MaxLyte

Later Life Advice

A 2019 GUIDE TO EQUITY RELEASE

MaxLyte Financial Limited
16 Stone House
9 Weymouth Street
London
W1W 6DB

E-mail: peter@maxlyte.co.uk
Telephone: 020 7993 2882

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Introduction

The way in which the UK economy and society have changed over the last twenty to thirty years has created a lasting interest in what Equity Release can achieve. Today, it is considered a realistic and definite solution for many individuals and couples looking for ways to enhance their retirement situations.

Why has this come about?

- People are living longer,
- The wealth tied up in property
- The pressure on public services, especially – in this case – the provision and costs of care
- Retirement periods stretching over many decades
- The higher costs of living in retirement
- Inter-generational financial imbalances

We will examine all these factors in greater depth throughout this guide and demonstrate just how an Equity Release solution can solve them.

If you consider your property from a financial viewpoint, it is a significant asset. In many cases a substantial asset, which represents a large part of an individual's or couple's wealth.

If it has no mortgage, then it is a 'free' asset, without restrictions.

As an asset, it can play a central part in later life financial planning. Supporting your retirement income, providing valuable cash lump sums at crucial times and helping to pay for care fees amongst other possible requirements.

There are two ways to achieve this:

1. By selling the property
2. Borrowing against the property's value.

Equity Release encompasses both these possibilities. There are other ways too, but Equity Release has advantages over these alternatives.

Recent innovations in this market mean that Equity Release can also be used to release funds from second homes, holiday homes or buy-to-let investment properties, thus increasing its range of use for many of the over-55's.

This additional opportunity is exciting. However, despite the increased flexibility and value of equity release, in so many instances many people still perceive equity release as "the option of last resort". This harks back to the early days of Equity Release, when the industry was not strictly regulated and policed. This was also at a time when interest rates were at very high levels. Now in 2018, these problems have been resolved and fully overcome. Other perceived negative aspects of Equity Release are that they are inflexible, costly and risk people, at their most vulnerable stage of life, being forced out from their homes. These are all incorrect.

Now plans are generally flexible, with lower interest rates than in earlier days and there are safeguards in place to ensure homes will not be repossessed. When fully understood, and correctly positioned, Equity Release results in an excellent financial solution in many instances.

What is essential, is that individuals and couples who are planning their financial futures, do not dismiss it before they have adequately explored and discussed it with a suitably qualified expert.

The answer is to examine the options where relevant. We trust this guide will be helpful in this respect as part of your exploration into Equity Release as a possible solution to your future wellbeing.

peter@maxlyte.co.uk | 020 79932882 | www.maxlyte.co.uk

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An Overview of the Equity Release Market in 2018

As a sector, it is probably fair to say that this industry doesn't make things easy for the uninitiated to understand. Alternatively, putting it another way, it tends to make simple things seem confusing! Sadly, this rings true when it comes to Equity Release – as the very names and titles applied to things become vague and confusing.

"Equity Release" is a vague description. An Equity Release scheme, as such, doesn't exist. Equity Release is the broad description of two types of releasing equity from a property. It is a blanket term, which describes the action, for people, at retirement age, to stay in their homes, whilst releasing money from the value of their homes. It also encompasses the broader possibility of releasing cash from other property you may own, beyond your principal residence.

The two specific types of schemes are

- Lifetime Mortgages
- Home Reversion Plans.

Both of these are examples of "Equity Release". We will look at these in more detail in the next section.
The critical aspect of equity release is to allow for an orderly release of funds from your property, controlled by certain stipulated restrictions.

What does this mean? You should not run into trouble in the future and will never be subject to eviction from your property.

The type of restrictions which are in place to ensure all goes well include: A cap on the amount that can be taken out as a loan (or in the case of a sale, the amount that can be sold), plus a guarantee that the home cannot be repossessed or sold from under you.

In today's market, the cost of releasing equity in terms of the interest rates are much lower than they used to be, and most interest rates are at a fixed rate for the life of the loan.

Equity Release is now subject to much tighter regulation than ever before, and the Equity Release Council provides high levels of protection to individuals.

