

A photograph of two elderly women sitting outdoors in a garden. The woman on the left is seen from the side, wearing a dark blue t-shirt and glasses. The woman on the right is facing her, wearing a light green shirt and glasses, and is laughing heartily while holding a white mug. They are surrounded by green foliage and purple flowers. The background is a clear blue sky.

## All you need to know

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Flexible Lifetime  
Mortgage



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## Introduction

This document is a guide to the Legal & General Flexible Lifetime Mortgage. It will help you to understand what a Flexible Lifetime Mortgage is, the benefits and risks, and what you should consider before making a decision.

It will then take you through the process of applying for a lifetime mortgage with us and what to expect once the lifetime mortgage is in place. If your circumstances change, it includes details of how to apply for more money or make optional repayments. It also outlines what you can expect from us and how to keep in contact.

This document does not provide advice on whether a lifetime mortgage is right for you. This should be discussed with an adviser who is qualified to give advice on lifetime mortgages. Your adviser will take you through the decision making and application process and provide you with a Key Facts Illustration. This will give you personalised information about the Lifetime Mortgage.

After successfully applying for a lifetime mortgage with us you may be provided with an Offer of Loan, Terms and Conditions and Tariff of Charges. These are referred to and should be read with this All You Need to Know document. If you need any further information at any stage, please ask your adviser.

Throughout this guide we'll refer to our Flexible Lifetime Mortgage as a Lifetime Mortgage.

# Section 1

## All about our Lifetime Mortgages

For many people the most significant asset they have is their home and they are relying on their pension as a major source of income in retirement. However, more people are looking at the value that is held in their home as a way to release money to spend now.

Average house prices have more than doubled in the last 20 years\*, which means that you may have significantly more equity (the value of your home less any mortgage you may have) in your home than you had anticipated. In addition, people are living longer and what is available in your pension pot and savings may not meet your expectations and plans for retirement.

You may be hoping to make the most of your retirement years with travel plans, home improvements or lifestyle changes. Or you may simply want to enjoy this time in comfort and without financial worries, for you or your family. A lifetime mortgage from Legal & General could help you achieve this.

**\*Source: Nationwide House Price Index, Q3 2015**



# What is a lifetime mortgage?

**A lifetime mortgage is a way of releasing money from your home without having to move.** It's a loan that's secured against your home to give you a tax-free cash sum or smaller amounts that you can take as and when you need.

With a lifetime mortgage you won't have to make any monthly payments. Instead the interest is added to the amount you owe each month. This means we charge

interest on the loan plus any interest already added. The lifetime mortgage is usually repaid from the sale of your home when you, or the remaining applicant (if the mortgage is in joint names) dies or moves out of your home into long term care. Of course, any money left over would be available to you or your beneficiaries.

## How does a lifetime mortgage compare to a residential mortgage?

### Residential mortgage

**A residential mortgage is a loan, usually used to help you buy your home.**

### Lifetime mortgage

**A lifetime mortgage is also a loan but works differently.**

#### Loan term

The duration of the mortgage is fixed for a set period of time. For example, 25 years. This is known as the mortgage or loan term.

The duration of the mortgage is not fixed. The mortgage lasts until you (or if joint borrowers, both of you) die or move out of your home into long term care.

#### Monthly payments

You make a monthly payment until the end of the mortgage term.

No monthly payments are required.

#### How interest is charged

There are two types of residential mortgage: repayment (capital and interest) and interest only. Interest is charged on the mortgage monthly and the borrower makes monthly payments.

Any unpaid interest is added to the loan monthly. This is sometimes called compound interest or rolled up interest.

#### Affordability

Your income and expenditure is assessed to ensure you can afford the mortgage.

There are no affordability assessments. The amount you can borrow depends on your age, the value and suitability of your home and whether you are applying jointly or as an individual.

#### Interest rates

There are a variety of interest rates you can choose from. The most common are variable or fixed rate.

The interest rate is fixed for the duration of the lifetime mortgage.

# Are you aware of the following features?



You can make partial repayments

With the Optional Partial Repayment feature you can pay part of the mortgage off early with no Early Repayment Charge, subject to our Terms and Conditions.

Making Optional Partial Repayments will reduce the amount of interest that will accumulate over the term of your lifetime mortgage.



You can move home

Your lifetime mortgage can move with you, subject to our Terms and Conditions.

You must discuss moving home with us before committing to a purchase.



You won't pay back more than the sale proceeds

Property values may change, and any fall in value will affect the equity available to you or the beneficiaries of your estate. Our No Negative Equity Guarantee means you or your beneficiaries will never have to pay back more than the amount your property is sold for. This is provided it's sold for the best price reasonably obtainable and you have met the Terms and Conditions of your lifetime mortgage.



You can protect part of the value of your home for inheritance

Inheritance Protection can help you secure a proportion of the net sale proceeds of your home for the beneficiaries of your estate when you die.

If leaving an inheritance is important to you, you could select this option. You'll need to decide on the percentage you would like to protect (the Protected Percentage) when you apply for the lifetime mortgage. Inheritance Protection cannot be added to the lifetime mortgage or the amount increased after completion of your lifetime mortgage.

If you decide to opt for Inheritance Protection the amount you can borrow will reduce proportionately. You should consider discussing the impact of a lifetime mortgage on your inheritance with your family or beneficiaries before making a decision.

