

more2life

# Customer Guide to lifetime mortgages

more 2 choose...  
a range of lifetime mortgage  
plans to suit every need

From one of the UK's largest  
retirement lending specialists

Please speak to your adviser for  
further information about the  
suitability of a lifetime mortgage

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This guide should be read in conjunction with our product specific Quick Guides

# Why consider a lifetime mortgage?

For most people, the thought of releasing equity from their property goes against the grain. They've been working hard to pay off the mortgage, and the thought of 'borrowing' money in retirement feels like a step in the wrong direction.

But times are changing. People are spending a lot longer in retirement, and their pension and savings may not be enough to fund the lifestyle they dream of. It's also increasingly common for people to enter retirement with some form of debt, whether it's a credit card, personal loan, or an interest-only mortgage with an endowment shortfall. Think carefully before securing other debts against your home.

If this sounds like you, then it could be the right time to consider a lifetime mortgage. Your property could be as important an asset in your retirement as your pension and savings, and releasing equity from your home allows you to make the most of that asset, without having to sell it. It's important to bear in mind of course that a lifetime mortgage, as the name suggests, is a long-term commitment. You should discuss the suitability of this product (and the alternatives if you are looking for a short-term solution) with your adviser.

# What is a lifetime mortgage?

A lifetime mortgage is a type of equity release product that allows you to borrow an agreed percentage of the value of your property – known as the 'loan to value' (LTV) – either as a tax-free cash sum, or a series of smaller amounts over time.

You are then charged interest on the amount you borrow. Usually, the interest is 'rolled up' and compound interest is added to the original loan so you do not make any interest payments during the term of the loan, although some products do allow you to make interest payments if you want to and you can afford it.

When you die or move into long-term care and your property is sold, the loan, interest and any charges are repaid to the lender, and anything remaining is left to your estate.

The amount you can borrow depends on your age and the value of your property, but is typically between 20% and 50% of its value.

# How does a lifetime mortgage work?

The process of applying for a lifetime mortgage is quite similar to that of a conventional mortgage – there is a valuation of your home before an offer is issued and the money can be released.



Meeting with your adviser to discuss options



We encourage you to discuss releasing the equity from your home with your family or loved ones



Complete lifetime mortgage application



Application process. This includes a valuation of your house to assess suitability for a loan



more 2 life issues mortgage offer



Discuss and review all documentation with your legal representative. Once all documentation is signed, your solicitor will contact more 2 life and a completion date will be set



Funds transferred to your bank account



Typical timeframe:  
8-12 weeks

# What type of lifetime mortgage is right for me?

When it comes to taking out a lifetime mortgage, most people have slightly different requirements, which is why more 2 life has a range of different products to offer.

We've summarised some typical scenarios here, but it's always best to have a chat with your adviser as they will be able to help you choose the right plan to suit your needs. Our accompanying 'quick guides' give you more information on each plan we currently offer.

A lifetime mortgage will reduce the value of your estate and could affect your entitlement to state benefits.

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

**I want to take a single cash sum out of my property**



If you're looking to release a cash sum from your property, perhaps for a specific purchase such as a new car or a holiday home, we have a range of options to suit your needs. With a lifetime mortgage you are offered a loan amount as a percentage of the value of your property. We also offer even better LTVs if you have a health condition, or other lifestyle factors such as being a smoker.

**I want to be able to take some money now, and possibly some more in the future**



This is a very popular option and is known as 'drawdown'. This means that if you don't need all of the money available to you in one go, you can take a smaller amount up-front, and release more money later if you need it. That way you're not paying interest on money that you don't need, but you can easily access that money at any time in the future should the need arise, subject to prevailing criteria.

**I want to be able to leave something to my loved ones**



For many people, one of the biggest barriers to taking a lifetime mortgage is the thought of not being able to leave an inheritance from their property to their loved ones when they die. With more 2 life not only do you get a 'No Negative Equity Guarantee', which means your beneficiaries will never be left with any lifetime mortgage debt to repay after the house is sold, you can also guarantee that some of the value of your property is left to your loved ones with our Guaranteed Inheritance Feature.