Today's market is therefore very different when compared to that of a decade or two ago. It is now a market which works exceptionally well. The Equity Release lending market is increasingly strong and within the next few years is predicted to reach £5 billion per annum in new loans.

In 2017 analysis from the Equity Release Council estimated that total homeowner equity in England had reached an unprecedented £2.6 trillion, with £1.8 trillion belonging to the over-55 aged households.

Have Any Questions Come To Mind?

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The Different Types Of Schemes Available

There are two types of Equity Release schemes available:

- Lifetime Mortgages
- Home Reversion Plans.

A Lifetime Mortgage is a mortgage secured against your property.

You still own the property and can benefit from any future price increases.

A Home Reversion Plan is the sale of a part or all your property to a home reversion plan provider.

They buy this in exchange for a cash lump sum. Either all or some of your property will belong to the plan provider, but you can remain living in the property for the rest of your life, and can do so practically rent-free. However, if your property increases in value, you will only benefit from the rise in the amount of any proportion you still own.

To think of the difference between the two options, consider the Lifetime Mortgage option as a loan and the Home Reversion Plan option as a sale.

Lifetime Mortgages

There are several variations on lifetime mortgages available for your consideration. These can include lump-sum lifetime mortgages, interest-serviced lifetime mortgages or draw-down lifetime mortgages.

The lump sum option is – as its name implies – where you arrange to borrow a set amount and immediately receive a lump sum in return. The interest rolls up year on year, and you do not repay any until the loan is redeemed.

The interest-serviced lifetime mortgage is similar. The difference is that you have the option of making interest payments. In so doing you reduce the rate of the rolled-up accrued interest, which slows the increase in the size of the mortgage.

The draw-down lifetime mortgage is where you agree on a facility; you take it in stages, as and when you require the funds. This is the preferable method, as you are only charged interest when you have drawn-down funds. Doing it this way reduces the interest build-up over the time of the mortgage.

Home Reversion Plans

A home reversion plan entails selling all or part of your home, in return for a tax-free cash lump sum or regular income, and a lifetime lease on your property. This lease allows you to legally remain in your home until you die, or go into long-term care.

When you die or move into long-term care, the home is sold. The Home Reversion Plan provider receives the full value of their share of the house from the sale price. You (or your estate) receive the remainder. So, if you sold 40% of your property, the Home Reversion Plan Provider, on the sale of your property, receives 40% of the sale proceeds, so that you or your estate receive 60%.

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Comparing the Two Options

The two options present you with a very different position when you choose one over the other. One involves entering into a loan against your property, the other selling either a part or all of your property.

The consequences of which option you choose produces different outcomes over the long-term.

There is a challenge in making a direct financial comparison between the two types of equity release because of the following:

- Future house price movements
- Changes in Interest Rates and costs
- How long you will live
- The amount you have borrowed or sold

If you imagine that you have a £500,000 property and want to release £200,000 of equity. Assuming you are eligible for either method, then the long-term financial position is better for you with a lifetime mortgage if in 10 years times:

- Interest rates have remained low
- Property prices have escalated.

For example, interest rates stay @ 5% through this period and the property price doubles.
Your lifetime mortgage, assuming you have not repaid any of the interest, would have rolled up to £325,779, and your property value is close to £1 million. You have about £670,000 in Equity at that point.

With the same scenario, if you had released the funds through a home reversion, your property would be worth £1 million, but your share of this is £600,000.

However, imagine the same example and assumptions, but this time with a 0% property price increase over the ten years.

With the lifetime mortgage, you now owe £325,779 against a valuation of £500,000; so your equity is £174,000.

Whereas with the home reversion plan you still own 60% of a £500,000 property, which is worth £300,000 to you.

The variables and the future returns and costs can alter the comparisons dramatically.

However, there are going to be other factors, which may affect your decisions, these include:

- Your age and life expectancy
- Are there one or two of you to consider?
- Your current state of health
- Your broader family position and very importantly, your legacy wishes
- Your other financial provisions
- The likelihood of you needing care

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If It Is Not Permissible To Take Out Interest-Based Loans

Many people – considering Equity Release options – will be very concerned about the legacy position and leaving their property to their children or other beneficiaries. They will not want to eat up all the equity in their house at the expense of the children's inheritance.

