

The **co-operative** bank



Live life your way

Your guide to later
life mortgages


Legal &
General

Could a Legal & General later life mortgage help you?

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

A later life 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.

Why The Co-operative Bank choose to partner with 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 secure their financial future. That's why Legal & General is a natural choice, particularly if you want to repay your The Co-operative Bank mortgage with one of our later life mortgages.

Multi-award-winning products you can trust

One in five lifetime mortgage customers chooses Legal & General.

In 2019 & 2020, we were awarded five stars by Moneyfacts for our Lifetime Mortgages.

What are later life mortgages?

Later life mortgages are designed to last a lifetime, exclusively for customers aged 55 or over, who own their own home. The mortgage is a loan secured against your existing property, and is usually repaid when the last remaining borrower dies or moves out of the home and into long-term care. We offer a range of later life mortgages at Legal & General, that include lifetime mortgages and a Retirement Interest Only mortgage.

The money you receive will allow you to pay off your existing mortgage.

The interest rate is fixed for the duration of the later life mortgage and depending on which product you take out, you can choose to pay none, some or all of the interest. On a Lifetime Mortgage, any unpaid interest is added to the amount you owe, which means the amount you owe will increase quickly over time.

Our later life mortgages are usually repaid from the sale of your home after the last borrower dies, or moves out of your home and into long-term care.



About our Lifetime Mortgage products:

We offer two lifetime mortgages, the Flexible Lifetime Mortgage and the Optional Payment Lifetime Mortgage, which share similar features:



Tax-free cash

Since the money you release, with a later life mortgage is borrowed from your equity, it remains tax-free.



Release equity when you need it

Once you have paid off your existing mortgage in full and any early repayment charges, there's flexibility to borrow more in the future, if you choose not to take the full amount available upfront. If you take further amounts later, a different interest rate may apply to each amount you take, depending on interest rates available at the time.



Guaranteed no negative equity

We guarantee that your beneficiaries will never have to pay more than the sale value of your home. This is as long as the property is sold for the best price reasonably obtainable and you've met the product Terms and Conditions.



About our Retirement Interest Only Mortgage

Only Mortgage

Our Retirement Interest Only Mortgage, (RIO) is a type of residential mortgage specifically designed for those over 55. It is very similar to a traditional interest-only mortgage, where you must pay the interest off monthly. However, with this mortgage, the full loan amount is paid from the sale of your home and doesn't need to be repaid until you or the last remaining borrower dies or moves out of your home into long-term care.

Just like our Lifetime Mortgages, it means you can stay in the home you love without having to move or downsize. It may affect any means-tested benefits and your tax position.

As a last resort, your home may be repossessed if you don't keep up with your payments.



Getting advice

Taking out a mortgage is a big decision, and there are many factors to consider. That's why we require all our customers receive financial advice, to ensure that you make a fully informed decision, and only take out a product that's right for you. At Legal & General we have a specialist team of advisers and Customer Service Agents who will guide you every step of the way.

We only offer our own later life mortgages, as it's important to us that we only recommend products we know and are accountable for. If we don't have the right product for you, we will refer you to another advice firm, that has access to the whole later life mortgage market.

At Legal & General we don't charge an advice fee and we make sure you understand every single cost involved with taking out a later life mortgage. Additionally, if a Lifetime Mortgage is right for you, you will receive 0.3% cashback upon final completion on the amount you release. The cashback is only available on our Lifetime Mortgage products.

Lifetime Mortgage cashback example:

Release	Cashback	Total
£100,000	£300	£100,300



What is the difference between a normal residential mortgage, our later life mortgages and our Retirement Interest Only Mortgage?

	Residential mortgage	Retirement Interest Only Mortgage	Lifetime mortgage
Loan type	A loan secured against your home. May be either repayment (capital and interest) or interest only.	A loan secured against your home throughout your lifetime. RIO is a type of interest-only residential mortgage.	A loan secured against your home throughout your lifetime.
Interest	Interest is charged on the mortgage monthly and you make monthly payments.	Interest is charged on the mortgage monthly and you make monthly payments.	Interest is charged monthly on a compound basis, which means it's charged on the loan amount plus any interest that's already been charged.
Interest rates	There are a variety of interest rates you can choose from. The most common are variable or fixed rates.	The interest rate is fixed for the duration of the mortgage.	The interest rate is fixed for the duration of the mortgage.
Monthly payments	You are required to make a monthly payment.	You are required to make a monthly payment.	No monthly payments are required during the lifetime of the mortgage. It is possible with some products to pay the interest in part or whole.
Loan term	The term is fixed for a set period. For example, 25 years.	There is no fixed term. The mortgage lasts until the last remaining borrower dies or moves out of their home into long-term care.	There is no fixed term. The mortgage lasts until the last remaining borrower dies or moves out of their home into long-term care.
Affordability	Your income and expenditure are assessed to ensure you can afford the mortgage.	Your income and expenditure are assessed to ensure you can afford the mortgage.	There are no affordability assessments.
Repayment	Repaid through the monthly payments over the term. With an interest-only mortgage you only make monthly interest payments, so you will need to make a lump sum payment at the end of the mortgage.	Repaid from the sale of your home when the last remaining borrower dies or moves out of their home into long-term care.	The loan and interest are repaid from the sale of your home when the last remaining borrower dies or moves out of their home into long-term care.

