

Lifetime Mortgages

Case study – Using a lifetime mortgage to support a later life divorce



Barry, 65, and Julia, 63 are both retired, but have decided to go their separate ways

They would like:

- for Julia to stay in the family home so their grandchildren can continue to stay over
- more money to help them pay for the immediate costs of a divorce
- to find enough money for Barry to move out and afford his own place

After 40 years of marriage Barry and Julia have mutually decided to divorce, and are looking for the best way to move forward. They have two grandchildren, which Julia looks after regularly so her daughter can work and save on childcare.

Barry has agreed that Julia can remain in the family home. His pension is enough for him to live a comfortable day-to-day life, but he needs some additional money to cover the immediate costs of the divorce and move out.

Julia receives a moderate pension, but has no savings or investments. She's worried she won't have enough income until she gets her share of the divorce settlement. Their home in Cheltenham, which they own outright, is worth £365,000. They have both considered downsizing, but want to avoid doubling their moving costs and causing any emotional stress by selling the family home.

Suggested action



Barry and Julia can release a lump sum of money to **cover the divorce costs using a Flexible Lifetime Mortgage**. This would allow Julia to stay in **the family home** and for them to cover the cost of Barry moving into his new property.

Please note this example is not real, it is for illustration purposes only.

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Based on their circumstances, Barry and Julia's adviser (ABC Financial) suggests they release the maximum loan available as an initial advance.

Overall, based on Barry and Julia's ages and property value, they can:



Benefits



- The Flexible Lifetime Mortgage allows Barry and Julia to unlock some of the equity from their home without having to sell the property. This avoids paying additional moving costs and the emotional upheaval of losing the family home.
- Barry and Julia can release a lump sum from their home to pay the upfront divorce costs such as legal fees. A lifetime mortgage on average takes 6-8 weeks to complete, whereas selling their home could take months.
- The Flexible Lifetime Mortgage can help relieve the financial stress at an expensive and emotionally difficult time for both parties.
- Julia can continue to care for her grandchildren and remain in the family home. Should she wish to move and downsize once the grandchildren have grown up, Julia can take the Flexible Lifetime Mortgage with her – subject to our terms and conditions.
- Barry could use some of the money to pay a substantial deposit on a new home, or if he prefers, use it as additional income to pay rent on a property.

Risks



ABC Financial also tells Barry and Julia about the risks involved with the product:

- A lifetime mortgage is a loan secured against their home.
- Interest is charged on a compounding basis, which means interest is charged on the loan plus any interest already added.
- A lifetime mortgage will reduce any inheritance.
- There may be cheaper ways Barry and Julia can borrow money.

To find out more or speak to your dedicated account manager



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