

Making the most of your castle: the Later-life Mortgage

The Octopus Lifestyles Later-life Mortgage, a lifetime mortgage, helps you release some of the wealth that's tied up in your home, so you can make it work for you and your family.

There's nothing quite like owning a property. For most of us, it's the biggest investment of our lives – and not just financially, but emotionally too.

Because not only does our house normally grow in value over time, it also provides something that no other 'asset class' or 'investment vehicle' ever could: a place to call home.

But its strength – tangible, durable and dependable – can also be its weakness. The wealth that a property represents is as inflexible as the foundations it's built on.

Or, to put it another way, the home you live in won't pay the bills – and, depending on its value, could actually land your family with one – inheritance tax.

For those who want to unlock some of the money that's tied up in their home, but don't want to sell and move out, our lifetime mortgage could be the answer. It might actually reduce your family's inheritance tax bill.

It's simply a loan that's secured against your property, which typically doesn't need to be repaid until after you pass away.

At a glance

- ✓ **A lump-sum mortgage**
After valuing your home and taking a few details, we'll tell you how much we can lend you. We'll loan you a single lump sum.
- ✓ **You'll typically not have to pay a thing in your lifetime**
The interest is rolled up with the loan amount to be paid back when you pass away. Before then, you and your beneficiaries typically won't have to pay back anything at all.*
- ✓ **A 'No-Negative-Equity-Guarantee'**
Regardless of what happens to the value of your home, your family will never have to pay back any more than it can reasonably be sold for after you pass away. Guaranteed.
- ✓ **We will not make you leave your home**
Just because you're borrowing against your property does not mean that you have lost control. Even if you move into care you can still retain your property, with an agreed maintenance plan.
- ✓ **Fair and free of surprises**
Our interest rates are fixed for life when you take out a loan- ask your adviser for our latest rate. If you choose, you can repay up to 10% of the initial balance of the loan once each year without penalty. This is subject to a minimum repayment of the lower of £10,000 or the interest charged in the previous year.

*Please refer to the Family Wealth Plan brochure

Everything you need to know

Our lifetime mortgage is specially designed for those in their later life who have significant value tied up in their home.

Product details

Financial Advice

You will need to seek financial advice for the Later-life Mortgage. Your adviser will ensure that the product suits your financial needs, in conjunction with your other assets and outgoings.

Age criteria

The minimum age for the Later-life Mortgage is 70 years old. There is no maximum age.

Minimum property value

Currently we don't lend on properties worth less than £400,000.

Interest rate

Once drawn, Octopus Lifestyles mortgages carry fixed rates for life. Because the rates are fixed you can be sure exactly how much will be owed at any time in the future. Please ask your adviser for our latest rate. Because you are taking out a mortgage that typically doesn't have to be paid back in your lifetime, the interest is 'rolled up' and your family will only have to pay both the loan and the interest back after you pass away. This is usually through the sale of your property.

No-Negative-Equity-Guarantee

We guarantee that if the total debt is greater than the value of your home after sale when the loan is repaid, you won't have to pay the difference. This guarantee only applies when the property is retained for the rest of your life, or you move into full-time care.

Starting loan

The minimum initial loan is £100,000.

Legal and conveyancing fees

You will need to instruct your own solicitors to act on your behalf. The legal costs for Octopus Lifestyles will not be passed on to you, but you will need to cover your own legal expenses which will include any disbursements such as local searches. Please confirm all costs with your solicitor prior to commencement.

Other occupiers

If you live with a spouse or partner you can apply for the lifetime mortgage jointly. It will typically be repayable only once both of you pass away. If there is an occupier in the property who is not applying for the mortgage alongside you, we will ask them to complete an occupier waiver which may incur legal costs.

Moving Home

If you choose to move home after taking out the Later-life Mortgage, we will try to accommodate moving the loan as well, provided that the new property suits our lending criteria. You would be required to cover both your and Octopus' costs. If the new property doesn't fit our criteria you may need to repay some or all of the outstanding balance, which may lead to an early repayment charge.



Future borrowing

Although it's not guaranteed, if your house rises in value it may be possible to release further funds in the future.

Partial repayment

We will allow you to repay up to 10% of the initial balance of the loan once each year without penalty. This is subject to a minimum partial repayment of the lower of £10,000 and the interest charged in the previous year.

Loan-to-value (LTV)

The amount we can lend against your property will vary depending on how old you are. To be transparent, we have outlined our criteria below:

Age	Maximum Loan to value (%)
70	25%
71	26%
72	27%
73	28%
74	29%
75	30%
76	31%
77	32%
78	33%
79	34%
80	35%
81	36%
82	37%
83	38%
84	39%
85	40%
86	41%
87	42%
88	43%
89	44%
90+	45%

Talk to us to find out more

We understand that no two customers are the same. The amount you may be able to borrow, and the rate at which you do, will depend on your personal circumstances. Please ask your adviser to call us on **0800 294 6825** or email us at **customer@octopuslifestyles.com**.

If you don't have a financial adviser you can find one through www.unbiased.co.uk or we can suggest a panel of advisers from which to choose.

Costs

Application fee

The application fee is £1,500, and will be deducted from the loan on completion.

Valuation

We need a valuation of your property before we can proceed with a loan. The valuation will typically cost roughly 0.1% of the property value. Where you choose not to proceed with the loan after requesting a valuation you will still be required to pay this fee.

Early repayment charge

If you choose to repay the mortgage before you move into full time care or you pass away, you will be liable to pay an early repayment charge. This charge is 5% of the initial loan for the first 5 years, 3% for the next 5 years and 0% thereafter.

Adviser & Solicitor fees

You will need to agree the fees you are willing to pay to your adviser and solicitor, and meet those costs directly.

Understanding the key risks

It's important that you understand and are comfortable with the key risks involved with the Later-life Mortgage, and discuss them with your financial adviser before choosing to begin.

You need to seek financial advice

You will need to seek financial advice to determine if this product is suitable for you.

The size of your loan increases over time

The money you release from your home will come from a mortgage secured against your home.

Neither the loan nor the interest will typically need to be repaid in your lifetime – but because of this, the amount your family will have to pay will get bigger year on year. As a result they may not be able to inherit your home or get its full sale value. However, they'll never have to pay back any more than what your home can reasonably be sold for at the time.

It is important to keep your will up to date

This is particularly relevant after you've made significant changes to your financial affairs. We recommend that you seek legal advice to ensure that your will is drafted in a way that reflects your intentions.

There are charges for repaying the loan early

If you choose to repay the mortgage early, in certain circumstances you may be liable to pay an early repayment charge. This charge is 5% of the initial loan amount for the first five years and 3% for the next five. Thereafter there is no charge.

Important Information

The Octopus Lifestyles Later-life Mortgage involves taking out a lifetime mortgage secured on your home. For customers living in England & Wales only.

You must seek professional financial advice to use this product. We do not offer investment or tax advice. Please ensure you are familiar with the key risks set out above. Tax treatment depends on your personal circumstances and may change in the future.

Octopus Lifestyles is a trading name. Mortgages are issued by Octopus Property Lending Limited, which is authorised and regulated by the Financial Conduct Authority. Registered office: 33 Holborn, London, EC1N 2HT. Registered in England and Wales No. 07531926.

We may record telephone calls.



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