

Your guide to lifetime mortgages

For Co-operative Bank customers with an outstanding mortgage





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Could our Lifetime Mortgages help you?

This guide is for customers of The Co-operative Bank who are hoping to pay off an existing mortgage balance in full, including any early repayment charges that may apply.

A lifetime mortgage is a loan secured against your home. It's a big decision, and there are many factors to consider so it's important you receive the right advice for your circumstances. There may be cheaper ways to borrow money.

About Legal & General

If you already know Legal & General, then we hope you'll know we're a company you can trust and that we're committed to helping you plan and build a secure financial future.

From protecting the things that matter at all stages of your life, to planning how to utilise the assets you've worked so hard to build up, we're helping millions of people to secure their financial future.

That's why Legal & General is a natural choice, particularly if you want to repay your mortgage from The Co-operative Bank with one of our Lifetime Mortgages.

As at May 2018, Legal & General has lent over £2.29bn in lifetime mortgages to thousands of people.

What is a lifetime mortgage?

It's a loan secured against your home that must be used to pay off your existing mortgage balance in full, including any early repayment charges that may apply.

Once you've repaid your existing mortgage balance, you may be able to borrow more for other purposes.

We offer two Lifetime Mortgages:



Flexible Lifetime Mortgage

With our Flexible Lifetime Mortgage, you won't have to make any monthly payments.



Optional Payment Lifetime Mortgage

With our Optional Payment Lifetime Mortgage, you can choose to pay some, or all, of the monthly interest by Direct Debit. If you choose this product, it could help you reduce the overall cost of the loan. You can stop making monthly payments at any time.

With both our Lifetime Mortgages, any unpaid interest is added each month to the amount you owe and will increase quickly over time. Interest is charged on the loan plus any interest already added. A lifetime mortgage will reduce an inheritance and the equity left in your home.

Our Lifetime Mortgages are usually repaid from the sale of your home when the last surviving borrower dies, or moves out of their home and into long-term care. Of course, any money left over would be available to you or your beneficiaries.

It's a big decision, and there are many factors to consider. That's why you can only get a lifetime mortgage through a lifetime mortgage adviser.



Your adviser will help you decide which is the right one for you. A key decision is whether or not you'd like to make monthly payments towards the interest.

How does a lifetime mortgage compare to a residential mortgage?

A residential mortgage is a loan, usually used to help you buy your home. A lifetime mortgage works differently and the table below shows the main differences.

	Lifetime mortgage	Residential mortgage
 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 and into long-term care.	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.
 How interest is charged	Any unpaid interest charged is added to the amount you owe each month. This is sometimes called compound interest or rolled-up interest.	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.
 Monthly payments	If you take out our Flexible Lifetime Mortgage, you won't have to make monthly payments. With our Optional Payment Lifetime Mortgage, you can choose to pay some, or all, of the monthly interest by Direct Debit, but you can also stop making monthly interest payments at any time.	You make monthly payments until the end of the mortgage term.
 Affordability	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.	Your income and expenditure are taken into account to ensure you can afford the mortgage.
 Interest rates	The interest rate is fixed for the duration of the loan.	There are a variety of interest rates you can choose from. The most common are variable or fixed rate .

What are the benefits and risks of a lifetime mortgage?

✔ Benefits

The money you borrow with our Lifetime Mortgages will be used to pay off your existing mortgage balance from The Co-operative Bank in full, including any early repayment charges that may apply.

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

The option to make monthly interest payments – with our Flexible Lifetime Mortgage, you won't have to make any monthly payments.

With our Optional Payment Lifetime Mortgage, you can choose to pay some, or all, of the monthly interest by Direct Debit. If you choose this product, it could help you reduce the overall cost of the loan. You can stop making monthly payments at any time.

Ability to make Optional Partial Repayments – making repayments on your lifetime mortgage will reduce the total amount of interest that accumulates on your lifetime mortgage.

With our Flexible Lifetime Mortgage, you can pay part of your lifetime mortgage off early with no Early Repayment Charge, subject to the Terms and Conditions being met.

With our Optional Payment Lifetime Mortgage, you can make partial repayments with no Early Repayment Charge if you've stopped making monthly interest payments and your lifetime mortgage has converted to full interest roll up, subject to the Terms and Conditions being met.

No Negative Equity Guarantee – the guarantee means that when your property is sold after the last surviving borrower dies, or moves out of their home and into long-term care, you or your beneficiaries will never have to pay back more than the amount your property is sold for, even if your home goes down in value. This is provided it is sold for the best price reasonably obtainable and you have met the Terms and Conditions.

Your adviser will look at your personal circumstances, and advise you on risks affecting you and whether a lifetime mortgage is suitable.

⚠ Risks

A lifetime mortgage secures a loan against your home. It's important to review all of your options, including savings, investments, remortgaging or any other options you may have.