**I can afford to make the interest payments – I don't want interest to 'roll up'**



If you can afford to make payments on some or all of the interest due on the loan, more 2 life can offer you a plan to suit your needs and your budget. By making monthly interest payments you will leave less to repay when the property is eventually sold. And if your financial situation changes, your plan can be converted to a standard 'roll-up' lifetime mortgage with no extra fees. Subject to minimum monthly payment.

# What can I use the money for?

All sorts of people take out a lifetime mortgage plan and for all sorts of reasons. People in their fifties and people in their nineties – those who own a country mansion and those with a modest terraced town house. The older you are and the more your property is worth, the more you can borrow. But regardless of the size of loan you are offered, you are free to use the money for any purpose you wish. Here are just some of the typical ways customers use the cash they release from their properties:

## To repay existing debt

Perhaps one of the most common uses for a cash sum release from a home is the repayment of existing debt such as an Interest Only mortgage, or credit/store cards and other loans that may have much higher rates of interest. Consolidating debt into one sum with interest rolling up rather than having to be repaid each month could be appealing, especially to those on fixed retirement incomes. Think carefully before securing other debts against your home.



## To help boost income in retirement

Many of us are not saving enough towards retirement. That means there is often a gap between the income we would like to have in retirement and the one we can actually achieve by combining State benefits with private pension savings. A lifetime mortgage can provide a helpful boost to your finances and by using a drawdown facility you can access cash sums as you need, subject to lending criteria.



## A one-off, special purchase

Some people dream of a particular luxury in retirement that they just didn't have the finances for while they were working. It could be a sports car, a round-the-world cruise or perhaps a little holiday home in a favourite getaway location.

A lifetime mortgage can help realise that dream by giving you access to a cash sum currently locked up in what is probably the biggest investment you have made in your entire life – your home.



## To help with unexpected expenses

It could be an adaptation for the home to cater for a sudden disability, or to help a child or grandchild on to the property ladder with a mortgage deposit. Life tends to throw the unexpected at us from time to time – or at least the unbudgeted – and a cash sum released from the house can help meet those needs quickly and with the minimum of fuss.



## As part of a wider financial plan

Increasingly people are looking at lifetime mortgages in combination with other financial assets – such as their pension fund – to maximise the income they can achieve in retirement and reduce their tax bill. For example, a lifetime mortgage can reduce the Inheritance Tax (IHT) liability that gets passed on to a beneficiary after your death. Taxation depends on individual circumstances and is subject to change so you should consult your adviser if you are considering a lifetime mortgage for tax planning purposes.





## How do I know which plan I qualify for?

Your adviser will help you choose the best plan for your circumstances. They should ask you questions regarding your lifestyle and health, as well as your feelings towards leaving an inheritance to your family. Your adviser will also want to make sure you don't have any other options open to you.

There are a number of things to consider when choosing a lifetime mortgage. These are detailed in the accompanying product 'quick guides'.



## What are my obligations – what am I expected to do after I take out a lifetime mortgage?

We will expect you to live in and take care of your property, maintaining it in good order and ensuring it is adequately insured. You will also need to tell us if anyone who is not party to the loan moves into the property. Speak to your adviser for more information on your obligations.



## How much does it cost?

Fees to be paid on a lifetime mortgage are valuation, application and legal. Some can be added to the loan or deducted from it, while others are paid by you up front. Your adviser can explain in greater detail but broadly the fees to expect for setting up a more 2 life plan are:

- **Application fee** (including valuation – any re-inspection necessary after the initial valuation will require a small additional fee)
- **Set Up fee** (this includes our legal fees)
- **Legal fees** – you will need to instruct your own solicitor and there may be additional legal costs not covered by the Set Up fee. Our 'Tariff Of Charges' has more detail (available on request from your adviser)
- **Funds transfer fee**
- **Adviser fee**  
All fees will be clearly presented in your personalised illustration.



## What if I move home or if I want to repay my loan early?

If you move home you can take your lifetime mortgage plan with you, our plans are fully portable without any financial penalty providing that the new home meets the requirements of our lending criteria. Our Tariff of Charges contains further details of the fees that apply when moving home. However, if you are moving to a lower value property or the original loan amount, plus the interest, is greater than the LTV on the new property, you will usually need to repay part of your loan.