In this respect a Home Reversion Plan maybe a cleaner option, because it can guarantee to protect a stipulated percentage of a property. In the example from above (£500,000/£200,000) the percentage remains at 60%.

With both a Lifetime Mortgage and a Home Reversion Plan it is possible to build in some certainty in respect of your future finances. With a Home Reversion Plan you will know the exact percentage of property sold, and what remains owned, this ownership amount is ring-fenced for later use, possibly to leave in a Will as an inheritance.

With some Lifetime Mortgages, it may be possible to also ring-fence an element of equity; there are now plans that incorporate this option when you take them out.

To review the precise detail of the different plans, please refer to the Appendix at the back of this guide.

When Is Equity Release Suitable?

There are many situations where Equity Release can be or is considered as a suitable option.

We will look at the most relevant examples in this section.

The first is to think of the situation where it can be used to enhance your retirement income.

The expression 'asset rich, cash poor' is one with considerable relevance in today's market-place, where thousands of people are light on their pension provision, but have amassed valuable equity in their property.

This situation is ideal to consider, especially plans, which provide ongoing income payments, as these will create a direct enhancement to your retirement.

Imagine a scenario where a couple, in their late 60s, have pensions amounting to £15,000 per year, with a property – owned outright – valued at £500,000. They are short on their pensions, as they want £25,000 per year income.

They are short of their target by £10,000 per year. Based on their current ages, they can release a maximum of £197,500.

This allows for several possible planning options to be considered, which can include drawing against this sum in stages to affect a 'draw-down' or staged equity release, or releasing the sum in full and buying a lifetime annuity – a pension income for life. Alternatively, possibly, a mix of any of these in some form of structured plan of action tailored to their circumstances.

The second area to consider is when a lump sum is required.

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Could this include situations such as:

- Paying off your mortgage
- Paying off credit cards or loans
- Making home improvements
- One-off purchases such as a car, caravan or holiday
- Gifting money to help friends and family members

The amount raised can provide the necessary funds for any of the above. It is raised free of tax, making it a viable alternative to other options in many cases.

In some instances, a lump sum will be required immediately, in others it may be taken in stages.

If it is the latter, then a draw-down version of Equity Release is **always** the more suitable option.

For example, it may be that a sum of £20,000 is required for a particular purpose now, but possibilities of further sums, totalling £30,000, might be needed over the next few years. If this is the case, then £50,000 could be secured as the agreed amount, but with just £20,000 drawn-down on day one.

The remaining amounts can be taken later as and when required.

A third area to consider could be where there are care fees to be funded.

This situation is complicated, should you need to go into a care home, as your property will be sold when you move out of it under the terms of an Equity Release plan.

Therefore, using an Equity Release option is the better option when you need to pay for care in your home or when a couple own their home jointly, but one partner needs care in a nursing home.

There is a further consideration for couples because of Local Authority assessments. There will be a means test to see whether a Local Authority is liable to cover care fees. If one of the couple remains in the family home, then the value of the property is excluded in any Means Test Assessment.

Therefore, an Equity Release solution supports the costs of care, which in today's market is becoming a significant concern for many individuals and couples.

What Is The Youngest Age For Equity Release?

To be eligible for equity release you need to be at least 55 years old, own and have sufficient equity in the property. Your Equity is the difference between the value of a property and any outstanding loan or mortgage secured against it.

Even if you have an existing loan or mortgage, this need not stop you using an Equity Release solution, as you can use some of the money raised from the Equity Release plan to clear the outstanding borrowing.

Age 55 refers to a lifetime mortgage minimum age, whereas with home reversion plans, this increases to 65 years.

Always get professional advice, from a regulated and fully qualified Equity Release adviser, preferably a member of the Equity Release Council, when considering an equity release solution.

Be aware that many regulated and qualified financial advisers and mortgage brokers have not obtained the specific Equity Release qualifications or expertise needed.

peter@maxlyte.co.uk | 020 79932882 | www.maxlyte.co.uk

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Getting the Family Involved

It is also highly relevant to engage with your family members, especially your children in these situations.