## Example



If your property is currently worth £200,000 and you want to protect 30% of the net sale proceeds for the beneficiaries of your estate, then the maximum amount we would lend will be calculated on 70% of the property value – £140,000 instead of £200,000.

Of course, even if you don't select Inheritance Protection, any money left over after repayment of your lifetime mortgage will be paid to you or your estate.

# Is a lifetime mortgage right for you?

These are some of the things you may consider when deciding if a lifetime mortgage is right for you.

You'll need to discuss this with an adviser before making a decision. Your adviser must be authorised by the Financial Conduct Authority and hold a suitable qualification to advise on lifetime mortgages.



- ✓ I am aged 55 or over.
- ✓ I am living in (or buying) my own home with a small or no mortgage.
- ✓ I want to borrow a minimum of £10,000
- ✓ I am living in England, Wales or mainland Scotland.
- ✓ My house is worth a minimum of £100,000 or £150,000 for ex council, ex housing association or ex Ministry of Defence properties.
- ✗ I would like to sell my property and downsize.
- ✗ I have savings or investments that I can consider using instead.
- ✗ I have sufficient long term income, which means that I can afford monthly payments and qualify for a personal loan or a residential mortgage.
- ✗ I can claim benefits that will supplement my income.



# How is the interest calculated on a lifetime mortgage?

Our Lifetime Mortgage has a fixed interest rate for life, which means it will not change for the duration of your loan. Interest is charged on a compounding basis, which means that interest is charged on the loan amount plus any interest already charged.

Interest on our Lifetime Mortgage is calculated daily and added to the amount you owe each month. This means that the amount you owe will quickly increase over time, reducing the equity left in your home, especially if the loan continues for a longer period.

We've included a few examples opposite to show how the amount you owe can increase and how this could affect the equity left in your property.

Your personalised Key Facts Illustration will show a detailed breakdown of the interest charged over time. You should consider discussing this with your family as the lifetime mortgage will affect how much inheritance you leave.

It is important to remember that the amount of interest charged can be reduced by making Optional Partial Repayments on your lifetime mortgage.



# What impact will a lifetime mortgage have on the equity in your home?

When your lifetime mortgage is repaid, the amount of equity available to you or your beneficiaries will depend on several factors including:

- The value of your home and how much it decreases or increases in value over time.
- Whether you have opted for Inheritance Protection.
- The amount you originally borrowed.
- The duration of your lifetime mortgage.
- The fixed interest rate applied to your lifetime mortgage.
- How much interest has been added.
- Whether you make Optional Partial Repayments to reduce the interest charged

## Example



The graphs opposite show how the amount you owe and the remaining equity you hold may change over time. This is based on different changes to the value of your home, or what is often referred to as 'house price inflation'. This example is based on a single borrower and illustrates an example lifetime mortgage that, at its outset, has the following variables.

- ✓ Property value: £250,000
- ✓ No Inheritance Protection
- ✓ Amount borrowed: £50,000
- ✓ Age: 65
- ✓ Male
- ✓ Estimated life expectancy of 19 years
- ✓ Interest rate at 4.81%\*
- ✓ No Optional Partial Repayments
- ✓ Remaining equity: £200,000

\*Average Legal & General Lifetime Mortgage rate as at December 2018

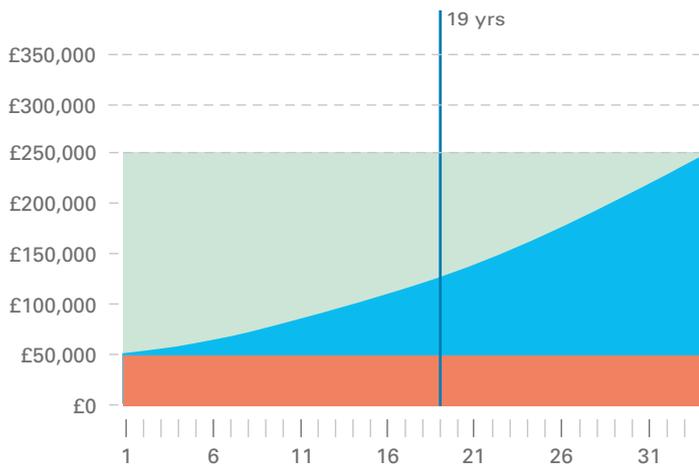
In each of the scenarios, we have not included any Optional Partial Repayment that you may choose to make.

The No Negative Equity Guarantee means that when your home is sold, even if it sells for less than the amount owed, you'll never have to pay back more than the sale amount. This is provided that your home is sold at the best price reasonably obtainable and subject to our Terms and Conditions. It will mean that there is no equity left for your beneficiaries. Taking out Inheritance Protection will ensure that a percentage is protected for your beneficiaries.



What do these graphs show?

