

Income Lifetime Mortgage

What is it?

Our Income Lifetime Mortgage allows your clients to release the money tied up in their property to provide them with a regular monthly income for a fixed income term of 10, 15, 20 or 25 years.

The interest rate will be fixed and agreed at the outset for the life of the mortgage. This means it won't change if rates go up or down during that period.

If your clients' circumstances change, they can choose to stop taking the income at any time, but once stopped, the regular monthly income cannot be restarted. Once the fixed income term comes to an end the monthly income will stop and interest will continue to roll up until the lifetime mortgage is repaid.

The Lifetime Mortgage is usually repaid from the sale of the property when your client's die or move into long term care.

Who is it for?

Our Income Lifetime Mortgage is designed for clients who:

- Are over the age of 55 and are living in England, Wales or mainland Scotland.
- Need to borrow a minimum of £2,500 up front and receive a regular monthly income of at least £200.
- Require the discipline of a regular income paid to them automatically each month.
- Living in their own home with a small or no mortgage.

It is not suitable for clients who:

- Have savings or investments that they can consider using instead.
- Require a guaranteed income for life.
- Require a lump sum greater than 10% of the total facility available to them.
- Have sufficient long-term income which would mean that they may qualify for a personal loan or residential mortgage.
- Claim benefits that supplement their income and may be affected by taking a Lifetime Mortgage

Income Criteria

Amount available	Actual loan amount determined by your clients' age and property value; 95% of the property value will be used for a desktop valuation and 100% for a physical valuation.
Income amount	£200 minimum monthly income.
Income term	Fixed for 10, 15, 20 or 25 years. Can be stopped at any time with no fee. Once stopped, income cannot be restarted.
Minimum initial loan amount	£2,500. Must be taken at outset, remainder will be available as monthly income.
Maximum initial loan amount	10% of the total amount available. Must be taken at outset, remainder will be available as monthly income.
Changes to monthly income and the fixed income term	Your clients cannot change their monthly income amount or the fixed income term once the lifetime mortgage has completed. They can stop receiving the monthly income at any time, but once stopped it cannot be restarted.

Criteria

Minimum applicant age	55 years.
Maximum applicant age	90 years at time of application and complete within 6 months of turning 91. 85 years at time of application and complete within 6 months of turning 86. 80 years at time of application and complete within 6 months of turning 81.
Minimum property value	£100,000 For flats or maisonettes, 85% of the property value will be used.
Maximum property value	£2,000,000 (refer cases over this for physical valuation). For flats or maisonettes, 85% of the property will be used.
Property location	England, Wales or Mainland Scotland.
Tenure	Freehold. Leasehold (remaining term plus the age of the youngest borrower at completion must be at least 185 years; 180 - 185 will be considered).

Product features

No Negative Equity Guarantee	Your clients, or their beneficiaries, will never have to pay back more than the amount their property is sold for, provided it's sold for the best price reasonably obtainable, and they've met the terms and conditions of the loan.
Inheritance Protection at no extra cost	Your clients can protect a percentage of their property value at the outset.
Optional Partial Repayments	Your clients can only make Optional Partial Repayments after they have stopped receiving the monthly income. In any 12-month period, starting on completion and thereafter on each anniversary of completion, your clients can repay up to 10% of the amount(s) drawn with no Early Repayment Charges (ERC). They can make up to four repayments a year at a minimum of £500 each.
Portability	Your clients can move to another property, subject to your clients and the property meeting our criteria at the time. Partial repayment may be required if they are moving to a lower value property. No ERC will be payable on such partial repayments.
Interest rate	Fixed for life of loan.
Commission rebate	Commission is capped at £10,000 based on the initial loan amount and monthly income. Once £10,000 is reached commission will be stopped and not rebated to your clients.