A lifetime mortgage is designed as a long-term loan, repayable only once the house is sold following your death or move into long-term care. However, it is possible to repay your loan early if you so wish. There may be an Early Repayment Charge payable if you do decide to repay your loan and your adviser can explain how these work.

# Why more 2 life?

more 2 life is one of the UK's leading retirement lenders. We are a specialist in lifetime mortgages, developing different plans to suit individual circumstances. Your adviser can give you more details about the latest products and offers available from more 2 life which include:

## **High loan to values (LTVs)**

We offer some of the highest loans based on your health and lifestyle. The older you are, the higher the loan available and a few simple medical questions could qualify you for an even higher amount (known as an 'enhanced' lifetime mortgage). We are experts in this field and one of the first lenders in the UK to offer enhanced lifetime mortgages to customers.

## **Competitive interest rates**

For those who are not necessarily looking for the highest possible loan, we have plan options that offer lower levels of interest rates to help reduce the overall cost of your loan.

## **Flexible loan options**

We have plans that offer lump sum loans, cash drawdown facilities and even loans that allow you to pay some or all of the interest payments if you can afford to.

## **Special deals**

We can offer additional deals with some of our plan options such as cashbacks, which give you a tax-free lump sum on completion of the loan.

## Treating customers fairly



We are committed to fair lending which means:

- We offer products with fair, competitive rates and review our plans regularly
- We tell you about the interest added each year and your annual balance

We take a responsible approach to lending. All of our plans are only available through professional intermediaries, to ensure you obtain the right advice before making an application.

# The more 2 life promises



It's natural to feel hesitant about borrowing money against your property. Here are the main concerns voiced by our customers, and how the more 2 life plans address those concerns.

## I don't want to lose my home

With all more 2 life plans, you are guaranteed to have your property until the day you and your spouse die, or go into long-term care, providing you comply with the Terms and Conditions of the lifetime mortgage.

## What if I want to move home?

You are free to move home, and take your plan with you, as long as your new property meets our lending criteria.

## What happens if I die before my spouse or partner dies?

As long as your spouse or partner is a joint name on the lifetime mortgage, they can continue to live in the property until they die or go into long-term care.

## I'm worried I'll end up with nothing to pass on to my loved ones when I die

Ask your adviser about the more 2 life **Guaranteed Inheritance Feature** which can ensure a guaranteed inheritance for your beneficiaries once the house is sold.

## I'm scared of leaving debt to my family

Our lifetime mortgages guarantee that no lifetime mortgage debt will be left following the sale of your property. It is not possible to get into a negative equity situation.

## Peace of mind

more 2 life is regulated by the Financial Conduct Authority (FCA) and is a member of the Equity Release Council.

The Equity Release Council is an organisation dedicated entirely to the protection of equity release plan holders, and the promotion of safe plans. As a member of the council, your plan will come with a number of guarantees including:

- The right to stay in your home for life;
- A no-negative equity guarantee, so you can never owe more than the value of your property;
- The ability to move house and transfer the lifetime mortgage to the new property (provided the new property meets our criteria);

You can find out more about the Equity Release Council by visiting [www.equityreleasecouncil.com](http://www.equityreleasecouncil.com)



# What should I do now and what happens next?

- 1 Consider all your options and discuss your plans with your family
- 2 Seek advice from a qualified adviser
- 3 Apply for your plan with the help of your adviser
- 4 A valuation of your property will then be carried out
- 5 We'll issue an offer to you and, should you accept it, we will begin the legal process with your solicitor
- 6 Once the application process is complete the funds are released to your solicitors
- 7 You're now free to use the money released.

**For more information, please contact your adviser.**

## What should I do if I have a complaint?

If you have a complaint regarding any aspect of our service, please contact the Compliance Officer at more 2 life Limited, Baines House, 4 Midgery Court, Fulwood, Preston, PR2 9ZH. If you subsequently believe that we have not satisfactorily dealt with your complaint, you may be entitled to refer it to the Financial Ombudsman Service at Financial Ombudsman Service, Exchange Tower, London, E14 9SR, telephone number 0300 123 9 123, website address [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). This procedure will not prejudice your right to take legal proceedings. However, please note that there are some instances when the Financial Ombudsman Service cannot consider complaints. A leaflet detailing the full complaints and appeals process is available from more 2 life Limited on request.



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