

Lifetime Mortgage

Fact Sheet



This is a mortgage that is secured against your property. Like a traditional mortgage, you still own your home and you are responsible for maintaining and insuring the property. This is the most popular choice of equity release product.

When calculating how much equity you can release the lenders take your age, health and property value into consideration. Each lender is different however as a guide, at age 55 you can typically release around 20% of your properties value. At age 85 you can typically release around 55% of your properties value. Please bear in mind that the amount of equity you can release is based on the youngest applicants age, and both applicants have to be over the age of 55. There is also a minimum property value of £70,000 to qualify.

Advantages

- You retain ownership of your property
- There are various options for paying the interest
- There may be equity left in property once the plan ends

Disadvantages

- The debt may roll up quickly if the interest rate charged is greater than property value growth
- If the interest is not serviced it may erode all of the equity in the property over time

To find out how much you could potentially unlock from your property, have a look on www.equityselect.co.uk and try out the free equity release calculator. This will give you a more accurate figure based on up to date data from all the equity release lenders.

As with a traditional mortgage, interest is charged on the equity released. One of the ways Lifetime mortgages are different to traditional mortgages is the way in which the interest is paid. You can make full or partial repayments each month, or you can opt not to make any monthly repayments; for both partial and no repayments, the loan amount plus

any accrued interest is repaid to the lender when the last applicant passes away or moves into long term care. Usually, this is achieved through the sale of the property. When deciding which type of Lifetime Mortgage would suit your needs best, we need to consider which of the following would you prefer: Would you like a lump sum now to spend on immediate plans? Would you like money set aside for a later date? You may not need this in the future but it is there if need be. This is known as a "Draw down facility" or "Cash Reserve". Would you like the equity released as an income? This option allows you to receive a monthly direct debit into your chosen bank account. You can decide to take the income over 10, 15, 20 or 25 years.

There are other features with Lifetime Mortgages that we also need to take into consideration. Nearly all of these features are new to the equity release market and were all designed to make equity release more flexible than it was in the past. Inheritance Protection Downsizing Protection Lifetime Fixed Rates Portability More information on these features are available in the downloads section on www.equityselect.co.uk

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