Borrower costs and fees

Arrangement fee	£599 on selected products. This fee can be added to the loan in excess of maximum LTVs. No fee on all other products.
Valuation fee	Currently free.
Legal fees	Your clients will pay their own solicitor's costs and all disbursements.
Early Repayment Charges	ERCs are capped at 25% of the amount(s) drawn and linked to movement in UK FTSE Actuaries 15 Year Yield (the Index). An Early Repayment Charge is not payable if the loan is repaid: <ul style="list-style-type: none"> • After the borrower (or if joint borrowers, the last surviving borrower) dies or goes into long term care; or • After the borrower (or if joint borrowers, the youngest borrower) reaches the age shown in section 13 of the KFI or Offer of Loan; or • If the Index at the time is higher than or equal to the Benchmark Rate shown in the Offer of Loan; or • On any Optional Partial Repayments which are made within the permitted limits; or • If your clients move home and transfer their lifetime mortgage to a new property that is acceptable to us and, as a result of which, need to repay part of the lifetime mortgage as required by us; or • For joint borrowers, in the first three years after the first borrower dies or moves into long term care.

Loan to value - 10 year term				
Age	Income Pink	Income Yellow	Income Blue	Income Indigo
55	12.4%	17.3%	22.9%	25.9%
56	13.5%	18.4%	24.2%	27.0%
57	14.6%	19.4%	25.5%	28.1%
58	15.7%	20.5%	26.8%	29.2%
59	16.7%	21.6%	28.1%	30.2%
60	18.4%	22.7%	29.7%	31.9%
61	19.4%	23.8%	30.8%	33.5%
62	20.5%	24.8%	31.9%	34.6%
63	21.6%	25.9%	32.9%	35.6%
64	22.7%	27.0%	33.9%	36.7%
65	24.3%	28.6%	34.8%	37.9%
66	25.9%	30.2%	35.1%	39.1%
67	26.8%	31.3%	36.2%	40.3%
68	27.6%	32.4%	37.3%	41.5%
69	29.2%	34.0%	38.2%	42.7%
70	30.5%	35.0%	38.8%	44.0%
71	31.8%	36.0%	40.0%	45.2%
72	32.6%	37.1%	41.1%	46.2%
73	33.2%	37.6%	42.0%	47.3%
74	33.8%	38.0%	42.8%	48.1%
75	33.9%	38.1%	43.3%	48.9%
76	34.5%	39.1%	44.3%	49.4%
77	35.0%	40.2%	45.3%	50.5%
78	36.1%	41.2%	46.9%	51.5%
79	36.6%	42.2%	47.9%	52.0%
80	37.6%	43.3%	49.4%	53.0%
81	38.6%	44.3%	50.5%	54.1%
82	39.7%	45.3%	50.9%	54.6%
83	40.7%	46.4%	51.3%	54.6%
84	41.7%	47.4%	51.7%	54.6%
85 and over	42.7%	48.4%	52.0%	54.6%

Loan to value - 15 year term				
Age	Income Pink	Income Yellow	Income Blue	Income Indigo
55	13.2%	18.2%	24.4%	27.6%
56	14.4%	19.4%	25.8%	28.8%
57	15.5%	20.5%	27.1%	29.9%
58	16.7%	21.7%	28.5%	31.1%
59	17.8%	22.8%	29.9%	32.2%
60	19.6%	23.9%	31.6%	33.9%
61	20.7%	25.1%	32.8%	35.7%
62	21.9%	26.2%	33.9%	36.8%
63	23.0%	27.4%	35.1%	38.0%
64	24.2%	28.5%	36.1%	39.1%
65	25.7%	30.2%	37.0%	40.0%
66	27.4%	31.9%	37.4%	41.3%
67	28.3%	33.1%	38.5%	42.5%
68	29.2%	34.2%	39.5%	43.8%
69	30.6%	35.8%	40.5%	45.0%
70	31.9%	37.0%	41.5%	46.4%
71	33.0%	37.7%	42.7%	47.7%
72	33.9%	38.9%	44.0%	49.0%
73	34.5%	39.2%	44.6%	50.4%
74	34.9%	39.6%	45.3%	51.5%
75	35.2%	40.1%	45.8%	51.7%
76	35.9%	41.0%	46.9%	52.3%
77	36.7%	42.1%	48.0%	52.9%
78	37.8%	43.2%	49.4%	54.0%
79	38.3%	44.3%	50.3%	54.5%
80	39.4%	45.4%	51.8%	55.6%
81	40.5%	46.4%	52.9%	56.7%
82	41.6%	47.5%	53.4%	57.2%
83	42.7%	48.6%	53.8%	57.2%
84	43.7%	49.7%	54.2%	57.2%
85 and over	44.8%	50.8%	54.5%	57.2%