Without a doubt, your loved ones will want to ensure you are well taken care of. Also, because your children or other family members may well be the ones you want to inherit your property. The equity release decision may directly affect them. In many cases, family members actively encourage "the Equity Release solution" and are influential in seeing this put into place, as they are more concerned that the well being of their parents or other relatives is confirmed ahead of receiving their inheritance.

Actively engaging with and consulting family members is almost always the best way to act when exploring Equity Release solutions.

Inheritance Tax Planning Is A Necessity

Inheritance Tax planning is a necessity, if you wish to leave your estate in good order, so your beneficiaries will benefit from the way you intended. The amount of revenue collected by HMRC from Inheritance Tax (IHT) has steadily increased in recent years, to a figure of around £5 billion.

That means families in the UK are paying £5 billion per year in inheritance tax (IHT), which is, in the main, largely avoidable through simple inheritance tax planning.

The introduction of the new Residence Nil Rate Band – an allowance against residential property left to direct descendants – is a helpful addition to the possible ways to reduce or remove IHT, but the national figure for IHT collection is still expected to rise further.

Cash Flow Modelling

Would it be helpful to have all your income and outgoings tabulated so that you can see how your financial future looks? If your answer is yes, then it is also essential that you ensure that your adviser always uses a Cash Flow Modelling program as part of their discovery or fact-finding process.

It is surprising how this helps to illustrate precisely how a plan can support you and makes such a difference by exacting the amount of money you initially draw-down. Moreover, some clients have found it is refreshing to have such a clear picture of how their future life will pan out with such a detailed plan. It also helps to justify in the client's eyes the cost of the Service Charge paid for setting up your plan. Cash Flow Modelling will convince the family that a comprehensive and structured plan is in place. Clients feel much brighter when they can peer into their future to ensure they will not run out of money, as all income and expenditure has been accounted for. Including the Equity Release, within the calculation, demonstrates the effect of adding in the proposed lifetime mortgage or reversion plan to improve their retirement.

It is vital your future cash flow model shows an agreed inflation rate or several different rates and with full details of your outgoings and income in place. It may be something that can be continually

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updated and improved. This is the case with some cash flow modelling programs, such as CashCalc, which is now the most popular choice amongst financial advisers in the UK.

This is further proof that planning your Equity Release in 2018 is so much better than in the past. **Always ensure** that CashFlow modelling is catered for within the service offered by the adviser you choose, otherwise, look elsewhere.

What Types Of Property Can Be Used?

There can be variations from scheme providers, but in the main, these are the criteria for properties to qualify for an Equity Release:

- The property must have a minimum valuation of £70,000. It should be freehold or leasehold with a minimum remaining lease period of 75 years.
- You need to own the property outright, or be able to pay off any outstanding mortgage from the proceeds of the Equity Release arrangement.
- The property should be of standard construction.
- The property should be in England, Scotland, Wales or Northern Ireland.

Traditionally, the market restricted Equity Release to the primary residence – however in recent times innovations have opened the possibility of using Buy-to-Let properties, holiday homes and second homes as security for Equity Release schemes increasing the options for many people.

What Types Of Property Can Be Used?

There is a long list of factors to think about when looking at an Equity Release solution and many aspects to be aware.

We cover a selection of the most important ones below:

Are You Sure You Have Considered All The Possible Alternatives?

It is essential to weigh up Equity Release against other ways (if there are any) of reaching the same objective. It is when these options are compared against each other that sometimes the advantages and disadvantages of the Equity Release become clear. This is one of the objectives of the Financial Conduct Authority.

Have You Consulted The Relevant Family Members?

As said above, Equity Release is an area where getting input, support and backing for the solution from the broader family is especially helpful.

Get permission to send them all the information from the Suitability Report (which is a critical document), covering all the facts about the plan you have agreed. Your family can ask you or refer back to the adviser with any questions about the plan they want explaining and be confident that they understand it clearly. Have you analysed the different types of schemes and compared a lifetime mortgage to the Home Reversion option – looking at the pros and cons of each?

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Ask Yourself These Questions...

In Respect Of The Individual Plan Have You Considered The Different Options?

Have All The Costs Involved Been Assessed And Compared From The Different Lenders?

