



# Cascading wealth with a lifetime mortgage

Keeping wealth in the family

**This is not a consumer advertisement**  
It is intended for professional advisers only.



# Cascading wealth with a lifetime mortgage

## Keeping wealth in the family

### A huge market and booming

Those over 50 hold about three quarters of the nation's housing wealth; this equates to more than £2.8 trillion in equity tied up in homes across the country. It's no surprise that the equity release market is the fastest growing mortgage market in the UK in the last two years, with the number of customers looking for a lifetime mortgage growing by 20% over the last three years.

In the first quarter of 2019 alone, over 55s unlocked £936m worth of housing wealth – up from £870m in the previous year.

### Untapped potential

Often, housing wealth exceeds that of someone's pension. For clients looking to enjoy a little more cash in retirement, equity release offers untapped potential to access the money in their own home. While the need is clearly there – the Financial Conduct Authority (FCA) estimates that only 23% of advisers are even qualified to write equity release. This presents a huge opportunity for advisers to grow their business.

### New to equity release?

Visit our "Getting started" hub for useful guidance on how to start advising on lifetime mortgages; including articles, events and videos.

[legalandgeneral.com/adviser/getting-started](https://www.legalandgeneral.com/adviser/getting-started)



### "You can't take it with you"

Retirees are living longer into their golden years, enjoying longer life expectancies, and inheritance is being received much later in life. Recent figures from the Intergenerational Commission show the average age of inheritance is now 61.

For many people in their 60s, inheritance is a bittersweet supplement to an already financially stable lifestyle – a cash sum that would have been a lot more appreciated a little earlier in life. A lifetime mortgage allows parents to gift a "living inheritance" to their children and grandchildren. This means they can see their loved ones enjoy the benefits of extra cash while they're still living.

Under current HMRC legislation, this form of 'gifting' allows for money to be given to relatives without paying any inheritance tax - providing it is seven years before the giver's death. There could however be changes to tax legislation in the future.

A lifetime mortgage can be used to support family by helping:



With university and school fees



Towards a wedding



Towards a deposit for a first home



Towards a dream family holiday



Divorcing couples splitting assets

## A step up on the property ladder

With house deposits in the UK now averaging in at £33,127, first-time buyers are more dependant than ever on the Bank of Mum and Dad (BoMaD), with more than a third (34%) receiving a gift or loan from parents. In 2019, this average contribution from families and friends has skyrocketed by more than £6,000 to £24,100.

The value of lending from generous parents will add up to around £6.3bn in 2019 – effectively making the BoMaD the 11th largest mortgage lender in the UK. Using a lifetime mortgage, families can release the equity they need to help family members pull together a deposit or secure lower mortgage payments. The money could also help with some of the initial costs – like furnishing their home, solicitor fees and removal costs.

It's not just first time buyers either; a lifetime mortgage could be used to support adult children well into their 30s and 40s to find their dream home. This could be to accommodate a growing family, get some dedicated office space to concentrate on their business, or make summertime memories in a garden of their own.



“The hug I got from my granddaughter was well worth it.”

## A real life story: meet Gill and Jim

Gill and Jim have been married fifty-two years, and have lived in the same neighbourhood in Bristol for as long as they can both remember. They're proud that their families have grown up around them and really value having their nearest and dearest in close proximity.

Their granddaughter was looking for a home close to her relatives, but simply could not afford the cost of a deposit in the South West with the

rest of her family. Gill and Jim used a lifetime mortgage to release equity from their home in order to gift their granddaughter with a deposit.

“We really wanted our granddaughter to have the chance that we had. It's a really, really nice feeling to be able to do something for her. Using the value of your house, to help your family - that's what it's all about.”

GILL

“

We'd rather see her happy now, than have it when we're gone and we can't see it.

”





## Helping clients make the right decision

Lifetime mortgages are a growing market and can benefit clients and their families. Using the equity in their home, people can do more of the things they love, to help the people they love.

Your client should be made aware that if they gift money away, the recipient may have to pay inheritance tax in the future.

It's also important to remember that a lifetime mortgage creates a debt on the home. If your client has more affordable ways of borrowing available, these should be considered first.

### Get in touch

We're committed to helping advisers understand the role that lifetime mortgages can play in helping their clients and families make sound financial decisions so they can enjoy a more colourful retirement. If you'd like to talk to someone, our team of specialists are happy to help you find your way forward.

### Wealth advisers

#### Rob Miles

Head of Wealth Adviser Sales



Call **07979 534637**



Email **rob.miles@landg.com**



Visit **[www.legalandgeneral.com/adviser/LTM](http://www.legalandgeneral.com/adviser/LTM)**

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.

**Legal & General Assurance Society Limited.**

Registered in England and Wales No. 00166055.

Registered office: One Coleman Street, London EC2R 5AA. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Q0059630 11/19 SUB000000195366