Loan to value - 20 year term				
Age	Income Pink	Income Yellow	Income Blue	Income Indigo
55	14.0%	19.5%	25.7%	29.5%
56	15.3%	20.7%	27.1%	30.8%
57	16.5%	22.0%	28.6%	32.0%
58	17.7%	23.2%	30.0%	33.2%
59	18.9%	24.4%	31.5%	34.4%
60	20.7%	25.6%	33.3%	36.3%
61	22.0%	26.8%	34.5%	38.1%
62	23.2%	28.1%	35.7%	39.4%
63	24.4%	29.2%	36.9%	40.6%
64	25.6%	30.3%	38.0%	41.8%
65	27.5%	31.8%	39.0%	43.2%
66	29.3%	33.6%	39.3%	44.5%
67	30.3%	34.8%	40.5%	45.9%
68	31.0%	35.9%	41.6%	47.2%
69	32.4%	37.5%	42.4%	48.6%
70	33.5%	39.1%	43.2%	49.7%
71	34.7%	40.1%	44.5%	51.1%
72	35.5%	41.3%	45.8%	52.5%
73	36.2%	41.7%	46.8%	53.5%
74	36.8%	42.1%	47.6%	54.2%
75	37.6%	42.9%	48.3%	54.8%
76	38.3%	43.7%	49.2%	55.8%
77	39.1%	44.5%	50.4%	56.8%
78	40.3%	45.6%	52.1%	58.0%
79	40.8%	46.7%	53.2%	58.6%
80	42.0%	47.9%	55.0%	59.7%
81	43.1%	49.0%	56.1%	60.9%
82	44.3%	50.2%	56.6%	61.5%
83	45.4%	51.3%	57.0%	61.5%
84	46.6%	52.4%	57.5%	61.5%
85 and over	47.7%	53.6%	57.8%	61.5%

Loan to value - 25 year term				
Age	Income Pink	Income Yellow	Income Blue	Income Indigo
55	14.7%	20.8%	27.1%	31.0%
56	16.0%	22.1%	28.7%	32.3%
57	17.3%	23.4%	30.2%	33.5%
58	18.6%	24.7%	31.7%	34.8%
59	19.8%	26.0%	33.3%	36.1%
60	21.6%	26.9%	35.2%	38.1%
61	22.9%	28.2%	36.5%	40.0%
62	24.1%	29.4%	37.8%	41.3%
63	25.4%	30.7%	38.9%	42.6%
64	26.7%	32.0%	39.9%	43.9%
65	28.4%	33.4%	40.7%	45.3%
66	30.2%	35.3%	41.1%	46.7%
67	31.2%	36.5%	42.2%	48.1%
68	32.0%	37.8%	43.5%	49.5%
69	33.6%	39.2%	44.7%	51.0%
70	35.3%	40.9%	45.9%	52.6%
71	36.8%	42.0%	47.3%	54.0%
72	37.7%	43.1%	48.9%	55.6%
73	38.4%	43.7%	50.0%	56.6%
74	38.7%	43.9%	51.0%	57.7%
75	39.5%	45.1%	52.1%	58.8%
76	40.5%	46.4%	53.3%	59.5%
77	41.5%	47.6%	54.6%	60.8%
78	42.7%	48.8%	56.4%	62.0%
79	43.3%	50.0%	57.7%	62.6%
80	44.5%	51.2%	59.5%	63.9%

Interest rates (All Terms)

Product variant	Income Pink	Income Yellow	Income Blue	Income Indigo
Standard	3.04% MER	3.31% MER	3.89% MER	4.63% MER
	3.08% AER	3.36% AER	3.96% AER	4.73% AER

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

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Q0057937 01/21