Is A Possible Specific Equity Release Solution You Are Considering Covered By The Safeguards Put In Place By The Equity Release Council?

Have You Accessed Advice And Help From An Appropriately Qualified Adviser?

In respect of any consideration towards Equity Release, your health will be an essential factor. It may be possible to enhance income from an Equity Release arrangement if you are in ill-health, as there are income products which increase the cash available in these circumstances. Conversely, your health may dictate your probability of needing residential care, outside of your own home, which could affect the viability of an Equity Release solution.

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What Types Of Property Can Be Used?

Q. How Can the Money Raised from Equity Release Be Used?

A. There are no restrictions on how you use any funds raised. You should take advice before entering into any arrangement, and your adviser must have fully explained why the most suitable option was chosen, and why alternatives were rejected.

Q. Can Equity Release Affect Means Tested Benefits?

A. Yes. The money raised can inflate your savings amounts, and the levels of savings you have may impact pension credit, savings credit or council tax benefit, which all have limits applied as to how much you can have in total in savings before you start to lose your benefits. Always request that a Benefits questionnaire is completed to ensure that you are getting all the benefits to which you are entitled. Some advisers have an excellent program called www.freeben.co.uk. FreeBen is the multi-award winning Pension Credit calculator and Universal Credit calculator for financial advisers

Q. Can You Move To Another Property After An Equity Release Is In Place?

A. Yes. However, only a "suitable alternative property". There are some properties which scheme providers would not be able to accept because of their inability to sell the property on the open market readily. Importantly this can include homes in some retirement complexes or property types built of peculiar construction. You should be wary of such restrictions, but generally, over and above these you can move property.

Q. What Regulatory Or Other Protections Are There In Place?

A. Equity Release providers and advisers are regulated by the Financial Conduct Authority (FCA) – you can check on the FCA website to make sure anyone you are talking, consulting or dealing with is appropriately authorised to advise on Equity Release.

The Equity Release Council also provides added protection as they require scheme providers to work to minimum agreed standards, for example, schemes will now have security that your home cannot be repossessed in your lifetime. So even if your loan value grew more than the value of your home, the scheme provider could not take your home from you. Other members of the Equity Release Council are solicitors, surveyors and financial advisers.

Q. Should A Will Be In Place?

Definitely. A Will should be in place regardless of the Equity Release consideration, however specifically in respect of an Equity Release plan and its impact on your overall position. A Will is an absolute requirement. If you put an Equity Release arrangement into effect and already have a Will, then it is sensible to review the provisions of the existing Will now that you have put an equity release plan in place.

Q. What about a Power of Attorney (POA)?

A. Discussing "Enduring" or "Lasting" Power of Attorney is a subject needing full explanation. The principal point is that a POA is a document created by an individual to hand over their powers around

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their financial affairs to another person or other persons. These will come into effect if an individual loses their capacity to deal with their affairs themselves. Sadly, this happens too often in many cases in later life. Therefore, the Power Of Attorney is a practical way of dealing with this situation and can save a great deal of aggravation and, in some cases, prove financially decisive. It allows for a trusted individual (or individuals) to step in and take control of an individual's affairs. Where an Equity Release scheme is in place, this could be highly important to sort out matters, especially if the individual must go into care or have the responsibility in their home (such decision could have considerable financial implications). There is no legal requirement to have POA in place, but from a planning viewpoint it is highly desirable and should be included.

Q. I Already Have An Equity Release Plan In Place, Can I Switch It To Another Provider?

A. Yes, Many old schemes had higher rates of interest than are currently charged in today's market, so it is always worth looking at to check if this could be changed to reduce costs. However, this needs to be done after immense care has been taken as it may not be feasible. Your adviser will be willing to research this for you. The terms and conditions on a newer plan may be more suitable but at what cost?

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Solicitors

Although you may have a solicitor, it is advisable to check if they are competitive with the specialist solicitors who transact equity release legal work all day every day. They are very keen on their prices and will do the job that much more quickly. They are on the Equity Release Council website. So it is worth getting your adviser to show you the written Fee Summary Sheets of their costs from all of them.

Ensure that you are offered this service by your financial adviser.

