

# GUIDE TO LIFETIME MORTGAGES FOR CO-OPERATIVE BANK CUSTOMERS WITH AN OUTSTANDING MORTGAGE BALANCE



# This guide sets out what you need to know about our **Lifetime Mortgages**

We've also explained more about Legal & General and our partnership with The Co-operative Bank

Could our Lifetime Mortgage help you?	2
What is a lifetime mortgage?	3
What are the benefits of a lifetime mortgage?	5
Frequently asked questions	6
Case study: "We needed to pay back our interest only mortgage."	9
Do you qualify?	11
Why is specialist advice so important?	12
Seven straightforward steps	13
Find out how much you could borrow	15

## Could our **Lifetime Mortgage** help you?

If you're reading this, you are a Co-operative Bank customer with an outstanding mortgage balance that you are hoping to repay. You're likely to have already spoken to The Co-operative Bank about your situation and have received some information about lifetime mortgages.

The Co-operative Bank have probably explained that they have a relationship with Legal & General to offer lifetime mortgages to their customers, particularly those who have an outstanding mortgage balance.

A lifetime mortgage is a loan secured against your home which can be used to pay back your existing mortgage balance. This guide aims to explain how our Lifetime Mortgage works, and how it may be able to help you.

You may have to pay an early repayment charge to The Co-operative Bank and there may be other repayment options available. So it's important you receive the right advice for your circumstances.

### **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 Co-operative Bank mortgage with our Lifetime Mortgage.

As at February 2017, Legal & General have lent over £900m in lifetime mortgages to thousands of people.



# What is a lifetime mortgage?

A lifetime mortgage is a loan that can be used to pay back your outstanding mortgage balance. It is secured against your home but with no need to make monthly payments. Once you have repaid your existing mortgage balance, you may be able to borrow more for other purposes.

You need to know that interest is charged on the total loan amount plus any interest already charged. It means that the total owed grows quickly, reducing the equity left in your home and the value of any inheritance. You only repay the money when you die or go into long-term care. If you decide to repay before this, you may need to pay an Early Repayment Charge.






If it's right for you, it could make a big difference.

A lifetime mortgage creates a debt against your home. It's a big decision, and there are many factors to consider. That's why you can only get a lifetime mortgage through a specialist lifetime mortgage adviser.

**In order to qualify for our Lifetime Mortgage, you must be able to fully repay your Co-operative Bank mortgage balance with the money you borrow.**

## 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 <b>not fixed</b> . The mortgage lasts until you (or if joint borrowers, both of you) die or move out of your home into long term care.	The duration of the mortgage is <b>fixed</b> for a set period of time. For example, 25 years. This is known as the mortgage or loan term.
 How interest is charged	The <b>interest charged is added to the amount you owe</b> each month. This is sometimes called compound interest or rolled up interest.	There are two types of residential mortgage: <b>repayment</b> (capital and interest) and <b>interest only</b> . Interest is charged on the mortgage monthly and the borrower makes monthly payments.
 Monthly payments	<b>No monthly payments</b> are required.	You make a <b>monthly payment</b> until the end of the mortgage term.
 Affordability	There are <b>no affordability assessments</b> . 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 <b>income and expenditure</b> is taken into account to ensure you can afford the mortgage.
 Interest rates	<b>The interest rate is fixed</b> for the duration of the lifetime mortgage.	There are a variety of interest rates you can choose from. The most common are <b>variable</b> or <b>fixed rate</b> .

## What are the benefits of a lifetime mortgage?

If you wish to repay your existing mortgage balance and stay in your home, a lifetime mortgage could help you achieve this.



### Pay off your mortgage balance

A lifetime mortgage can allow you to pay back your existing mortgage balance and stop monthly payments.



### It can feel good looking forward to enjoying your retirement in greater comfort.

If there is any money remaining after repaying your Co-operative Bank mortgage balance, this can be used to improve your general standard of living.

Below is a list of things to think about. This is not a full list of benefits and risks. Your adviser will look at your personal circumstances, advise you on risks affecting you and whether a lifetime mortgage is suitable.

#### Benefits

**The money you borrow with our Lifetime Mortgage** – can be used to repay your existing Co-operative Bank mortgage balance.

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

**No monthly payments needed** – for the duration of your lifetime mortgage you do not need to make any monthly payments.

**Ability to make Optional Partial Repayments** – you can pay part of your lifetime mortgage off early with no Early Repayment Charge, provided it is within the limits and terms that apply. This will reduce the total amount of interest that will accumulate on your lifetime mortgage.