Sue's problem solved

Sue bought her Brighton home 42 years ago with her late husband Pat, when their daughter was just one year old.

Sue's interest-only mortgage needed repaying, and she'd thought her only option was to sell her family home and downsize.

Instead, her family suggested she apply for a Legal & General Lifetime Mortgage – and were even involved in the calls and visits that Sue attended with the adviser, so that they could ask questions too.

With the equity Sue released from her home, she was able to pay off her outstanding mortgage, and even had enough cash left over to buy a brand-new kitchen and redecorate the rest of her home.

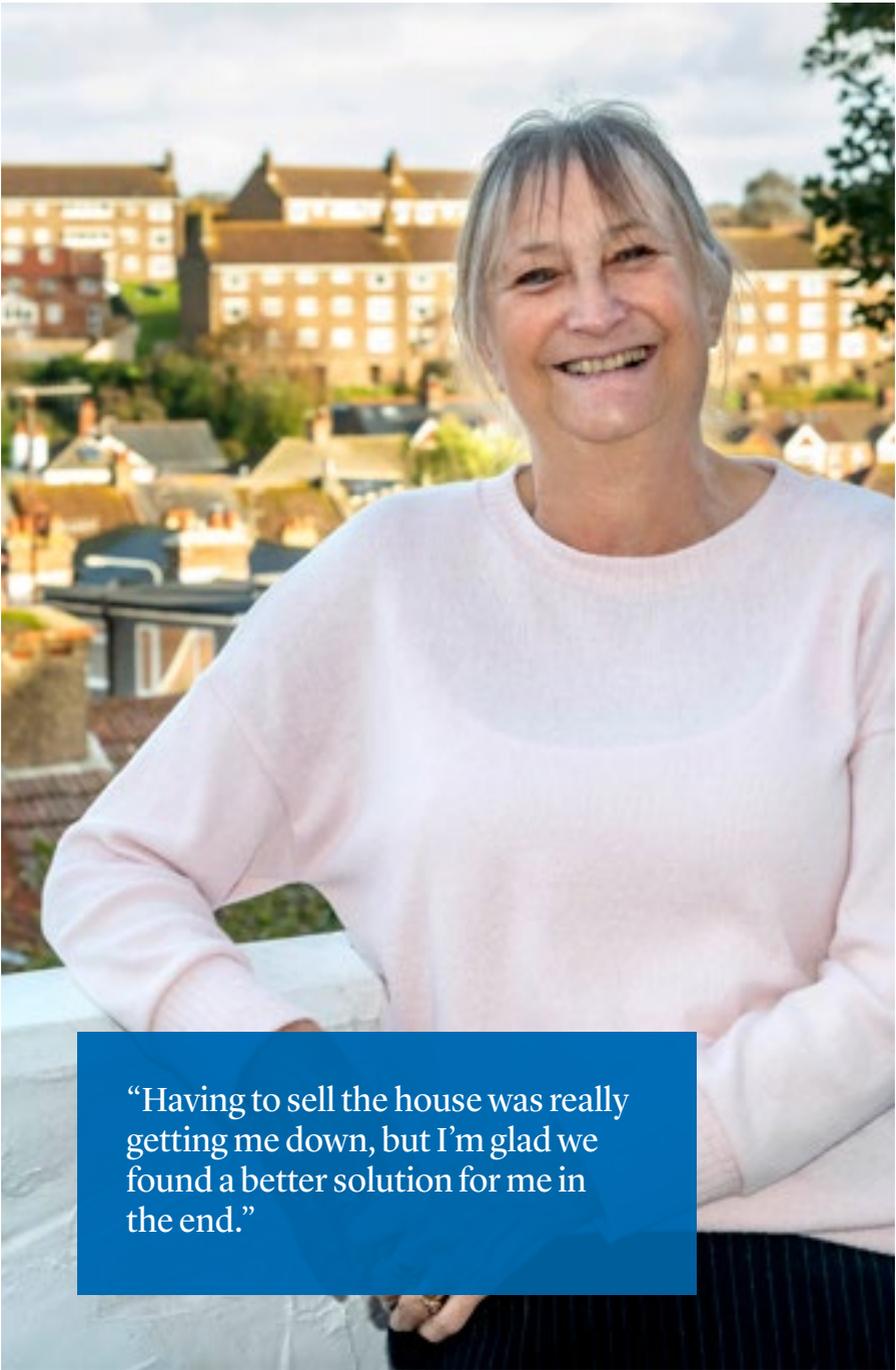
Sue and her family were so delighted with the support she'd been given throughout the process, and even more so that she's able to stay in her home, close to her friends and family.



