

Portability Fact Sheet



All Lifetime Mortgages that meet the Equity Release Council's requirements, come with a feature that is known as Portability. This feature has been designed by lenders to help clients who would like to release equity now, but also plan on moving home at some point in the future.

Example: Mr & Mrs Gidley's home was worth £150,000 5 years ago, they took out a Lifetime mortgage of 20% (£30,000), they decided they didn't want to pay any of the interest and opted for a "roll up" plan. Their home is now worth £200,000 and the Lifetime mortgage balance is £40,000. As they are both now 5 years older, the maximum borrowing they could arrange with a Lifetime mortgage is 24% of the current property value. They have now decided they would like to move home to be closer to their grandchildren.

Subject to the lenders terms and conditions they have the following options:

- Move to a home of the same value. As they can access 24% of the property value, if they were to move to a property worth £200,000, their maximum Lifetime mortgage balance could be up to £48,000. As their current balance is £40,000, they can "port" their existing plan over to the new property. It may even be possible to make a further withdrawal up to £8,000 to help with the moving costs etc.
- Move to a home of lower value. If they were to move to a property that was lower in value, say £150,000, the Lifetime mortgage couldn't be greater than 24% of the £150,000 value (£36,000). They would need to repay the £4,000 difference between their current £40,000 balance and the maximum £36,000 allowable balance. They would however benefit from the £46,000 left over from the sales proceeds of their current home.

- Move to a home of higher value. If Mr & Mrs Gidley decided to move to a more expensive home valued at £250,000. They may not have to repay any of their lifetime mortgage. If they can have access to 24% of the new property value (£60,000) and their existing balance is currently £40,000 then there would be no need to repay the lender as long as the property met the lenders criteria.

These examples do not take into account moving costs, Stamp Duty Land Tax and legal fees.

With Lifetime mortgages having built in Portability, clients have more flexibility than before and have the peace of mind in knowing that yes, you can move home with equity release.

Tel: 01283 752597 Mobile: 07970687062 Email: hello@equityselect.co.uk Website: equityselect.co.uk

Address: 26 Upton Drive, Stretton, Burton Upon Trent, Staffordshire, DE14 2FB

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