**No Negative Equity guarantee** – means that there is no risk of you or your beneficiaries being left with an outstanding mortgage after your home is sold. This is provided it is sold for the best price reasonably obtainable and you have met the Terms and Conditions of your lifetime mortgage.

#### Risks

**A lifetime mortgage creates a debt against your home. It is important to review all of your options** – including savings, investments, remortgaging or any other options you may have – before securing this debt against your home.

**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** – interest is charged both on the original loan amount and the interest that has already been added. This means that the amount you owe will quickly increase over time, reducing the equity left in your home and the value of any inheritance.

**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 were to die or move into long-term care within a short time period, there may be cheaper ways for you to borrow money.

**You must use the money you borrow with our Lifetime Mortgage to fully pay off your Co-operative Bank mortgage balance.**

## 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. If it is right for you, a lifetime mortgage could allow you to pay back your outstanding mortgage balance, and to stop having to make monthly payments.

You will need to ensure that the amount you are eligible to borrow with our Lifetime Mortgage will completely pay off your Co-operative Bank mortgage balance. 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 get a lifetime mortgage through a specialist adviser.

### Will I still own my home?

Yes. With our Lifetime Mortgages, the property stays in your name and the loan is secured against your home. If you choose to repay it early, you may incur an early repayment charge which could be substantial. A lifetime mortgage is designed

to be repaid when the last property owner dies or moves into long-term care.

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

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

You can talk to your own specialist adviser or, if you prefer, you can talk to The Retirement Lending Advisers.

### Who are The Retirement Lending Advisers?

The Retirement Lending Advisers (TRLA) are a separate company that only advise on our Lifetime Mortgages. They are lifetime mortgage experts and can offer you a personal service to find out what's most appropriate for your financial situation and can help you find out if a lifetime mortgage is right for you. If you use TRLA, 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 £1,034 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 between January and June 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.

# Our most frequently asked questions (continued)

## Will I have to make monthly repayments?

No, you don't have to make any monthly repayments. The loan and interest only needs to be repaid when you die or you move into long-term care.

With our Lifetime Mortgages you can make Optional Partial Repayments (OPR), subject to certain conditions being met. Please see 'Can I repay my lifetime mortgage early?' for more information.

## What fees will I have to pay?

Initial costs vary. For more information, please ask your adviser for the latest copy of our Tariff of Charges.

In addition, you may have to pay an advice fee. If you get advice from TRLA, they won't charge you an advice fee.

## Will a lifetime mortgage affect any inheritance?

Our Lifetime Mortgages offer an option to protect a percentage of the value of your home for your beneficiaries, subject to our eligibility criteria. If you require the maximum loan amount to repay your residential mortgage, Inheritance Protection may not be available.

## In the future could you make me leave my home?

No, with our lifetime mortgages, you stay in your home until you die or you move into long-term care, as long as you comply with the mortgage terms and conditions, which your adviser will explain to you. Failure to comply with these could result in the forced sale of your property and the loss of the right to inheritance protection, if this has been chosen.

## Can I repay my lifetime mortgage early?

You only need to repay the full loan plus interest when you die or go into long-term care.

However, with our Lifetime Mortgages, you can make Optional Partial Repayments (OPR) if certain criteria are met. If you decide that you want to repay any of the loan early outside of the terms of our OPR, you may need to pay an Early Repayment Charge which could be substantial.

An early repayment charge is not payable when the loan is repaid after the last borrower reaches age 88, as long as this is 10 years or more after the loan was taken out.

## Will my state benefits be affected?

Your entitlement to state benefits could be affected. 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.

## Will I pay interest?

Yes. Interest is charged on the total loan amount plus any interest already charged. It means that the total owed grows quickly, reducing the equity left in your home and the value of any inheritance. You only need to repay the money when you die or go into long-term care. If you decide to repay any of the loan plus the interest before this, you may need to pay an Early Repayment Charge.

## Will this lifetime mortgage affect my tax position?

The money you receive will be paid free of tax. There should be no change to your tax position if you use the money to repay your Co-operative Bank mortgage balance. Tax treatment is dependent on individual circumstances and is subject to change.

Please talk to your adviser to find out if it may affect your tax position.

## How long does it take to get the money?

It usually takes about eight to nine weeks from the date of application, and your adviser will keep you updated.

## What is the no negative equity guarantee?

Our Lifetime Mortgages come with a no negative equity guarantee, which applies when your property is sold after your death or you move into long-term care. It means that even if your home goes down in value, you'll never have to pay back more than the amount your property is sold for, provided it is sold for the best price reasonably obtainable and you have met the terms and conditions of our Lifetime Mortgage.



