



# Apex Interest Reward

## Product Information

This document is intended for intermediaries only and is not approved for use with consumers.

### **Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product**

This summary document is being provided to you to fulfil our responsibilities under:

- **PRIN 2A.4.15 R**
- **PRIN 2A.3.12 R (2)**

It is designed to support you to comply with your responsibilities under:

- **PRIN 2A.3.16 R**
- **PRIN 2A.4.16 R**

**Please note that you are ultimately responsible for meeting your obligations under 'The Consumer Duty'.**

### **1. Summary of our assessment**

We have assessed that:

- Our Apex Interest Reward product range meets the needs, characteristics, and objectives of customers in the identified target market.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).

## 2. Product characteristics & benefits

The products are designed to meet the needs of the target group, namely the borrowing requirements of UK homeowners aged between 55 and 84 & 364 days (dependent on plan, please refer to the LTV tables). The product features and criteria are designed to support these needs.



Lump sum plans designed for customers who require a specified sum at outset but foresee no requirement for a cash facility to drawdown after initial release.



The interest rate is fixed during the payment period, providing all payments are made. Once payments stop, the rate discount will be removed and the interest rate will then remain fixed for the life of the loan.



Customers will benefit from a rate discount for the duration of the payment period by committing to make set monthly interest payments (25/50/75%) for a set period of 15 years. Customers can miss payments with a value up to 3 month's payments. As soon as the payment shortfall is greater than the value of 3 month's payments, the rate discount will be removed and the interest rate will increase. Irrespective of payments being maintained during the payment period, the rate discount will be removed at the end of the 15 year payment period.



Apex Interest Reward also allows partial repayments of up to 10% of the initial loan amount in each 12-month period, in addition to monthly interest payments, starting from the day the loan completes, without incurring any early repayment charges.



Early repayment charges are fixed and apply if the loan is repaid in full within the first 3 years of the loan completing, or if partial repayments greater than 10% of the initial loan are made in one calendar year.



Allows customers to move home and port the loan to their new property if their new home meets the lending criteria at the time.



In joint cases, the remaining borrower can repay the loan in full without incurring any early repayment charges within a period of 3 years of the death or admission into long-term care of the first borrower.



The product has a no Negative Equity Guarantee meaning under normal circumstances the amount owed will not be more than the property is worth when it is sold.

**Full eligibility criteria can be accessed on our intermediary website via [www.more2life.co.uk](http://www.more2life.co.uk) and clicking the 'product' tab to select the appropriate product page.**

### 3. Target market assessment and distribution strategy

This target market assessment matrix segments the target customers for the Product, recognising their different needs to enable you to tailor the services you provide when you distribute the Product.

#### Customer circumstances

Those **wanting** to use the equity in their home to meet financial objectives/aspirations

Those **needing** to use the equity in their home to help solve financial challenges

#### Customer needs and objectives

This would include:

1. Customers who are unable to commit to mandatory regular repayments but have the ability to make contractual payments for a set period of time instead of only voluntary repayments, in order to receive a lower interest rate for a set period of time
2. Customers who want to reduce their monthly outgoings by paying off an existing mortgage
3. Customers who want to extend existing mortgage debt into retirement
4. Customers who want to boost their standard of living to deliver a more comfortable retirement
5. Customers who want their family to benefit from some of their estate now rather than passing it on after they die
6. Customers who want to upgrade and improve their home or garden to make old age more comfortable
7. Customers who want to fund additional help in older age
8. Customers who have explored alternative forms of borrowing and do not want to downsize
9. Customers under the age of 65 who can serve more than 25% of the interest, including via additional voluntary payments or anticipate that the loan will run for a shorter duration than expected due to a future change in circumstances

This would include:

1. Customers who are no longer able to continue to fully service their existing mortgage or debt, but are able to afford some level of interest payments for a period of time in order to receive a lower interest rate
2. Customers who don't earn enough in retirement and need an additional source of income
3. Customers who have family who are struggling financially and need support
4. Customers who are struggling to manage in their home and need to make adaptations to the layout and/or facilities
5. Customers whose health is declining and need help with everyday care and acts of living
6. Customers who have explored alternative forms of borrowing and do not want to downsize
7. Customers under the age of 65 who can serve more than 25% of the interest, including via additional voluntary payments or anticipate that the loan will run for a shorter duration than expected due to a future change in circumstances

#### Distribution strategy

Our Apex Interest Reward range is available to:

- Select group of FCA authorised qualified equity release advisers registered with more2life
- The product range is available to source via industry sourcing platforms for example Air Sourcing, Iress and Advise Wise
- Advisers are expected to conduct some level of affordability assessment to assess the viability of committed payments