● Loan ● Interest ● Equity



### Outcome 1

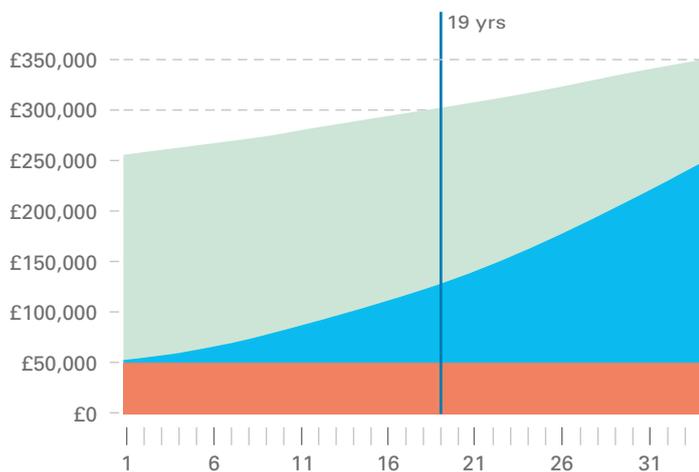
If your property value stays the same

In this example you would not lose all of your equity but it has reduced over the estimated term of 19 years.

You or your beneficiaries could receive approximately **£127,926** from the proceeds of the sale. If you lived for longer than 19 years your equity would continue to decrease.

#### After 19 years:

House Value	£250,000
Amount Owed	£122,074
Equity	£127,926



### Outcome 2

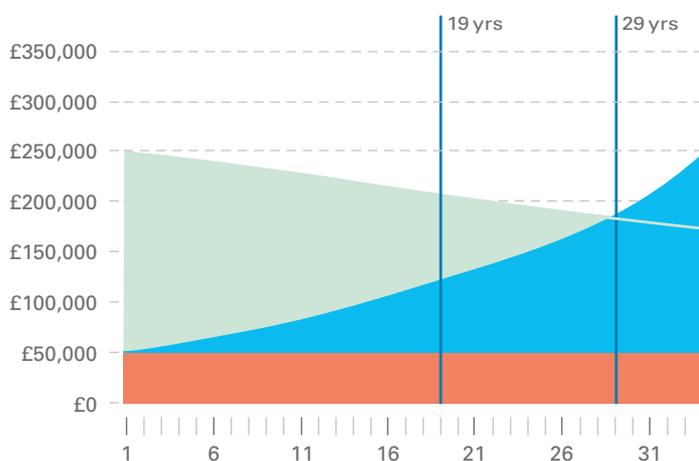
If your property value increased by 1% each year.

In this example you would not lose all of your equity but it has reduced over the estimated term of 19 years.

You or your beneficiaries could receive approximately **£179,954** from the proceeds of the sale. If you lived for longer than 19 years your equity would continue to decrease.

#### After 19 years:

House Value	£302,027
Amount Owed	£122,074
Equity	£179,954



### Outcome 3

If your property value decreased by 1% each year.

In this example you would not lose all of your equity but it has reduced over the estimated term of 19 years.

You or your beneficiaries could receive approximately **£84,469** from the proceeds of the sale. If you lived for longer than 19 years your equity would continue to decrease.

If you lived for 29 years, you would lose all of your equity and the amount owed would continue to increase and exceed the property value.

#### After 19 years:

House Value	£206,542
Amount Owed	£122,074
Equity	£84,469

# What are the benefits and risks of a lifetime mortgage?

Before deciding whether to go ahead, your adviser will talk you through the benefits and risks of a lifetime mortgage as well as the other options available to you.

Below is a list of things you need to think about. This is not a full list of benefits and risks. Your adviser will look at your personal circumstances, advise you on risks affecting you and whether a lifetime mortgage is suitable.

## Benefits

**Cash when you need it** - You could release money from your home tax-free and use it to increase your income in retirement. You can choose to release the full amount at the outset or take a smaller initial amount with the option to release more money at a later date. This is known as the Drawdown Facility.

**You can stay in your home** - You don't need to leave your home and you will still own your property.

**No monthly payments needed** - For the duration of your lifetime mortgage you do not need to make any monthly payments.

**Ability to make Optional Partial Repayments** - You can pay part of your lifetime mortgage off early with no Early Repayment Charge, provided it is within the limits and terms that apply. This will reduce the total amount of interest that will accumulate on your lifetime mortgage.

**No Negative Equity Guarantee** - Means that there is no risk of you or your beneficiaries being left with an outstanding mortgage after your home is sold. This is provided it's sold for the best price reasonably obtainable and you have met the Terms and Conditions of your lifetime mortgage.

**It's possible to still leave an inheritance** - If you take out Inheritance Protection, you can protect a proportion of the value of your home for your beneficiaries.

**It's possible to move home** - You can move home and your lifetime mortgage can move with you, providing your new property is acceptable to us and meets our lending requirements at that time.

## Risks

**How you spend or use the money may affect your taxation and benefits** - Taking a lifetime mortgage could affect your eligibility for state benefits.

**Failure to meet the Terms and Conditions** - For example failing to maintain the property may mean that we have to put it right on your behalf. It could even result in the forced sale of your property and loss of Inheritance Protection if you have taken it.

**The total amount you owe increases over time** - Interest is charged both on the original loan amount and the interest that has already been added. This will reduce the equity left in your home and the value of any inheritance. You should consider if there are cheaper ways for you to borrow money.

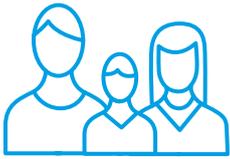
**You may have to pay a charge for early repayment** - If you decide to repay more than you are allowed under Optional Partial Repayments, or decide to repay all of your lifetime mortgage off early, you may have to pay an Early Repayment Charge, which could be substantial.