Failure to meet the Terms and Conditions – for example letting out, or 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 quickly over time – with both our Lifetime Mortgages, any unpaid interest is added each month to the amount you owe and will increase quickly over time. Interest is charged on the loan plus any interest already added. A lifetime mortgage will reduce an inheritance and the equity left in your home.

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 will need to pay up-front costs when taking out a lifetime mortgage – taking into account the up-front costs, if you (or if joint borrowers, both of you) were to die, or move out of your home and into long-term care within a short period, there may be cheaper ways for you to borrow money.

Our most frequently asked questions

Can I use a lifetime mortgage to pay off my existing mortgage balance?

Yes, and many of our customers do.

You'll need to ensure that the amount you are eligible to borrow with our Lifetime Mortgages will completely pay off your mortgage balance from The Co-operative Bank, including any early repayment charges that may apply. You may have other savings, investments or sources of income that you could draw upon as full or part payment towards this.

Is a lifetime mortgage right for me?

It's important that you consider using any savings or investments you have before you think about taking out a lifetime mortgage. There may be other options to borrow money, including switching to a different type of mortgage, which may be a more cost-effective way of repaying your existing mortgage balance.

It's an important decision, which is why you can only apply for one through a lifetime mortgage adviser.

Will I still own my home?

Yes. With our Lifetime Mortgages, the property remains in your name and the loan is secured against your home. Unless you choose to repay it early, a lifetime mortgage is usually repaid from the sale of your home when the last surviving borrower dies, or moves out of their home and into long-term care.

Will my State Benefits be affected?

They could be. Everyone's situation is different, which is why we encourage you to look at the alternatives too.

Your adviser can help you understand how any benefits you're receiving may be affected.

Do I need professional advice to take out a lifetime mortgage?

Yes. You can only get a lifetime mortgage through a lifetime mortgage adviser. Your adviser will check that you're eligible, and help you review your options.

You can talk to your own lifetime mortgage adviser or, if you prefer, The Co-operative Bank can put you in touch with The Retirement Lending Advisers (TRLA).

Who are TRLA?

TRLA are lifetime mortgage advisers. They're not part of Legal & General, they're a separate company. You can only get a lifetime mortgage through an adviser.

TRLA can only advise on our Lifetime Mortgage products. They won't charge you an advice fee.

For our customers who were charged an advice fee by an independent financial adviser, the majority paid £1,134 or more. This fee could have been saved if they had used TRLA to advise them on their Legal & General Lifetime Mortgage.

Savings are based on advice fees paid by Legal & General customers in 2017. Independent financial advisers can give advice on all lifetime mortgages available in the market. Advice fees vary and any actual savings will depend on your individual circumstances.

Will I have to make monthly repayments?

If you take out our Flexible Lifetime Mortgage, you won't have to make monthly payments.

With our Optional Payment Lifetime Mortgage, you can choose to pay some, or all, of the monthly interest by Direct Debit, but you can also stop making monthly interest payments at any time.

What fees will I have to pay?

Initial costs vary. For more information, please ask your lifetime mortgage adviser for the latest copy of our Tariff of Charges. In addition, you may have to pay an advice fee. TRLA won't charge you an advice fee.

Will a lifetime mortgage affect any inheritance?

Yes. You can access the equity now to use as you wish, but this means that the value of any inheritance you leave after your death will be lower. Our Lifetime Mortgages offer Inheritance Protection, which can help you secure a percentage of the net sale proceeds of your home for the beneficiaries of your estate when you die. If you take the Inheritance Protection option it will reduce the amount you can borrow. If you require the maximum loan amount to repay your residential mortgage, Inheritance Protection may not be available.

Can I repay my lifetime mortgage early?

You may opt to repay the loan early, over and above our Optional Partial Repayment feature. However, this might result in an Early Repayment Charge, which could be substantial. An Early Repayment Charge will not apply when the loan is repaid after the last borrower reaches age 88, as long as this is ten years or more after the loan was taken out.

Could you make me leave my home in the future?

With our Lifetime Mortgages, you stay in your home until you die, or move out of your home and into long-term care, as long as you meet the Terms and Conditions of your lifetime mortgage. Your adviser will explain these to you. Failure to meet these could result in the forced sale of your property and the loss of your right to Inheritance Protection, if this has been chosen.

How long does it take to get the money?

After you apply, it usually takes around seven weeks, and your adviser will keep you updated.

How is interest calculated?

With both our Lifetime Mortgages, any unpaid interest is added each month to the amount you owe and will increase quickly over time. Interest is charged on the loan plus any interest already added. However there are repayment options, which could help you manage the interest you owe.

Will this lifetime mortgage affect my tax position?

The money you receive is tax-free. Depending on what you do with the money, tax may become payable. Your adviser will help you find out how it may affect your tax position.

