



more2life
the later life lender



Flexi Payment Term Lifetime Mortgage and managing your finances in later life



Introducing more2life's Flexi Payment Term Lifetime Mortgage

If you're reading this guide, you're likely wanting to find out more about our Flexi Payment Term Lifetime Mortgage to see if it could be the right later life finance option for you.

Over the next few pages, we'll explain in detail how our product works, who it's suitable for and how it may benefit you, as well as all of the important considerations you should make before deciding whether it's right for you.

Flexi Payment Term Lifetime Mortgage

- ✓ **A tax-free way to release cash from your home**
- ✓ **Can be used for several reasons, including repaying an existing mortgage, gifting money to your family or preparing your property for the future**
- ✓ **Comes with several protections and guarantees**
- (!) **A loan secured against your home**
- (!) **Only available to homeowners aged 55–62 at application with a property worth at least £125,000**
- (!) **Requires a period of mandatory payments until the oldest applicant turns 66, which is subject to an affordability assessment. Your home may be repossessed if you don't keep up with mandatory payments**

How does it work?

A Flexi Payment Term Lifetime Mortgage is a type of equity release that could allow you to release more tax-free cash at a lower interest rate than you would otherwise be able to through a comparable lifetime mortgage. In return, you commit to mandatory payments that last until the oldest applicant turns 66.

After that point, there's no requirement for you to make any further payments, although you can make voluntary overpayments throughout the life of the plan to help manage your total cost of borrowing, subject to criteria.

It's important to note that a Flexi Payment Term Lifetime Mortgage is a loan secured against your home, and is subject to compound interest, meaning the amount you owe can grow quickly.

Our Flexi Payment Term Lifetime Mortgage meets Equity Release Council standards, meaning you are protected with guarantee of tenure for the life of your plan, providing you meet all payments during the payment term.

You're a
UK resident
with your home as your
main residence

Your property
is worth at least
£125k

You're aged
between
55–62

Plan details



Age range

All borrowers need to be aged 55–62 at application to qualify for a Flexi Payment Term Lifetime Mortgage. The maximum age at the end of the mandatory repayment period is 66 for the oldest borrower. In the case of joint borrowers, how much you can borrow is based on the age of the youngest applicant and the mandatory payment period is based on the age of the oldest applicant.



Maximum loan amount

£1,000,000 (£540,000 in Scotland & Wales).



Property value

Minimum of £125,000 (£150,000 for ex-local authority houses and bungalows). Maximum of £2,000,000 in England, or £1,000,000 in Wales and mainland Scotland.



Arrangement fee

Arrangement fee of £999 – can be added/deducted from the loan.



Voluntary overpayments

You can make voluntary overpayments in addition to mandatory payments. These can be up to 10% of total cash advanced in each 12 month period. Minimum repayment of £50. Maximum of 12 repayments in each 12 month period.



Downsizing protection

If you need to move home after five years, you can pay the loan back early without incurring an early repayment charge if your new property doesn't meet your plan's criteria at the time.



Fixed early repayment charges

Yes, 10% in year 1, 9% in year 2, 8% in year 3, 7% in year 4, 6% in year 5, 5% in year 6, 4% in year 7, 3% in year 8, 2% in year 9, 1% in years 10–15, and 0% from year 16 onwards.



Exemption of early repayment charges on death/admission into long-term care of an applicant

Yes – within three years of the death of or admission into long-term care of the first applicant.

Benefits and drawbacks

✓ Benefits

- You can unlock cash from your home, tax-free, to help meet your needs in later life
- You could release more of your home's value than a comparable lifetime mortgage
- You could secure a lower interest rate than a comparable lifetime mortgage
- You'll benefit from several protections from the outset, including the no negative equity guarantee and the right to remain in your property for life, subject to terms and conditions – including maintaining all mandatory payments
- You can make overpayments at any time and continue, reduce or stop making repayments when the mandatory payment period ends, subject to criteria

✗ Drawbacks

- A Flexi Payment Term Lifetime Mortgage is a loan secured against your home and subject to compound interest, meaning the amount you owe can grow quickly
- The no negative equity guarantee will be reduced by any missed payments and accrued interest on these, and your home may be at risk of repossession if you don't keep up with mandatory payments
- Equity release may leave you with limited or no property equity remaining and will reduce your financial options in the future
- Equity release will reduce the value of your estate and may affect your entitlement to means-tested benefits
- A Flexi Payment Term Lifetime Mortgage is a long-term financial product and isn't designed to be repaid early. If you do, early repayment charges may apply

CASE STUDY EXAMPLE



Release more tax-free cash from your home

Stephanie Higgins, aged 55, is a divorced nurse from Shropshire. She has an outstanding mortgage of £86,000 she wishes to repay. Stephanie tried to release equity previously but found she wasn't able to unlock enough money from her home to meet her needs. However, thanks to more2life's Flexi Payment Term Lifetime Mortgage, that's about to change.