**You'll need to pay upfront costs when taking out a lifetime mortgage** - Taking into account the upfront costs, if you were to die or move into long term care within a short time period, there may be cheaper ways for you to borrow money.

**There may be no inheritance left for your beneficiaries** - Unless you have taken out Inheritance Protection, but remember this reduces the amount you can borrow.

**You may need to repay part of your lifetime mortgage if you move** - If, for example, your new property is worth less than the original property. If we ask you to repay a part of your lifetime mortgage, the amount that we ask you to repay would not be subject to an Early Repayment Charge.

# What could you do with the money?



## Help your family

Contribute to costs like education or getting onto the housing ladder. The recipient may have to pay Inheritance Tax in the future.



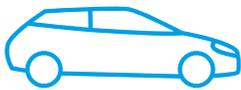
## Home improvements

To enhance your home or carry out adaptations that make it possible for you to stay there for the longer term.



## Holidays and trips

To help you enjoy your retirement and get the most out of it.



## Lifestyle improvements

Like a new car, a hobby or to provide care in the home.



## Provide additional income

To supplement your pension.



## Pay off outstanding debt

To relieve the pressure of monthly outgoings. You should consider if there are cheaper ways to pay off any debts you have.

### Real life example

Robin and Yvonne had lived in their home for 30 years when they chose to take out a lifetime mortgage and release money for the things they wanted in their retirement.

They used the money for a variety of home improvements, including a new kitchen and driveway, as well as a new car. They also have plans for future holidays.

The full story of Robin and Yvonne can be seen on our website at [legalandgeneral.com/lifetime-mortgages](https://www.legalandgeneral.com/lifetime-mortgages).

“ The cash that we’ve got now, instead of thinking about it we can just do it. So let us enjoy ourselves instead of just getting by from day to day. ”



The amount you can borrow with a lifetime mortgage is based on your age, the value of your home and whether you are applying jointly or as an individual. The easy to use calculator on our website [legalandgeneral.com/lifetime-mortgages](https://www.legalandgeneral.com/lifetime-mortgages) will estimate the amount you can expect to release. Your adviser will confirm this in a personalised Key Facts Illustration document.



# How do you decide if a lifetime mortgage is right for you?

A lifetime mortgage is a long term financial commitment and it's important to understand all the benefits and risks.



## Step 1: Check the details

**Alongside your adviser check that you:**

- ➔ Have identified your needs.
- ➔ Know how much you can borrow.
- ➔ Have looked at other options.
- ➔ Are aware of the benefits and risks.
- ➔ Qualify for a lifetime mortgage.
- ➔ Have identified the options, such as Inheritance Protection, that best suit your needs.



## Step 2: Understand the facts

**The information that you discuss with your adviser will be given to you in a personalised Key Facts Illustration document. This will outline the following information:**

- ➔ A description of the lifetime mortgage including the benefits and risks.
- ➔ The amount of money that you could release as cash.
- ➔ The costs and implications of a lifetime mortgage.
- ➔ The details you have given relating to your age, the estimated value of the property and whether you are applying as an individual or in joint names.



## Step 3: Make a decision

**You'll then be in a position to decide if a lifetime mortgage is right for you, and your adviser will help you to apply.**

You must also appoint a solicitor to act on your behalf. Your adviser will be able to help you find a solicitor if you do not already have one.

# Section 2

## Applying for a Lifetime Mortgage

You can progress to the next step and apply for a lifetime mortgage, once you have...

- ✓ Met with your adviser and discussed the risks and benefits as well as your other options.
- ✓ Spoken to your family about your plans, if you choose to.
- ✓ Received your personalised Key Facts Illustration from your adviser.
- ✓ Appointed your independent solicitor and given the solicitor's details to your adviser.

### Your application will follow this process

- 
-  **Step 1: Application**
- If you and your adviser have decided that a lifetime mortgage is right for you, your adviser can start your application.
- You must appoint a solicitor to act on your behalf. Your adviser will be able to help you find a solicitor if you do not already have one.
- 
-  **Step 2: Valuation**
- Once you have applied for a lifetime mortgage, your home will be valued by an independent valuer. They will be in touch shortly after your application to book an appointment at a time suitable for you.
- 
-  **Step 3: Receive your offer**
- When your valuation is complete and the application is approved, we'll send you an Offer of Loan, Tariff of Charges, our Terms and Conditions and a copy of this All You Need To Know document. Your solicitor will also receive copies of relevant documentation.
- 
-  **Step 4: Insure your home**
- If you have not already done so, you must make arrangements to insure your property for at least the amount set out in your Offer of Loan. This should be sufficient to cover the cost of rebuilding the property.
- 
-  **Step 5: Legal advice**
- Before completing the loan you'll need to obtain legal advice from the solicitor you have appointed. Your solicitor is independent and acts solely for you.
- 
-  **Step 6: Enjoy your money**
- When all the necessary paperwork has been received and accepted, we'll be able to release your money to the solicitors. They will repay any existing mortgage or other debt secured on your home, deduct any fees and costs, and pay the remainder to you.
- 
-  **Step 7: Stay in touch**
- Don't forget to let us know if your circumstances change or you require any further information. You'll receive an annual statement and other information from time to time. You can always visit our website at [www.legalandgeneral.com/lifetime-mortgages](http://www.legalandgeneral.com/lifetime-mortgages) or call our Customer Services team on **03330 048444** if you have any questions.