What is the No Negative Equity Guarantee?

The guarantee means that when your property is sold after the last surviving borrower dies, or moves out of their home and into long-term care, you or your beneficiaries will never have to pay back more than the amount your property is sold for, even if your home goes down in value. This is provided it is sold for the best price reasonably obtainable and you have met the Terms and Conditions.



For an overview of how a lifetime mortgage works and more about Legal & General, visit legallandgeneral.com/cooperativebank

Repaying an interest-only mortgage with Nigel and Jenny

Staying in the family home

Nigel and Jenny are real-life Legal & General customers, and have lived in their beautiful cottage for nearly 20 years. They had an interest-only mortgage, but as the end of the loan term approached, they still had a substantial amount of the mortgage to repay.

It looked like they would have to sell their family home to repay the outstanding mortgage, which would have meant relocating and downsizing to a smaller home. It was something that caused sleepless nights and worry for them both.

But then they found out about lifetime mortgages. They sought advice from a lifetime mortgage adviser, discussed it with their family and decided that a Legal & General Lifetime Mortgage would provide them with an alternative solution to their problem.

Their Legal & General Lifetime Mortgage has enabled them to repay their outstanding interest-only mortgage completely, and allowed them to continue living in the home and location that they love, surrounded by friends and family.

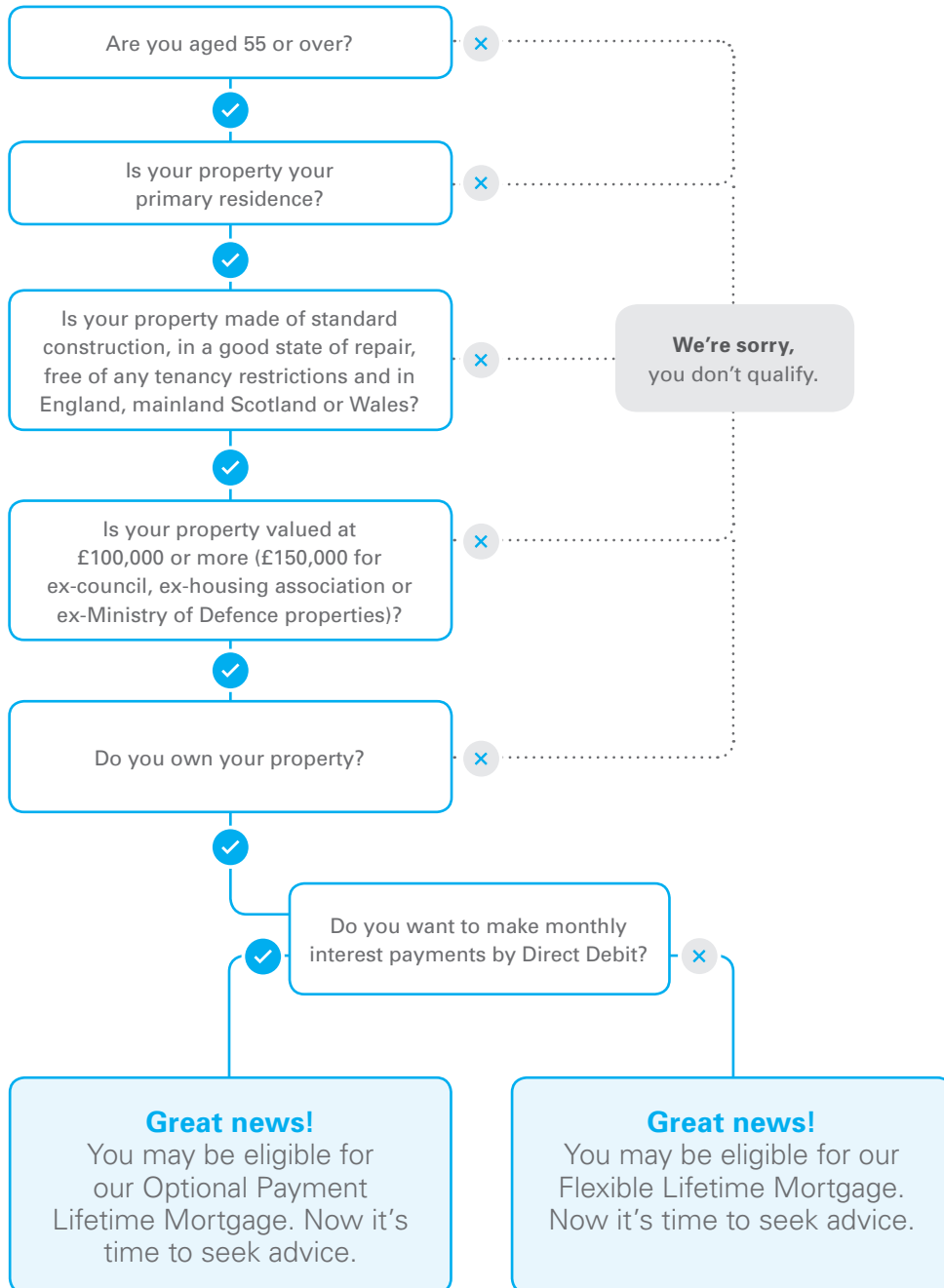
“ Since we have the lifetime mortgage we feel relaxed. We are not worried anymore, we feel safe. ”



Find out more

For more examples of real-life customer stories, please visit legallandgeneral.com/cooperativebank-videos

Do you qualify for our Lifetime Mortgages?