With a lifetime mortgage, Stephanie is only able to release just under £65,000 from her £285,000 home. This leaves Ms Higgins a little over £21,000 short of the money she needs to clear her existing mortgage. However, with a Flexi Payment Term Lifetime Mortgage, by committing to making mandatory monthly payments of £266 until she turns 66, Stephanie can release a further £22,800 – which gives Ms Higgins the money she needs to clear her existing mortgage.

What is loan-to-value (LTV)?

An LTV is how much you're able to borrow or already have borrowed compared to the value of your home. It's displayed as a percentage. For example, if your home was valued at £200,000 and your outstanding mortgage was £100,000, your LTV would be 50%.

Throughout her Flexi Payment Term Lifetime Mortgage, Stephanie can make voluntary ad-hoc or regular overpayments of up to 10% of the initial loan amount each year without incurring an early repayment charge to help manage her total cost of borrowing, but there are no mandatory payments after she turns 66.

Illustrative example	Lifetime mortgage ²	Flexi Payment Term Lifetime Mortgage ³
House value	£285,000	£285,000
Maximum release ¹	£64,125	£86,925
Interest rate	6.99% MER	6.99% MER
Mandatory monthly payment	£0	£266 (Until Stephanie turns 66)

Flexi Payment Term Lifetime Mortgage arrangement fee of £999 not included in calculation.

Case study example. (1) The amount of tax-free cash this customer can release from their home through a comparable lifetime mortgage. We always recommend only releasing what you need. (2) Flexi Choice. (3) Flexi Payment Term Lifetime Mortgage. Interest rates are for illustrative purposes only. Speak to your adviser for a personalised illustration. You may be able to release a higher amount with an alternative lifetime mortgage; however, the total cost of borrowing may be significantly more.

Our Flexi Payment Term Lifetime Mortgage is designed to last for the rest of your life. But it still comes with a range of flexible features designed to help you manage your borrowing throughout later life:

- You can make overpayments (up to 10% of the initial loan amount each year) in addition to mandatory payments. The minimum payment is £50 per payment, and you can make up to 12 payments per year. This allows you to reduce your repayment period – meaning your mandatory payments would stop before the oldest applicant turns 66
- In the case of joint applicants, the loan can be repaid in full within three years of the death of or entry into long-term care of the first applicant without incurring any early repayment charges
- Early repayment charges on our Flexi Payment Term Lifetime Mortgage are fixed, starting at 10% in year one and reducing to 1% in year 15. From year 16 onwards, there are no charges applied for early repayment



CASE STUDY EXAMPLE



Save thousands in interest charges

Alan Arkwright, 58, wants to unlock £77,000 from his £285,000 home to repay his existing mortgage and credit card debt. He can release the funds he needs with a more2life lifetime mortgage, but is concerned about his future financial options.

If Alan chooses a lifetime mortgage and doesn't make any repayments, he'll owe almost £288,000 after 15 years – leaving him with just over £43,000 of property equity remaining from his £285,000 home.

However, by repaying £216 a month until he turns 66 – and securing a lower interest rate through a Flexi Payment Term Lifetime Mortgage – Mr Arkwright's total cost of borrowing, including payments, will be a little under £179,000 after 15 years. That means he'll still have over £150,000 of property equity remaining. By taking a Flexi Payment Term Lifetime Mortgage, Alan will be able to make a net saving of more than £108,000 over 15 years.

You should always think carefully before securing a loan against your property to repay existing debt.

Illustrative example	Lifetime mortgage ¹	Flexi Payment Term Lifetime Mortgage ²
Release amount	£77,000	£77,000
Illustrated interest rate	8.82% MER	6.34% MER
Mandatory monthly payment	£0	£216 (until Alan turns 66)
Total cost of borrowing over 15 years (inc. payments)	£287,714	£178,937
Remaining property equity after 15 years	£43,162	£151,939
Saving vs lifetime mortgage (inc. payments)	n/a	£108,777

Flexi Payment Term Lifetime Mortgage arrangement fee of £999 not included in calculation.