For an overview of how a lifetime mortgage works and more about Legal & General, visit [www.cooperativebank.landghomefinance.com](http://www.cooperativebank.landghomefinance.com)

# We needed to pay back our interest only mortgage

Terry and Cara are both 67 and retired. They took out an endowment policy to repay their interest only mortgage of £98,000 back in 1992. Their monthly payments covered the interest only for the mortgage term, and they paid into an endowment policy too. They had hoped the endowment would pay off the capital balance at the end of the mortgage, perhaps with something left over too. However, the endowment policy did not return as much as expected, and Terry and Cara now owe their lender a shortfall of around £70,000.

“Our options are limited. We’re retired now with a smaller income, so can’t afford to take on a full repayment mortgage to pay the bank back that way. We could sell our home, repay the mortgage and then look to buy somewhere else, but that would probably mean we’d have to move to a different area, further away from family and friends. We’d like to stay in our home, but need to find a way to pay the bank its money back.”

“We spoke to our bank about our

options and they mentioned lifetime mortgages. They put us in touch with The Retirement Lending Advisers who only advise on Legal & General Lifetime Mortgages. They explained how taking out a lifetime mortgage would allow us to pay back our original loan to the bank and we’d be able to stay in our home. We wouldn’t need to make monthly payments either. They explained the effects of compound interest, and how this could reduce the overall value of our estate after our deaths.”

“After looking at all the options available, we decided to go for it. With a lifetime mortgage, we were able to borrow enough to pay the bank back and then make a few improvements around the place.”

## **What Terry and Cara did:**

Current house value: £350,000

Outstanding residential mortgage balance: £70,000

Joint lifetime mortgage: £110,000

Additional cash for Terry and Cara to use in retirement: £40,000

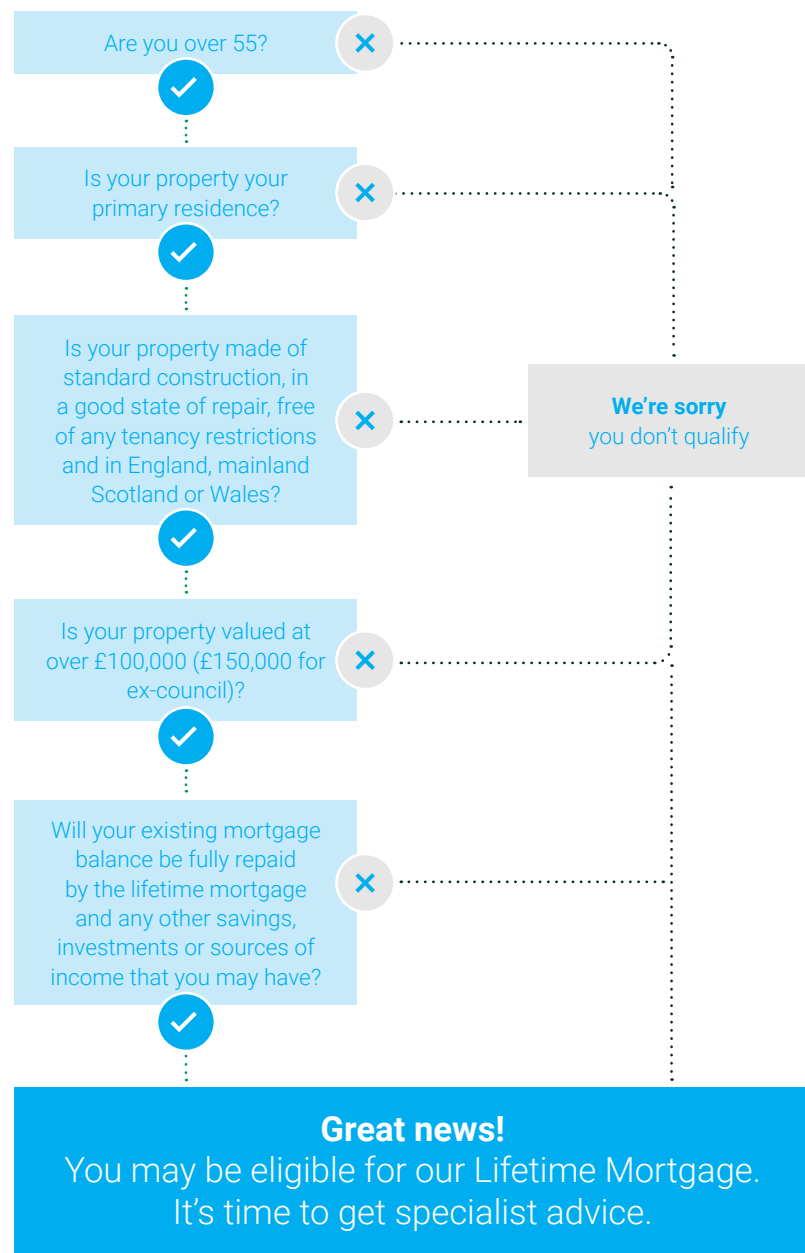
**We’ve created this fictional case study to help explain how our Lifetime Mortgage works.** You’ll need a personalised illustration from a specialist lifetime mortgage adviser to find out if our Lifetime Mortgage could be right for you.