Why is advice so important?

There is a lot to think about when considering a lifetime mortgage.



Expert advice

Lifetime mortgage advisers are experts who have passed detailed, professional exams, meaning they can look at your situation and work out if it's right for you.

They'll also help you compare different options, complete an application, and because you will need independent legal advice, help you find a solicitor too.

Where can you get advice?

[The Retirement Lending Advisers \(TRLA\)](#)

The Co-operative Bank can put you in touch with a separate company who only advise on our Lifetime Mortgages. They won't charge you an advice fee.

[Financial adviser](#)

If you have one already, talk to them and see if they can advise you about lifetime mortgages. A financial adviser may charge you a fee.

[Equity Release Council](#)

Visit equityreleasecouncil.com where you can search for qualified advisers in your area.

Seven steps to our Lifetime Mortgages

1. Use our calculator

It only takes a minute or so to find out how much you could borrow.

Try at legalandgeneral.com/cooperativebank-ltm today. You don't need precise figures. A rough idea will do as long as your home's worth £100,000 or more (£150,000 for ex-council, ex-housing association or ex-Ministry of Defence properties).



2. Talk to your family

It's always your decision, but we encourage you to talk to your family about your plans and explain why you're interested in finding out more about our Lifetime Mortgages. You could even include them in the meeting with your adviser.



3. Talk to The Co-operative Bank

The Co-operative Bank will help you decide if you could be eligible for a lifetime mortgage and transfer you to a lifetime mortgage adviser to make a first appointment. In the meeting, the adviser will help you understand the benefits and risks of a lifetime mortgage.



4. Prepare for your meeting

When you make an appointment with an adviser, you'll need the following information:

- **About you:** the adviser needs to see proof of your age, identity and address.
- **Your income:** make a note of things like your salary, pension, State Benefits, bank and building society accounts, and any investments.
- **Your outgoings:** list all your regular outgoings like bills and food, and less regular expenses like birthdays or trips out.
- **Your property:** have a copy of your title deeds or last mortgage statement. Do some research of properties in your neighbourhood to get an idea of what you think it's worth.



5. Speak to a lifetime mortgage adviser

They can help you understand all the benefits and risks involved.

Take time to look through the personal Key Facts Illustration they give you. Feel free to take notes and ask questions as you go. Then explore all your options in depth and think about the plans you'd like to make for leaving an inheritance. Now's also a good time to consider making a will or a lasting Power of Attorney, if you don't have one already.

If you don't already have an adviser, you could use The Retirement Lending Advisers (TRLA). If a lifetime mortgage isn't right for you, they will let you know.



6. Start your application

Once you're ready, your lifetime mortgage adviser will complete and submit your application for you. You'll need to:

Request a redemption statement or repayment figure from your existing provider, if you're using the money to repay a debt such as a loan or outstanding mortgage.

Confirm if you're eligible for Inheritance Protection. Remember, this reduces the amount you can borrow, so may not be suitable if you need to borrow the maximum amount allowable.

Decide whether or not you would want to make regular monthly interest payments. If you do, you'll need to have your bank details ready so that you can set up a Direct Debit.

Wait for us to arrange for your property to be valued by a specialist surveyor.



7. Pay off your existing mortgage balance

If approved, we'll send you an offer along with a copy for your solicitor.

Your solicitor will go through the legal aspects and as soon as the documents come back to us, we'll release the money. After you apply, it usually takes around seven weeks, and your adviser will keep you updated.

Your solicitor will arrange to pay back the existing mortgage balance directly to your lender. If there is any extra money left, this will be transferred directly to you.



Find out how much you could borrow

with a Legal & General Lifetime Mortgage

Visit legalandgeneral.com/cooperativebank

For more information, including:

- ✓ examples of real life customers,
- ✓ short videos that show what the product is and how it works, and
- ✓ our easy-to-use calculator, to see how much money you could release from your home.

To discuss your existing mortgage and to check whether you might be eligible for one of Legal & General's Lifetime Mortgages, call The Co-operative Bank on:

08000 288 288

Monday to Friday, 8am to 8pm.

Saturday 9am to 1pm.

Calls may be recorded or monitored.

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