# What costs are involved in setting up a lifetime mortgage?

There are some costs that you'll need to cover when applying for your lifetime mortgage. You should refer to your Key Facts Illustration to see what fees apply to you, but typically these include:

**Arrangement Fee:** this covers our costs for setting up the lifetime mortgage and is payable on completion. If you wish, you can add this fee to your lifetime mortgage, but it will increase the amount you owe and interest will be charged on it.

**Valuation Fee:** this is payable on application and the amount of the fee will depend on the value of your home.

**Telegraphic Transfer Fee:** this is charged to cover our costs in transferring your money to your solicitor on completion.

There are fees that you may pay to others

**Legal Fees:** you'll need to appoint your own solicitor to act on your behalf. You should agree a fee with them and you'll be responsible for paying your solicitor.

**Advice Fee:** you may be required to pay a fee to your adviser for arranging the lifetime mortgage. You should agree a fee with them and you'll be responsible for paying your adviser.

Please refer to our Tariff of Charges for full information on fees and charges. If you haven't seen this document, please ask your adviser for a copy.



## Section 3

# What happens if your circumstances change?

Although a lifetime mortgage is designed to be a lifelong commitment, we understand your circumstances could change and you may need our help in the future. Anything from borrowing more money to moving home, this section helps to explain your options.

## What happens if you need more money?

### Drawdown Facility

Our Lifetime Mortgage offers you a cash sum as the initial loan. If you choose to take less than the maximum amount you're eligible for, you may have the flexibility to borrow more in the future. You may be able to borrow up to the maximum originally agreed. This could be in one cash sum or a number of smaller amounts.

The difference between the initial cash sum you take and the maximum amount you could take is called your Drawdown Facility. If you have a Drawdown Facility available to you, it will be shown in both your personalised Key Facts Illustration and the Offer of Loan.

Please remember, availability of the Drawdown Facility is not guaranteed. When you apply for additional borrowing, if any of the circumstances listed to the right apply, we may withdraw your Drawdown Facility. We will tell you if the Drawdown Facility is withdrawn.



### How to apply for a drawdown:

- 1 Call our Customer Services team on **03330 048444** to request your drawdown.
- 2 Confirm how much you would like to borrow. We'll let you know the current interest rate, the amount available to withdraw and ask you a few questions to help us process your request.
- 3 If we agree to the drawdown, and you would like to proceed, we will send you the relevant documents which will include the interest rate that we will charge and the Early Repayment Charge terms that apply to this drawdown.
- 4 When you receive the documentation it is important you read the information before signing and sending it back to us.
- 5 Once we receive the relevant documentation back and we are satisfied with it, the money is transferred to your bank.

We may withdraw your Drawdown facility if:



- The total amount you have borrowed, including the cash sum, all additional borrowing, drawdowns, plus any charges due to us (but not including the interest due to us) exceeds the amount that we would lend to a new borrower (of equivalent age) in comparable circumstances. A further valuation of the property may be required. We will exclude any Protected Percentage you may have from the valuation of the property.
- An Event of Default has occurred, for example you become bankrupt, as described in section 7 of your personalised Key Facts Illustration and Offer of Loan.
- We no longer offer new lifetime mortgages with drawdown facilities.
- We no longer hold any regulatory authorisation required to provide drawdown facilities.
- You are joint borrowers and own the property as tenants in common and either one of you has died.
- We require you to take further financial and/or independent legal advice before you take the additional borrowing and either this advice has not been received, or you were advised against it.
- Another charge has been registered on the property.
- We have reason to believe the transaction is contrary to a law, regulation or code which applies to us.

## Further advances

If there is no Drawdown Facility available you may apply for a further advance. This is additional borrowing on top of your existing lifetime mortgage. Applications for further advances may be considered 12 months after completion of your lifetime mortgage. Any further borrowing must be on the same basis as your existing lifetime mortgage. The interest rate may be different depending on interest rates available at the time you request a further advance.

## How to apply for a further advance

- 1 Call our dedicated Customer Services team on **03330 048444** to enquire about a further advance. You will be asked for an estimate of your property value and how much additional money you would like to borrow.
- 2 We'll tell you if we think you might qualify for a further advance based on the information you give us.
- 3 You will need to seek advice from a specialist lifetime mortgage adviser, who will provide you with a personalised Key Facts Illustration and help you progress with the application.
- 4 A new property valuation may also be required. When your valuation is complete and the application has been approved we will send you an Offer of Loan.
- 5 When all the necessary paperwork has been received and accepted, we'll be able to release your money.

You will have to pay fees, as you did when you first took out a lifetime mortgage. Our current fees are outlined in the Tariff of Charges. If you haven't got a copy please ask your adviser for one.



# What if you have money available and want to repay part of your lifetime mortgage?

Making repayments will reduce the amount you owe and will reduce the total amount of interest charged over the duration of the lifetime mortgage.

Our Optional Partial Repayment feature allows you to reduce the amount you owe by making partial repayments without paying any Early Repayment Charge.