I have such lovely memories here. They say memories will always be in your mind, and your home is just bricks and mortar, but, for me, it's more than that. I love being here and it's so lovely I can stay."

– Sue, Brighton

With the help of her adviser, Sue chose the product that was right for her. Your situation may be different and your adviser will be able to tell you whether our Retirement Interest Only Mortgage or one of our Lifetime Mortgages is right for you.



“Having to sell the house was really getting me down, but I’m glad we found a better solution for me in the end.”

How could a later life mortgage help me?

- The money you borrow with a later life mortgage will be used to pay off your existing The Co-operative Bank mortgage balance in full, including any early repayment charges that may apply.
- You can stay in your own home – you don't need to leave your home and you will still own your property.

What you need to consider

Impact on inheritance

A later life mortgage will reduce any inheritance. On our Lifetime Mortgages, there is an option to take Inheritance Protection, to secure a proportion of the net sale proceeds of your home.

Early repayment charges

A later life mortgage is designed to last a lifetime. If you decide to repay your later life mortgage in full, you may have to pay an early repayment charge, which could be substantial, so think carefully before you decide.

Means-tested benefits

Taking out a later life mortgage may affect your entitlement to means-tested benefits or pension credit.

Interest

With Lifetime Mortgages, interest is charged on the loan, plus any interest already added. So, if you don't pay some or all of the monthly interest, the amount you owe will increase quickly over time. There may be cheaper ways to borrow money.

Interest on RIO Mortgages must be paid in full each month.



I'm not sure if lifetime is right for me, as I plan to move and downsize in 7 year's time so won't stay here forever.

Interest-only mortgage customer

Thinking about downsizing?

If you're considering downsizing to pay off your existing interest-only mortgage, a later life mortgage could be an alternative worth thinking about, because it allows you to release money from your home, while you continue to enjoy the home you know and love.

However, if you are considering downsizing or moving home in the future for any other reason, your later life mortgage can move with you, but the property must meet our lending requirements at the time. If it doesn't, as long as you have had your later life mortgage for five years, there will be no early repayment charges.

If you are considering downsizing or moving home, you can discuss this with your later life mortgage adviser, who will explain how it may affect your later life mortgage, the steps you need to take, and answer any questions you may have.

Some frequently asked questions

Can I use a later life mortgage to pay off an existing mortgage balance?

Yes, and many of our customers do. You will need to ensure that the amount you are eligible to borrow will completely pay off your current The Co-operative Bank mortgage balance, 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 later life mortgage right for me?

It's important that you consider using any savings or investments you have before you think about taking out a later life 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 later life mortgage adviser.

Will I still own my home?

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

As a last resort, your home may be repossessed if you don't keep up with your payments on a Retirement Interest Only Mortgage.

Will a later life mortgage affect any inheritance?

Yes. With a Lifetime Mortgage, if you choose to not pay the interest on the later life mortgage, the interest is added to the loan and the amount you owe will grow, meaning that the value left as an inheritance will reduce. We offer optional Inheritance Protection on Lifetime Mortgages, which reduces the amount you can borrow.

With a Retirement Interest Only mortgage, inheritance will be impacted as the loan amount will remain at the end of mortgage. We do not offer Inheritance Protection on Retirement Interest Only mortgage.

Could you make me leave my home in the future?

With our later life 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. 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.

Will my family have to cover any shortfall upon the sale of money when I'm gone?

Our Lifetime Mortgages

No. Our No Negative Equity Guarantee means that they'll never have to pay back more than the amount the property is sold for, provided it is sold for the best price reasonably obtainable and that the terms and conditions of the mortgage have been met.

Our Retirement Interest Only Mortgage

There is a possibility, if the sale of the property does not cover the outstanding mortgage we would look to beneficiaries to settle the balance.



What's next?

1. 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 later life mortgages. You could even include them in the meeting with your adviser.

2. Talk to The Co-operative Bank

The Co-operative Bank will help you decide if you could be eligible for a later life mortgage, and then transfer you to one of our Customer Service Agents to make a first appointment with our later life mortgage advisers, where they'll help you understand the benefits and risks of a later life mortgage. You are under no obligation and you will not be charged for taking advice.

Call The Co-operative Bank on: **08000 288 288**

Monday to Friday, 8am to 5pm.

Saturday 9am to 2pm.

Calls may be recorded or monitored.

Call charges will vary.

Visit: **legalandgeneral.com/cooperativebank**

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