Ensure they send you a list of their Fee Summary Sheet before they start work on your plan.

It will contain the following Professional Charges:

- Advising you on the legal aspects of the Equity Release Scheme
- Carrying out Money Laundering Check per person
- Sending your documents by Special Delivery to your lenders' solicitor
- Land Registry Office Copies

Additional searches may be required depending on the location/nature of the property

The invoice will be presented at completion when the money is delivered, unless you have stated that you wish to pay the fees upfront.

Dealing with third party lawyers (eg Matrimonial dispute/divorce cases/ transfers/ lease extensions/ purchases cases.

Bank Transfer administration charge

Change of Name Deed/ Statutory Declaration

Stamp Duty Land Tax Return Forms

Dealing with CCJ's / restrictions / cautions on deeds

Bankruptcy issues/ Dealing with Third Party Lawyers

Company Landlord Searches

Lease Extension

Related Sale/Purchases

Freehold Title Split

Trust Issues

Statutory Declaration – Title Rectification

Keeping your Money Safe

Your lawyer will require a copy of your Bank Statement so they can deposit the proceeds into your bank account. If the lifetime mortgage is in joint names and the money is to be placed into one account. This will need to be agreed.

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The Equity Release Legal Process: Timescale – 1 to 2 months.

Stage One

- Your financial adviser will instruct your chosen solicitor that they will be hearing from the Lender with your Offer. They may also forward certified copies of the Money-Laundering requirements to save time.
- The solicitor will open a file for your case. You will receive their Terms of Business with an Equity Release Questionnaire for your completion and return to them as soon as possible.
- They will carry out Money-Laundering checks confirming your identity and address. They may even refer back to your financial adviser who will have already completed these in their due diligence process.
- The questionnaire they send you asks many questions so they can proceed with your case with as much information as possible. Items such as your reasons why you want the money.
- Are there any existing mortgages/loans/debts needing to be repaid from the proceeds before they forward the funds onto you? What are the reference numbers and precise details of the loans?
- They will strongly urge that you discuss the equity release plan with your family.
- Are there any additional people with whom you want the solicitor to communicate and confirm to give your permission?
- They will ask you to sign a confirmation of instructions for them to carry out the work.

Stage Two

- Having received the copy of your Offer Letter from the lender.
- You will need to supply a copy of the Buildings Insurance schedule; your financial adviser may well have advised you of this in advance and will have sent it to the solicitor. As the Lifetime mortgage lender will be added as having an interest in the property.

Stage Three

- They will get an official copy of your title deeds from the Land Registry as this will confirm the registered details about your property and any outstanding borrowings.
- Your solicitor may then come back to you with a request for further details of any current mortgage account numbers and the location of the deeds if the property is unregistered.
- If your property is unregistered or if it is leasehold, they will want to see the original deeds.

Stage Four

- When they have gathered all the information needed from you, It is at this stage that they will either forward documents to you to sign in front of a solicitor in their office, or request you to make an appointment with a local solicitor.
- They will send a Schedule of all the signed documents for examination to the lender's solicitor. These will include the Property Deeds, Building Insurance declaration, Solicitor's Certificate, Title Plan all of these you will have signed. Also the Schedule will consist of the Schedule of Requirements and the Declaration of Undertaking.

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Stage Five

- Once all the gathered paperwork has been signed, it will be dispatched to the lender's solicitors by Recorded Next Day delivery. Your solicitor will also have applied to your current mortgage lender for the correct amount due on a mortgage redemption statement.
- If there is a shortfall on the amount you will be borrowing and the amount owed to the current mortgage lender, you will be asked to forward this amount to the lawyer before completion.

Stage Six

- The lender's solicitor having received the schedule and the signed documents, may raise enquiries which will be dealt with by your solicitor who may, in turn, refer these onto you. This process can take five working days or more depending on the queries. It's important that you reply as soon as possible.

Stage Seven

- As soon as the lender is satisfied, then the funds can be released. It usually takes five working days after they have received the Schedule.

Stage Eight

- Completion is the day that the funds are sent to your solicitor.
- They are forwarded to you as you instructed in their Questionaire completed at the beginning of the process.
- You will receive a Completion Statement detailing the charges taken.
- Your existing mortgage or secured borrowing will have been redeemed.
- Cancel any direct debits, but only after you have received the funds.