## How to make an Optional Partial Repayment

- 1 It's very important that you call our Customer Services team on **03330 048444** before making repayments. You'll need to confirm how much you want to repay and the date of the repayment.
- 2 When making a repayment this must be from your personal bank account. If you wish to proceed, we'll tell you how to transfer the repayment.
- 3 Once we receive your repayment we'll credit your account and send you a letter to confirm we have received the repayment and the effect it has on your lifetime mortgage.

Partial repayments in excess of the Optional Partial Repayment limits (as described on the right) can be made 12 months after your lifetime mortgage completes. This will be treated in the same way as an Optional Partial Repayment, however you may have to pay an Early Repayment Charge.

There's no obligation on you to make such repayments, but should you wish to, the following will apply:

- In any 12 month period starting on the completion of your lifetime mortgage and thereafter on each anniversary of the completion, you can repay up to 10% of the total amount(s) you have borrowed, which includes the cash lump sum, plus any additional borrowing you have received, for example a drawdown. We do not include any interest accrued in this calculation.
- You can make up to four Optional Partial Repayments in any 12 month period starting on the completion of your lifetime mortgage and thereafter on each anniversary of the completion, subject to a minimum of £500 each.
- You should contact us before you make any Optional Partial Repayments so that we can confirm the amount you can repay and when. If we receive a repayment without having discussed it with you first, we may have to return this to you.
- When you make an Optional Partial Repayment it will be applied to your lifetime mortgage on the day we received the cleared funds and the amount on which we charge interest will reduce accordingly.
- Where you have received additional borrowing, any Optional Partial Repayment will be allocated between each loan you have borrowed in proportion to the amount owed (including accrued interest). Any partial repayment you make to us will be shown on your annual statement.

# What if you want to fully repay your lifetime mortgage early?

Our Lifetime Mortgage is designed to last for your lifetime and to be repaid when you (or, if borrowing jointly, both of you) die or move out of your home into long term care.

However, we understand your circumstances may change and you may wish to repay your lifetime mortgage early, in which case an Early Repayment Charge may be payable.

## Early Repayment Charges

You should think carefully before you decide to repay any of your lifetime mortgage early, as there could be a substantial Early Repayment Charge to pay. It's important to understand when an Early Repayment Charge may apply and how much it will be.

The Early Repayment Charge is calculated to recover costs that we or our funding providers incur when setting up the lifetime mortgage. The costs include transaction costs incurred in reinvesting the money, or due to changes in long term interest rates.

Early Repayment Charges only apply until the youngest borrower reaches age 88 or their birthday ten years following the date of the Offer of Loan, whichever occurs later.

You'll never have to pay an Early Repayment Charge of more than 25% of each amount we lend to you, plus the amount of the Closing Administration Fee, which is payable whenever the lifetime mortgage is repaid in full. This fee is detailed in the Tariff of Charges.

## An Early Repayment Charge is not payable if any of the following apply:



- If you repay after you (or, if joint borrowers, the youngest of you) reach the age shown in your Offer of Loan.
- If the Index at the time you repay is higher than or equal to the Benchmark Rate shown in your lifetime mortgage Offer of Loan (for further information on the Index see page 19).
- On any Optional Partial Repayments you make within the permitted limits.
- If you move home and transfer your lifetime mortgage to a new property that is acceptable to us, and as a result of which you repay a part of the lifetime mortgage as required by us (for further information on moving home see page 20).
- If you repay after you (or if joint borrowers, the last surviving of you) dies or goes into long term care.
- If joint borrowers and the last surviving of you repays in the first three years after the first of you dies or moves into long term care.

## How do we calculate an Early Repayment Charge?

Our Lifetime Mortgage has a fixed interest rate for the duration of the mortgage, which means the way we calculate the Early Repayment Charge is quite detailed.

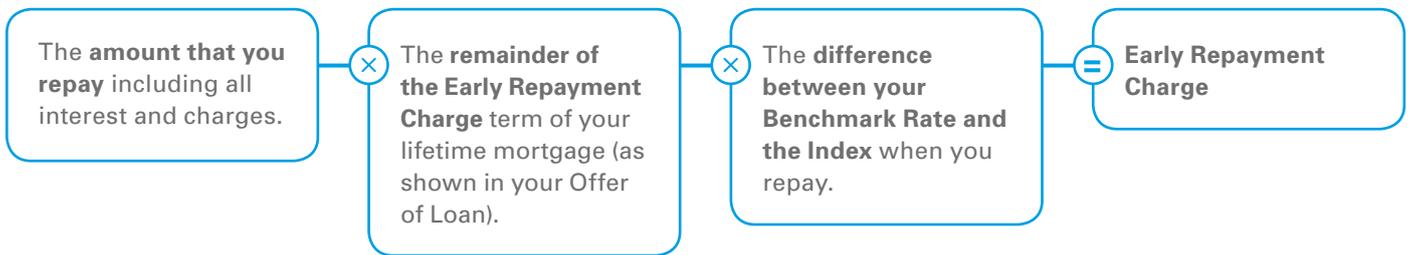
We therefore suggest you speak to your adviser who will be able to tell you more about this. Alternatively, you can give us a call on **03330 048444** and we'll be happy to help.

The Early Repayment Charge calculation is based on the movement in the level of long term interest rates on government borrowing, known as Gilts. We use the UK

FTSE Actuaries Gilts 15 Year Yield Index (called the 'Index') as published daily in the Financial Times.