Case study example. (1) Apex Ultra Series. (2) Flexi Payment Term Lifetime Mortgage. Rates are correct as of 18/04/2024 and for illustrative purposes only. Calculation assumes 1% annual house price growth for 15 years. House prices may fall as well as grow. Speak to your adviser for a personalised illustration. You may be able to release a higher amount with an alternative lifetime mortgage; however, the total cost of borrowing may be significantly more.

FAQs

Your adviser will be able to answer any questions you may have about how our Flexi Payment Term Lifetime Mortgage works, its suitability for your circumstances and provide you with a personalised illustration. However, we've listed below some of the most commonly asked questions about our plan.

Is a Flexi Payment Term Lifetime Mortgage right for me?

A Flexi Payment Term Lifetime Mortgage might be right for you if you're a homeowner aged 55–62 who's looking to release a tax-free lump sum from their home to help meet their needs in later life. However, it's not right for everyone. And it's not possible to take out a Flexi Payment Term Lifetime Mortgage plan without first receiving advice from a fully qualified equity release adviser who will assess the suitability of the plan for your specific needs. If the plan isn't suitable for you, your adviser will tell you.

Is it regulated?

Yes, equity release is regulated by the Financial Conduct Authority.

I understand that during the first phase of the plan, I must make mandatory payments. Is my home at risk?

During the mandatory payment period – which lasts until the oldest applicant turns 66 – your home may be repossessed if you don't keep up with payments, just as with a standard mortgage. At the end of the mandatory repayment period, there's no requirement for you to make payments and your home is no longer at risk, providing you've made all your mandatory payments during the payment term.

How does a Flexi Payment Term Lifetime Mortgage compare to my other options?

You have many financial options in later life, such as residential or retirement interest-only mortgages. And your adviser will recommend the most suitable product for your needs. However, a Flexi Payment Term Lifetime Mortgage may be suitable for you if you wish to reduce your monthly outgoings or if you'd prefer not to have to make payments for the rest of your life.

Who is this plan most suitable for?

Your adviser can talk to you in more detail about the suitability of a Flexi Payment Term Lifetime Mortgage based on your individual circumstances. But we find that this plan can be suitable for people who:

- Can't – or don't want to – continue to fully service their existing mortgage and broader borrowing commitments
- Are able to afford to make mandatory payments until the oldest applicant turns 66
- Want the flexibility of choosing whether to continue, reduce or stop making payments on their mortgage after the oldest applicant turns 66
- Want the security of a fixed interest rate for life
- Have an existing mortgage that's currently too high to repay with a lifetime mortgage
- Have demonstrable income over the required term and are able to pass an affordability test

What if my circumstances change once I take out the plan?

A lot can happen during retirement. Unfortunately, some people may go through a divorce, experience a deterioration in health or may have a significant change in their financial situation.

That's why our Flexi Payment Term Lifetime Mortgage plan is built to evolve with you in later life and can be adjusted to meet changing circumstances. From repaying your loan in full (early repayment charges may apply), to giving you the right to stay in your home for life, a more2life Flexi Payment Term Lifetime Mortgage could be the right financial solution for you. Speak with your equity release adviser for more details.



Who is more2life?

Since our foundation, we've been focused solely on later life lending – and it's helped us do things differently.

We continually challenge ourselves to think how our products, services and technology can work better for you, to help you live the later life you want.

Retirement is no longer a one-off event marked with a clock and a handshake. It's a journey, an experience, and it requires a fresh approach from lenders such as more2life in order to meet the needs of today's later life borrower.

That's why we're here.

Here are just some of the awards we've won...



Our customers rate us 'excellent' on Trustpilot, here's what some of them had to say:



"happy to recommend this organisation"

Great company and staff. It was a swift, easy process from start to end. The team member I spoke to was excellent on the phone; both polite and quickly answered my questions. I am happy to recommend this organisation.

David



"cared if he got things sorted for me"

The person in more2life customer services who dealt with my query did so politely, calmly and efficiently. I felt that he cared if he got things sorted for me and, importantly, he didn't rush me.

Sue



"very happy with the service received today"

We were very happy with the service received today from more2life. The telephone was answered promptly and we spoke to someone who was able to deal with our request in a highly efficient manner. Also such a pleasure to speak with someone with a very human response.

Andrew



Search 'more2life' on uk.trustpilot.com to read more real customer reviews



more2life
the later life lender

For more information



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more2life.co.uk/customer

For more information, please speak to a specialist equity release adviser.

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