Stage Nine

- Post-Completion: At this final stage, the lender registers their charge against your property. The Land Registry will provide amended Deeds to your solicitor. You will receive a copy of the completed registration document and any title deeds that have been returned to your solicitor. Registration is the final stage and this can take up to 3 months.

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Getting Help

There are certain financial transactions when Doing-It-Yourself is a feasible option, whereas there are others where help – or more precisely, advice – is of paramount importance.

Looking into and organising an Equity Release solution fits definitely into the second category. This is a very important step to take and you should always seek help and advice from a specialist.

There are various complex factors:

- From which type of plan to use
- What is the best way?
- How they stack up to other alternatives?

You may wish to consider your broader family position and how the solution will impact on your beneficiaries or heirs.

There is a considerable number of considerations to work through.

So, using a fully regulated Equity Release adviser will always provide a layer of regulatory protection, and should ensure you get the best outcome.

MaxLyte Financial was the first equity release specialist firm to join the Equity Release Council, and equity release is their speciality.

About Us

"A Will directs but a Trust protects."

The majority of people want their assets to be passed on to their family both during their lifetime and following their death. You want to be sure your wealth goes to the right person at the right time, and you will probably want to be sure that no one else has access to it.

You want to be confident that your decisions ensure that the maximum amount goes to the beneficiaries with the minimum tax paid and in some cases tax avoided altogether.

MaxLyte Financial can offer you clear and expert advice on how you can manage your wealth and preserve your income.

Don't risk leaving it to the Courts to decide, take the initiative now to remain in control of your estate.

MaxLyte Financial Limited FCA No. 575505 is authorised and regulated by the Financial Conduct Authority. Please note that all statements concerning the tax treatment of trusts, their benefits and protective qualities are based on our understanding of the current law and Inland Revenue practice as at the date of publication and does not form personal advice and is for general guidance only. While every effort is made to ensure accuracy, no liability can be accepted for any errors or omissions. Levels and bases of, and reliefs from taxation are subject to change.

peter@maxlyte.co.uk | 020 79932882 | www.maxlyte.co.uk

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THE APPENDIX

Lifetime Mortgages

- A Lifetime mortgage is a type of mortgage which does not require monthly repayments.
- You retain ownership of your home and interest on the loan is rolled up (compounded).
- They are generally available from age 55 (in the case of a couple this will apply to the younger of the couple).
- The loan and the rolled-up interest are repaid by your estate when you either die or move into long term care.
- With some plans or schemes rather than roll up the interest, you can opt to make monthly repayments if you wish. These can be for the full amount of interest or part of it.
- For couples, repayment of the loan does not occur until the last remaining person living in the home either dies or moves into care.
- If you take out a Lifetime Mortgage, you can choose to receive your funds in a lump sum or regular amounts as an income.
- The payments are tax-free.
- Lump sum payments can be drawn-down in stages, known as drawdown. This means you do not incur interest charges/costs on any un-drawn amount. You could leave amounts un-drawn forever.
- There are also options to increase the amount you have borrowed as and when you want, with specific schemes and providers.
- You can elect to protect some of the value of your property as an inheritance for your family; this varies from plan to plan and, provider to provider.
- If you have impaired health, you may be able to increase the amounts you can secure through Equity Release.

Have Any Questions Come To Mind?

If so, just call us on 020 7993 2882,

or e-mail peter@maxlyte.co.uk.