When we make an offer to lend we set a 'Benchmark Rate' and this will be shown in your Offer of Loan. This will be the Index at the time, plus 0.3% to cover the lifetime mortgage set up and transaction costs incurred in reinvesting the money.

When you make a repayment, if the Index is lower than your Benchmark Rate then an Early Repayment Charge will be payable based upon the calculation below:

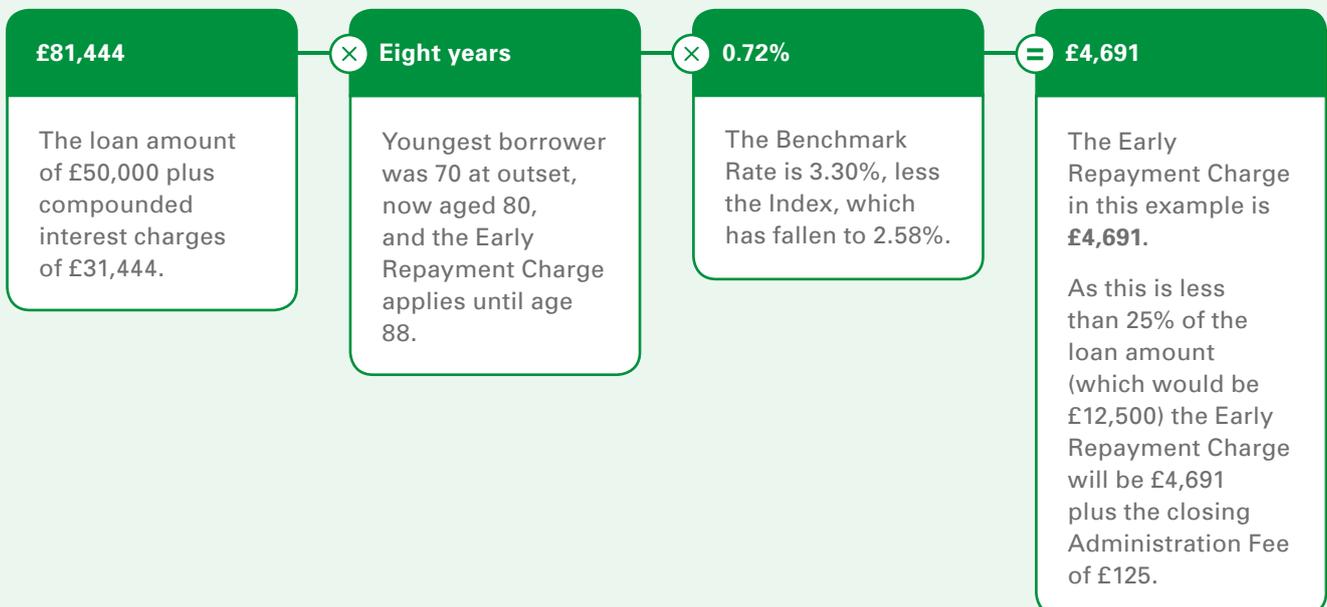


### Example



A couple take out a lifetime mortgage of £50,000 and ten years later want to repay the loan. The youngest borrower at the time the loan started was aged 70 and the Benchmark Rate was 3.30%.

Based on an interest rate of 5%, the Early Repayment Charge will be worked out as follows:



# What if you want to move home?

If you move home you can transfer your lifetime mortgage to a new property, if that property is acceptable to us and meets our lending requirements at the time.

You will need to ensure there is sufficient value left after the sale of your home to purchase your new property. You should include all the costs and taxes payable for the move.

Your new property will need to be valued by an independent valuer who we appoint. You would be required to pay the Valuation Fee, Property Transfer Fee, all legal fees and any moving expenses.

If you are able to move we may also ask you to repay part of your lifetime mortgage, for example if you are moving to a lower value property. The amount we lend you will depend on our lending requirements at the time and be based on the value of your new property. If you have Inheritance Protection and have to repay part of your lifetime mortgage, you may choose to reduce or remove the Protected Percentage instead.

In this case you would not have to pay an Early Repayment Charge on any amounts we require you to repay. As soon as you decide you want to move, please call us on **03330 048444**. We'll explain how it could affect your lifetime mortgage, the steps you need to take and answer any questions you may have.

## Example



A customer decides to move to a property of lower value. This is an example of what they may be required to repay:

<b>Customer age</b>	72
<b>Current property value</b>	£500,000
<b>Current lifetime mortgage balance</b>	£100,000
<b>New property value</b>	£200,000
<b>Maximum loan-to-value</b>	30%
<b>Maximum loan for new property</b>	£60,000

## Repayment calculation

<b>Current lifetime mortgage balance</b>	£100,000
	−
<b>Maximum loan for new property</b>	£60,000
	=
<b>Required repayment</b>	£40,000

# What if you want to add or remove someone from your lifetime mortgage?

## Adding a new borrower

You may be able to add someone to the lifetime mortgage as a joint borrower, for example due to a marriage or registered civil partnership, subject to our lending requirements at the time.

You would need to complete a new application form, giving details of the new borrower and you would both need independent financial and legal advice.

We may require you to repay part of your lifetime mortgage if it exceeds the amount that we would agree to lend to a new borrower (of equivalent age) in comparable circumstances. If you have Inheritance Protection and have to repay part of your lifetime mortgage, you may choose to reduce or remove the Protected Percentage instead.

