

Adviser discussion guide



What is the intention of this document?

This document is intended to be used for guidance only and should not be considered financial advice.

What is a lifetime mortgage?

A lifetime mortgage is a special type of loan for homeowners aged 55 and over that is usually designed to run for the rest of your life, which means that you borrow money that is secured on your home. The amount that you can borrow depends on a number of factors such as your age and the property value. Interest is added throughout the life of the mortgage.

The amount you owe is usually paid back from the proceeds of the sale of your home after your death or after you go into long-term care. If you are borrowing with someone else this would be after the death or entry into permanent long-term care of the last borrower. Any money left over would be paid to your beneficiaries.

Why do I have to get financial advice?

A lifetime mortgage is intended to be a long-term financial decision, and as a result you are required to take out financial advice. This document can prepare you for that conversation, making sure you are informed, confident, and ready to make the decision that is right for you.

A financial adviser will consider your personal circumstances and the different options available to you, one of which may be a lifetime mortgage. If they do recommend that you proceed with a lifetime mortgage, they will apply on your behalf and support you through the process.

Additionally, as a lifetime mortgage is intended to be a long-term financial decision, the Financial Conduct Authority (FCA) says that you must receive financial advice before taking out a lifetime mortgage.

A financial adviser will help you navigate the process. They will present all available options and should explain the details of the lifetime mortgage before recommending the most suitable option for you.

Before you meet with your financial adviser, take a moment to consider your personal circumstances and future plans.

Your time with a financial adviser is a team effort. Expect them to ask probing questions to fully understand your financial situation. Sometimes this may feel invasive but remember, they need to understand your situation fully in order to give you fair independent advice.

Here is what you should be prepared to discuss:

- What do you hope to achieve by obtaining a lifetime mortgage? Reflect on what you aim to achieve, whether it is home improvements, additional income, or other financial needs. You should consider what you will do with the money.
- What is your current household income? Understanding your cash flow is essential for making an informed decision.
- Have you considered alternative methods for accessing finance? Your financial adviser will want to assess whether you have already exhausted other options that may be more suitable to your goals.
- What is your understanding of how to pay back a lifetime mortgage? It is ok to not know the answer to this, your financial adviser will be able to explain it to you.
- Have you discussed applying for a lifetime mortgage with your family? We encourage transparency when making a financial decision like this, especially as it can impact inheritance.

Come prepared to ask questions. Read over the information on our website and make a note of anything you are not sure about or want to talk over.

Other questions you may want to ask

- How will a lifetime mortgage impact my estate after I pass away?
- How does the “No Negative Equity” Guarantee work?
- What are early repayment charges, and when might I have to pay them?
- Who will deal with my mortgage if I move into long-term care?
- What if I want to move house?
- Can my child or grandchild live with me if I have a lifetime mortgage?
- Are there other alternatives that might be suitable for me?

We embrace transparency and encourage you to talk to your family about your plans. Getting them involved means there are no surprises, now or in the future. There's a lot to think about here, so you might like to print out this document and use it to help you in your meeting.

What should I bring with me?

- Proof of identity (passport, driver's license)
- Proof of income (payslips, pension statements)
- Details of your current mortgage and outstanding balance
- Recent bank statements
- Recent investment statements
- Details of any debts and/or outstanding loans