

# Our Interest Choice lifetime mortgage explained



more2life

LIFETIME MORTGAGES

After all there is more 2 life

# Getting started...

Retirement is a time to make the most out of life after years of climbing the career ladder and raising a family. Now it's time to focus on you, whether it's enjoying dream holidays, spending more time with your loved ones or taking up a new hobby. But in today's financial climate, many retirees are finding it tough to make their income and savings stretch to allow the comfortable retirement they had hoped for. This is where a lifetime mortgage can help.

## What is a lifetime mortgage?

A lifetime mortgage, or equity release as it is otherwise known, allows you to release tax-free money from your house by taking out a loan which is secured against your property. You can either take the money in one lump sum or in stages as and when you need it. The money you release is yours to spend in any way you wish; from treating your family, to repaying loans or carrying out home and garden improvements.

**Make your retirement more comfortable with more 2 life's lifetime mortgages.**

## Who are more 2 life?

more 2 life are a specialist lender. Not only are we experts in equity release, we also work hard to develop plans which suit people's individual circumstances. Our Enhanced plans let you release more by taking into account your health and lifestyle conditions, while our Interest Choice Plan is available for those wanting to make monthly interest payments. Many of our plans are available with a cash facility, unless you release the maximum available. This means you can choose to release more money in the future if you wish. **This brochure explains our Interest Choice Plan in more detail to help you decide if it's the right choice for you.**

Taking out a lifetime mortgage is a big decision. It may affect your entitlement to state benefits and will reduce the value of your estate. It's very important to seek specialist advice from experts who are qualified in releasing equity, which is why more 2 life only take applications from professional advisers.



## A safe choice

You can be sure you're in safe hands with more 2 life. Fully regulated by the Financial Conduct Authority, we are also members of The Equity Release Council which means that your plan will come with guarantees including:

- The right to stay in your home for life
- A no-negative equity guarantee so you know you'll never owe more than your home is worth
- The freedom to move house and transfer the plan to your new property (subject to the new property meeting our criteria).



Think carefully before securing other debts against your home. This is a lifetime mortgage. To understand the features and risks ask for a personalised illustration.

# Interest Choice Plan

The Interest Choice Plan is a lifetime mortgage with added flexibility. Giving you the freedom to release cash to spend in any way you wish, you also make monthly payments to cover some or all of the interest. Choosing to pay some or all of the interest during the lifetime of the plan reduces the amount owed when the property comes to be sold, leaving a greater amount for your loved ones to benefit from compared to a standard lifetime mortgage where interest rolls up.

For added flexibility, you can choose to either release all the money in one lump sum or, after an initial release, in stages as and when you need it (known as a 'drawdown' option). If you choose the drawdown option, interest is only charged once the money is released, but you'll only be able to make interest payments on your initial sum, not subsequent withdrawals.

## How much are the interest payments?

It's up to you – simply select the amount of interest you want to pay each month, starting at a minimum of £25. You can choose to pay up to 100% of the interest. As a responsible lender, more 2 life will work with you to ensure that you select a payment amount that is affordable to you. To assess your affordability we will review current income and expenditure, as well as known future changes for example on retirement. The payment will be collected automatically by Direct Debit so it's completely hassle-free for you.

You continue to make these payments until you choose otherwise. The payments will be fixed at the initial amount selected to pay and therefore can not be increased or decreased. Once you have stopped making interest payments, you cannot restart.

## Who is eligible?

- The minimum age is 60 and the maximum age is 99.
- The minimum loan amount is £10,000. The minimum drawdown amount is £5,000.
- Your property must be worth £70,000 or more and be your main residence.
- With a leasehold the minimum amount of 75 years must be left on the lease on completion of the loan.
- Your property must also meet more 2 life's acceptable property criteria\* and must be located in England or Wales.
- If you have an outstanding mortgage or any secured loans on your property these must be repaid.
- A cash facility option could be available to you if you choose not to release the maximum amount when your plan begins. If applicable you can draw down further funds from your plan six months after your initial lump sum loan.

\* Specified in the Lending Criteria

## “Paying some of the interest meant we could leave more to our children”

Phillip and Lorraine Baines, aged 60 and 65 years old, love their home and don't want to move but their income isn't enough to fund holidays and they also want to modernise their house. They decide that a lifetime mortgage might be the right move for them. Concerned about how the interest could increase the loan over the years, they look into more 2 life's Interest Choice Plan. They decide to release £20,000 as a cash lump sum from their £250,000 house and, based on an interest rate of 6.2%, choose to set their interest payments at £80 a month. They are granted a total cash facility of £40,000 which leaves them with an unused cash facility of £20,000 which they can use to withdraw money from in the future. Lorraine passes away 20 years later, three years after Phillip.

By making monthly interest payments for 20 years, the amount they owe will be £37,852 less than if they had not paid any interest. This means they can leave that bit extra to their two children.

This example is not an actual case and is for illustrative purposes only.



# Frequently asked questions

## Your next step...

### What happens to my payments when one of us dies?

If you are borrowing jointly, when assessing affordability we will assume that you will stop paying interest payments after one of you dies or enters permanent long-term care. At the time, the remaining borrower can choose to continue or stop paying interest payments. If you decide to stop, your lifetime mortgage will convert to a full interest roll-up basis.

### Can I still leave an inheritance to my loved ones?

When your property is sold the loan plus any interest accrued is repaid. Any money left over could be left to your loved ones.

### Can I move house once I've taken out the plan?

The plan is portable, meaning you can move to a new property and take the loan with you, as long as your new property meets our criteria. The tariff of charges explains the fees that apply when you move home. If your new property has a lower value than your existing property, part of your lifetime mortgage may have to be repaid.

### What costs are involved in taking out the Interest Choice Plan?

Your adviser will explain any fees to you before you apply for the plan, and they will be clearly laid out in your personalised illustration. We will also provide you with a tariff of charges which explains the costs.

### What happens if I miss or stop my interest payments?

You can choose to stop making interest payments at any time. If you decide to stop your interest payments, more 2 life will arrange for your loan to convert to a lifetime roll up mortgage. This means that interest will accumulate each month on a compound basis meaning that interest is charged each month on the amount of the loan as well as the interest accrued in the previous month. The more years that pass before the loan is eventually repaid, the bigger the final total interest charge. The total loan plus accrued interest (and any applicable fees and charges) is repaid from the proceeds of the sale of your property when you die or if you decide to move permanently into long-term care.

We will also convert your loan to a lifetime roll up mortgage if you miss four interest payments. These payments do not need to be consecutive. Once converted to a roll-up loan you cannot restart to make monthly interest payments again.

Consider all your options and discuss your plans with your family.

Seek advice from a qualified adviser.

Apply for your plan using the straightforward application form. Your adviser will help you with any questions you may have.

A survey will then be carried out.

We'll issue an offer to you and then begin the legal process with your solicitor.

Your plan completes and the funds are released to your solicitors. You're now free to use the money released to make the most of your retirement.



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

If you have a complaint about any aspect of our service, please contact our compliance officer at: more 2 life, PO Box 1168, Preston PR2 0GB.

more 2 life Limited is authorised and regulated by the Financial Conduct Authority.