## Removing a borrower

If you have a joint mortgage and one of you decides to leave the property for any reason, you must tell us as soon as possible. If you wish us to consider removing this person from the lifetime mortgage you would need to confirm that you are both in agreement and have both received independent legal advice.

Alternatively, you may have to repay your lifetime mortgage in full, in which case an Early Repayment Charge may apply.

If you decide that you want to add or remove a borrower from your lifetime mortgage, please call us on **03330 048444**. We'll explain how it could affect your lifetime mortgage, the steps you need to take and answer any questions you may have.

## Section 4

# When do you have to repay your Lifetime Mortgage?

Unlike a residential mortgage, a lifetime mortgage doesn't have a set repayment date and there are no monthly payments to make. The lifetime mortgage is repayable when you (or, if borrowing jointly, both of you) die or move out of your home into long term care.

We realise that this may be a difficult time and for this reason, we allow a 12 month period to enable you or your estate to repay the lifetime mortgage.

The loan is usually repaid through the sale of your home with the proceeds being used to repay your lifetime mortgage. Where Inheritance Protection has been taken out, you or your estate will retain at least the Protected Percentage amount, providing you have adhered to our Terms and Conditions.

Our Terms and Conditions outline the other circumstances when the Lifetime Mortgage has to be repaid in full. Remember, this full amount will include the initial loan amount, all income released, any unpaid costs or charges and the interest added to your lifetime mortgage.

# Section 5

## Other important information

### When will you hear from us?

You'll receive a statement each year to help you keep track of how much you owe. This will show the details of the transactions that have taken place on your lifetime mortgage account during the year and includes an illustration of the total amount to be repaid.

Of course, you don't have to wait until you receive your annual statement before you make enquiries about your lifetime mortgage. For example, on request we'll provide a written statement of how much the Early Repayment Charge would be if you were to repay your lifetime mortgage early.

### How to make a complaint

We hope you'll always be satisfied with the service you receive from us. If this is not the case, we want you to tell us about it so we can work with you to understand what has happened and put it right as quickly as we can.



#### Step 1: Contact us

If you have a complaint about any aspect of our service you can contact our complaints team by:

**Calling us on:** 03330 048444

**Writing to us at:** Legal & General Home Finance, PO Box 17225, Solihull B91 9US

We'll try our very best to resolve your complaint within three working days.



#### Step 2: Acknowledgement

We'll send you a written acknowledgement of your complaint within five working days if we can't resolve your complaint before then. We'll undertake a full investigation of your complaint and let you know the outcome in writing.



#### Step 3: Response

We'll send you a final response within eight weeks which will explain the outcome of your complaint.



#### Step 4: If you're still unhappy

After our investigation, if you're still unhappy with our response, you can refer your complaint to the Financial Ombudsman Service. They provide a free, independent service to help resolve complaints. Their contact details are:

**Address:** The Financial Ombudsman Service, Exchange Tower, London, E14 9SR

**Telephone:** 0800 023 4567 or 0300 123 9123 or when calling from abroad +44 20 7964 0500

**Email:** [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

## About Legal & General

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. As at 30 June 2018, we had over 9.5 million customers in the UK for our life assurance, pensions, investments and general insurance plans.

Legal & General Home Finance Limited is a wholly owned subsidiary of Legal & General Group plc and is registered in England and Wales under company number 04896447.

Registered office: One Coleman Street, London, EC2R 5AA.

Legal & General Home Finance Limited is authorised and regulated by the Financial Conduct Authority. We're entered on the Financial Services Register under number 303418. You can check this at [www.fca.org.uk/firms/systems-reporting/register](http://www.fca.org.uk/firms/systems-reporting/register) or you can call **0800 111 6768**.

We will only accept applications for lifetime mortgages from advisers that are authorised and regulated by the Financial Conduct Authority.

The Money Advice Service provides useful information on lifetime mortgages and other ways of releasing equity from your home. You can get this by calling **0800 138 7777** or through the following website: [www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk)

Legal & General Home Finance Limited is a member of Council of Mortgage Lenders (the CML). We're also a member of the Equity Release Council (formerly SHIP), a professional body dedicated to promoting safe equity release schemes. You can learn more about the Equity Release Council and the high standards of conduct it promotes in the interest of consumer protection at [www.equityreleasecouncil.com](http://www.equityreleasecouncil.com).

All of our Lifetime Mortgages covered in this document comply with the Equity Release Council's Statement of Principles.



## Keeping in touch

We're here to help. If you have a query about your lifetime mortgage, or you'd like to give us some feedback, there are a number of ways you can get in touch.



### Write to us at:

Customer Services, Legal & General Home Finance,  
PO Box 17225, Solihull, B91 9US



### Call our Customer Services team on: **03330 048444**

Lines are open 8.30am to 5.30pm Monday to Friday.  
Call charges will vary. Calls may be monitored and recorded.



### Email us at: **customerservices@landghomefinance.com**

If you're contacting us by email please remember not to send any personal, financial or banking information because email is not a secure method of communication.

## Easier to read information

Please call us on **03330 048444** if you are visually impaired and would like this document in Braille, large print, audio tape or CD.

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For further information visit

[www.legalandgeneral.com/lifetime-mortgages](http://www.legalandgeneral.com/lifetime-mortgages)