## Find out more

For examples of real life customer stories please visit:  
[www.cooperativebank.landhomefinance.com/videos](http://www.cooperativebank.landhomefinance.com/videos)



## Do you qualify for a Legal & General Lifetime Mortgage?



## Why is specialist advice so important?

There is a lot to think about when considering a lifetime mortgage: from whether you are eligible to the other options you may have and the impact that it could have on, for example, any state benefits you are entitled to.



### Expert advice

That's why you can only take a lifetime mortgage out through a specialist lifetime mortgage adviser. They're experts who have passed detailed, professional exams about lifetime mortgages, meaning they can look at your situation and work out if a lifetime mortgage is right for you.

They'll help you compare different options and complete an application. They can also help you find a solicitor, if you do not already have one.

### Where can you get specialist advice?

→ If you have one already, talk to your own **financial adviser**, and see if they can advise you about lifetime mortgages.

→ **Let's talk.** We can put you in touch with The Retirement Lending Advisers (TRLA), a separate company who only advise on our Lifetime Mortgages. If you choose TRLA, they won't charge you an advice fee.

→ Or visit the Equity Release Council's website at [www.equityreleasecouncil.com](http://www.equityreleasecouncil.com) where you can search for qualified advisers in your area.

# Seven straightforward steps to our lifetime mortgage



## 1. Use our calculator

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

Try at [www.cooperativebank.landhomefinance.com](http://www.cooperativebank.landhomefinance.com) today. You don't need precise figures. A rough idea will do as long as your home's worth over £100,000 (£150,000 for ex-local authority 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 Mortgage. 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. They'll transfer you to a specialist 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.



## 5. Speak to a specialist lifetime mortgage adviser

They can help you understand the benefits involved as well as the potential risks.

Take time to look through the personal Key Facts Illustration they give you. Feel free to take notes and ask questions as you go if you wish to.

Then explore all of 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 if you don't have one already.

If you don't already have an adviser, you could use The Retirement Lending Advisers (TRLA). They are not part of Legal & General, they are a separate company that only sell Legal & General's Lifetime Mortgages. If you use TRLA, they won't charge you an advice fee.



## 6. Start your application

Once you're ready, you can get underway with the application. It won't take long and your specialist lifetime mortgage adviser will help you. You'll need to:

**Check:** you need to make sure that the amount you are able to borrow, plus any other savings, investments or sources of income, are enough to pay off your existing mortgage balance in full.

**Confirm** whether you're eligible for our inheritance protection option. Remember, this reduces the amount you can borrow, so may not be suitable if you need to borrow the maximum amount allowable.

**Talk** through the final application with your adviser and confirm any changes.

We will then 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. This usually takes around eight to nine weeks from the date of application.

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.



## 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 existing mortgage:

You will need to provide full details of your existing mortgage balance. You should also note down any additional debt you might be using the lifetime mortgage to pay off.

### 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 of your regular outgoings like bills and food, and less regular expenses like birthdays or trips out.

### Your property:

Write down a few details and what you think it's worth.



## Do you qualify?

To qualify, you have to be over 55 and own a property in England, Wales or mainland Scotland valued at least £100,000 (or £150,000 for ex-council properties). You must also be able to fully pay off your existing mortgage balance with our Lifetime Mortgage and any additional payments you might need to make.



# Find out how much you could borrow **with a Legal & General Lifetime Mortgage**

A lifetime mortgage is a loan secured against your home which can be used to repay your existing Co-operative Bank mortgage.

It's important to review all of your options – including savings, investments, remortgaging or any other options you may have – before securing this debt against your home, to make sure that it is the most cost-effective way for you to borrow money.

Visit

[www.cooperativebank.landghomefinance.com](http://www.cooperativebank.landghomefinance.com)

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.

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**For more information, to discuss your existing mortgage and to check whether you might be eligible for Legal & General's Lifetime Mortgage, call The Co-operative Bank:**  
**08000 288 288**

Monday to Friday, 8am to 8pm. Saturday 9am to 1pm.  
Calls may be recorded or monitored.

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