To understand the features and risks, ask for a personalised illustration.

Am I eligible?

To be eligible for a Retirement Advantage Lifetime Mortgage, you will need to meet some key requirements, the most basic of which are:

- You must own your home and it must be your main residence
- You must be a UK resident
- You must be 55 years of age or older
- Your property must be in England, Scotland or Wales

The other requirements relate to your personal circumstances and your property. Some restrictions may apply over the type of property you own. If anyone is living in the property who doesn't hold title to the property, they must seek independent legal advice and will need to sign a waiver.

How much can I borrow?

The amount that you can borrow depends on your circumstances, which include your age and the value of your home. If there are two of you borrowing together, the amount available will depend on the age of the younger borrower. In order to gain an accurate value of your home, an independent valuer will be appointed by us.



How do I take out a Lifetime Mortgage?

1. Research

Before taking out an equity release product it's important to research all of your options, to make sure it's the right choice for you.

2. Talk to your family

As a Lifetime Mortgage could affect your family, we encourage you to talk to them before making a decision.

3. Talk to your financial adviser

If, after discussing your options, your adviser decides a Retirement Advantage Lifetime Mortgage is right for you, they'll provide you with a summary of the important details and costs involved – called a 'Key Facts Illustration'.

4. Fill out an application form

Once you're happy, you'll need to complete an application form. Your financial adviser will help you with this and will be responsible for sending it back to us. At this point you'll need your solicitor's details and may need a cheque for the valuation fee.

5. Have your home valued

We will appoint an independent valuer who will contact you to arrange a convenient time to visit your home to carry out a valuation.

6. Appoint your solicitor

To make sure you fully understand the implications of your decisions, all Equity Release Council members require that you discuss it with your own solicitor before committing to a Lifetime Mortgage. If you don't have a solicitor you can contact the Equity Release Solicitors' Alliance on 0800 988 5102.

7. Retirement Advantage will make you an offer

Following your property valuation, we will confirm how much you can borrow, and send an Offer Letter to you, your solicitor and your financial adviser.

8. Legal process

After your solicitor has received a copy of the Offer Letter they'll talk you through the offer. When you're happy, you'll be asked to sign a Mortgage Deed and your solicitor will sign a certificate to confirm the essential features and implications of the plan have been explained to you.

9. Cash released

Once we have received the correct documents and have carried out the necessary checks, we will release the cash to your solicitor. In the majority of cases, they will then arrange for the funds to be transferred to you.





How much does it cost?

When you take out a Lifetime Mortgage, there are some charges that you will need to pay. Below are the main costs – please refer to ‘Our Charges’ leaflet for more detail on the costs involved. This document is available on our website, or you can ask your financial adviser for a copy.

Valuation Fee

This covers the cost of valuing your property and may be payable when you submit the application.

Completion Fee

This is only paid upon completion of your lifetime mortgage. You can pay this at the point of completion or add it to your loan.

Your solicitor’s fees

You should agree these with the solicitor of your choice. Our legal fees are covered within the Completion Fee, however there may be some additional charges where additional legal costs are incurred.

Your adviser’s fee

You may be charged an advice fee by your financial adviser.

Early Repayment Charge (ERC)

The loan may be repaid in full, or in part, at any time. However, our plans are designed to last for the rest of your life so an ERC may be payable if the loan is repaid earlier. Your financial adviser will explain when and how you may have to pay this. It is also clearly explained in your Key Facts Illustration.

Our equity release products

The products we offer are Lifetime Mortgages. This means that, as long as you abide by the Terms and Conditions of the loan, you will always retain ownership and control of your property. They also come with a number of product features.

Our 'No Negative Equity Guarantee' ensures that when your property is sold for the best price reasonably obtainable, if the proceeds after solicitors' and estate agents' fees are not enough to pay the amount owed to Retirement Advantage, we will not ask you or your beneficiaries to pay the shortfall.

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. Your financial adviser will be able to talk you through these options.

If you decide to move house in the future, you can move the mortgage to a new property that is suitable to Retirement Advantage under the same Terms and Conditions. This is described in more detail in your Key Facts Illustration.

Our products allow you to tailor how you release cash from your home. To learn about them in more detail, please refer to our Lifetime Mortgages guide, which can be found on our website.



An overview of our Lifetime Mortgage products

Interest Select Options

Our Interest Select Options allow you to pay some, or all, of the interest charged each month. This means you can eliminate, or significantly reduce, the impact of interest roll up.

With these products you can choose how much you pay off, and for how long.

You can choose to pay between 50% and 100% of the interest each month.

The minimum payment term is 5 years and the maximum is the whole of the life of the loan.

At the end of your chosen payment term the interest payments will cease and interest will be added to the loan – which means there are no hidden surprises.



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 Lender wrote to them to asking how they were intending to clear the outstanding balance.

Unfortunately, they didn't have sufficient means to pay off the mortgage in full, 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 their mainstream mortgage using the equity they released from their home. They also released some additional money to make some home improvements.

“ 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.

Over recent months Mrs. C noticed her daughter struggling with financial commitments, so she wanted to help.

She decided that she'd want to make interest payments on any money she borrowed, to reduce the impact of interest roll up. 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.

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.

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
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
Email: 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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