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Home Reversion Plans

- A Home Reversion Plan also allows you to access all or part of the value of your property while retaining the right to remain in your property, rent-free, for the rest of your life.
- Home Reversion plans usually commence from age 65 in the case of a couple this will apply to the younger of the couple.
- With a Home Reversion Plan, the provider will purchase all or part of the property considering your age and your health and will provide you with a tax-free cash lump sum (or regular payments) and a lifetime lease, guaranteeing you the right to stay in your property rent-free for the rest of your life.
- The amount offered is at a discount to the current market value to take account of the Provider's costs. This discount is calculated on the age/health criteria as above.
- The older you are, the more cash you can release.
- The percentage you retain in your property will always remain the same regardless of the change in property values unless you decide to take further cash releases.
- A guaranteed percentage of the property will pass to your beneficiaries.
- You will benefit from the increase in value on your share of the property. However, this could work the other way if property prices decrease.
- You are still responsible for the maintenance of the property and the works involved.
- At the end of the plan, either on death and in the case of a couple, the second death or going into residential care. The property is sold, and the sale proceeds are shared out according to the remaining proportions of ownership.
- Home Reversion Plans involve no borrowing or lending. It is a sale/purchase agreement with a lifetime lease attached.

This guide was completed in September 2018. All information is correct and relevant at this time but is subject to change and readers should not rely on any information within this guide.

Readers should not take any actions concerning Equity Release without first taking appropriate advice, both financial and legal. Such advice should be sought and received from an appropriately qualified and regulated source.

Investments can fluctuate in value and investors may not get the amount back they invest. Tax treatment is dependent upon individual circumstances and may be subject to change in the future.

Home reversion plans and lifetime mortgages are complex products. To understand the features and risks, ask for a personalised illustration.

The Financial Ombudsman Service is available to sort out individual complaints that clients and financial services businesses aren't able to resolve themselves. To contact the Financial Ombudsman Service please visit www.financial-ombudsman.org.uk.

Member of the Equity Release Council.

FCA Number: 575505. Registered in England No: 05611294.

Registered Office: Leavesden Park, 5 Hercules Way, Watford WD25 7GS

peter@maxlyte.co.uk | 020 79932882 | www.maxlyte.co.uk

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Equity Release Customer Satisfaction Report

To ensure you are receiving the best possible service from your Equity Release service provider, we have put together this questionnaire. MaxLyte Financial is passionate about you receiving the highest levels of service possible.

Therefore, using this questionnaire as a personal checklist, if you are not tickimg "YES" to each of these questions, you will want to speak to us, as you will not currently be receiving the best advice you need to make Equity Release work for your circumstances.

Please complete the below questions by marking Yes or No for each question.

	YES	NO
My adviser provided me with his identification and Terms and Conditions and he explained how I would pay for Equity Release services.		
He recommended that I involve my family and strongly urged me to include them in the discussions.		
I was made fully aware of exactly how I will be paying for the additional "financial advice" that I received and the exact cost, prior to any advice being given.		
I was given the option of paying for "financial advice" via commission / fees/ or a mixture of commissions and fees.		
He confirmed that he is an Independent adviser and able to explore the entire market.		
He explained exactly how the equity release buying process would work.		
He sent me a CashCalc.co.uk form to complete to model my future expenditure.		
The adviser recorded my needs and objectives.		
He verified my income and expenditure precisely to ensure that I drew the correct amount of equity release money initially.		
He explained the alternatives available instead of using equity release to ensure that I had carefully considered them.		
We examined these to see if there was a viable alternative but rejected them because they did not match what I wanted but an equity release product is more suitable.		
He explained about different equity release plans in a manner that was easy to understand.		
He produced a list of all the available equity release plans and carefully explained why my plan was the most appropriate.		
My adviser verbally discusses the contents of any product literature issued to me as opposed to just leaving it for me to read.		

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	YES	NO
He carefully went through the Key Features document of the chosen plan and explained how it worked and all the charges involved.		
Using CashCalc demonstrated how the equity release will affect my financial planning.		
I was provided with sufficient information and documentation to be able to reach a fully informed decision in my own time.		
He ensured that I fully understood the way the plan worked prior to my agreeing to proceed.		
I was not pressurised into accepting the recommendation and he was very patient.		
The Suitability Report that I received was clear and contained a concise record of events. It confirmed what we discussed and is free of jargon. It invited me to contact my adviser should I be unclear on any issue.		
Based on the level of service I have received from my adviser, I will be happy to recommend him to someone I know.		

If the answer to the above questions is NO in any case, call us on 020 7993 2882 or peter@maxlyte.co.uk so we can help guide you to an equity release solution which is suited to your circumstances.

Have Any Questions Come To Mind?

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or e-mail peter@maxlyte.co.uk.