## All customers must fully understand:

- The cost of the borrowing and the impact of compound interest over time
- A lifetime mortgage is not for short term borrowing needs
- The existence of early repayment charges
- The interest rate of the loan is fixed for the duration of the payment period providing all payments are made. Once the payment period has ended, the rate discount will be removed and the interest rate will then remain fixed for the life of the loan
- The risks and limitations associated with the product
- The rate discount will be removed at the end of the payment period or in the event that payments cease before this time
- Potential alternative options – including downsizing
- The impact that changes in the growth of house prices can have on the equity remaining in the property at the end of the loan

The Product is not designed for customers who:

- Are aged under 55, or are 85 years of age or older.
- Are under the age of 65 serving only 25% of the interest and have no ability to make additional voluntary payments.
- Are under the age of 65 who do not expect a change in circumstances meaning the loan will run for the expected duration.
- Do not own their own home.
- Are not a UK citizen or their home in the UK is not their main residence.
- Have a property worth less than £100,000 (£150,000 if the house or bungalow is ex-Local Authority).
- Have a borrowing requirement of less than £15,000.
- Want or need a cash facility (drawdown).
- Are unable or unwilling to repay any existing debt secured against their home.
- Can access and afford alternative borrowing solutions with a lower cost of borrowing.
- Want to use the funds for gambling, foreign property investment, short-term borrowing needs, investment purposes, business purposes, debt consolidation where the equity release cost of borrowing is not appropriate and, in certain circumstances, those at younger ages looking to use equity release for ad-hoc discretionary spending.
- Are looking to raise funds in another form from an initial lump sum or ad-hoc drawdown, such as a regular income stream or a line of credit.

## 4. Customers with characteristics of vulnerability

The Product is designed for UK homeowners aged between 55 and 84 & 364 days (dependent on plan, please refer to the LTV tables), which is likely to include customers with characteristics of vulnerability or who will experience vulnerability over time.

more2life recognises that given the profile of its customer base and target market, many customers have the potential to become vulnerable over the lifetime of their product, through changes to both their personal or financial circumstances. The types of vulnerabilities customers within the target market may experience include:

- Customers with illnesses or disabilities that may affect their decision making or mental stability.
- Customers who have been or may be the target of a financial scam or other type of fraud.
- Customers making decisions based on current existing income or debt issues.
- Where there are concerns that a customer's decision making is being influenced unduly by a partner, family member or beneficiary, or where there is inappropriate involvement from a third party.

Lifetime mortgages are complex products and therefore Intermediaries must ensure they identify and support customers with vulnerability indicators, including to ensure all customers fully understand the product, its terms and limitations.

Please contact us if you need any further information about how we support the needs of all our customers in relation to the Product.

## 5. Our assessment of value

We want to make sure our products meet the needs of our customers, deliver good outcomes and provide fair value.

To do this, we have developed a comprehensive and robust fair value assessment framework. This framework considers a range of criteria, including:

- The costs of developing, distributing, and maintaining the product and ongoing services
- The price paid by customers
- The terms and features of the product
- The service and benefits delivered to customers
- The needs of our target market, including those with characteristics of vulnerability; and
- Our distribution strategy

We use this framework to assess all of our products on a regular basis. This helps us to ensure that our products continue to provide fair value.

Our fair value assessment includes a wide range of factors and has concluded as follows:

### Benefits and features

- The features of the product are aligned to the needs of the target market.
- The products provide clear benefits and flexibility, and are competitive.
- Customers are able to utilise the features of the products as expected.

### Operating costs, interest rates and fees

- The interest rates offered are commensurate to the benefits, features and utility associated with the product and our profits are not excessive.
- Our tariff of charges is based on the costs incurred in operating the services.

- Our interest rates are regularly reviewed, benchmarked and competitive and customers are aware they can make repayments to reduce the impact of compound interest should they choose to do so.

### Distribution arrangements

- The product is being distributed in accordance with our distribution strategy, which remains appropriate.
- The average advice fees levied by distributors do not indicate an adverse impact on the fair value of the product, however distributors will be required to assess this point based on their own specific advice fees and charges.

### Non-monetary costs

- No customer data is monetised and we do not generate revenue through marketing of additional products or services.
- We regularly monitor our service levels, gather customer feedback, and objectively handle complaints, taking action to improve our processes where appropriate.

### **We are committed to making sure our products continue to meet the changing needs of the target market and deliver fair value.**

As part of this commitment, we will conduct fair value assessments regularly, and review and make enhancements to our products, their associated costs, and supporting processes as appropriate.

Any changes to this assessment will be communicated accordingly.

For more information

**03454 500 151**  
**info@more2life.co.uk**

**more2life.co.uk**