



# EQUITY RELEASE SUITABILITY REPORT FOR:

Mr Michael Smith & Mrs Margaret Smith

Your equity release recommendation has been created based on the information you've given us about your personal objectives and circumstances. This document confirms that we believe equity release is a suitable method to achieve the objectives we discussed. If you choose to go ahead, we would be happy to proceed with arranging this equity release plan on your behalf.

**We have sent you one copy of this document which should be kept for your records. There is also a separate declaration confirming that the content of this document is accurate. If you decide to proceed with releasing equity from your property, please sign the declaration and return it to us along with the plan provider's application form.**

**This recommendation was prepared for you by:**

**Mr James Edwards  
Equity Release Advisor  
Call: XXXXXXXX**

**Email: [james.edwards@agepartnership.com](mailto:james.edwards@agepartnership.com)**

**ID: 123456789**

# Contents

<b>SECTION 1: A SUMMARY OF YOUR REQUIREMENTS</b>	<b>Page 1</b>
<b>SECTION 2: YOUR RECOMMENDED EQUITY RELEASE PLAN</b>	<b>Page 3</b>
<b>SECTION 3: IMPORTANT THINGS YOU SHOULD CONSIDER</b>	<b>Page 7</b>



“Releasing equity has enabled me to pay-off my mortgage, clear my debts and gain a little nest-egg for my retirement.” Mr Campbell, Ayr



“We chose equity release to supplement our retirement pension and to give our two sons a lump sum.” Mr Worrall, Plymouth



“It enabled us to clear our mortgage and release more income to fund our pension.” Mr & Mrs Miles, Bristol

## SECTION 1: A SUMMARY OF YOUR REQUIREMENTS

This section details your objectives, preferences and priorities as identified during our conversation on **01/12/2015**. Please read through this carefully to ensure that it is accurate, as this represents the information on which we have based our recommendation.

If anything has changed since we had our conversation, please raise this with me as soon as possible.

### YOUR OBJECTIVES

You have informed us that you would like to raise funds for the following reason(s), in order of their importance to you:

No.	Description	How much?	When?
1	Repay Mortgage	£60,000.00	Now

- You enquired with Age Partnership to explore the option of releasing the maximum from your property to repay your mortgage in full as an alternative to using your savings.
- You would like to generate a lump sum to repay your existing interest only mortgage with Halifax which is due to be repaid in 5 months.
- You have indicated that you do not require a reserve facility.

You have given us your views on the following options, which may be available to you as an alternative to releasing equity:

<i>Moving house:</i>	You do not wish to move from your present home.
<i>Using existing assets:</i>	You do not have sufficient assets and you wish to retain your savings as your emergency funds.
<i>Help from family members:</i>	You have no family to ask for help
<i>Taking in a lodger:</i>	You are not prepared to consider this
<i>Do you feel any of the options we discussed may be applicable in the future?</i>	No
<i>Have you taken advice for a standard loan or mortgage?</i>	Yes, however you are unable to extend the term of your mortgage.

## YOUR PREFERENCES

We have discussed the various types of equity release plans, including the features that are available, along with the difference between fixed and variable types of interest.

With regards to any potential Equity Release plan, you have indicated that:

### Features of Plan

- You would prefer a rate of interest that is fixed for the life of the plan.
- You are not concerned if a plan has early repayment charges as it is not your intention to repay any lending early.
- You do not plan to move house in the near future.
- You are unaware of any requirement at some point in the future for you to consider a further advance.
- It is not important for you to leave a guaranteed portion of the property to your beneficiaries.
- You would prefer a plan that does not require you to make monthly interest repayments.

## YOUR PRIORITIES

The following priorities are ranked in order of their importance to you (with 1 being the most important).

<u>Rank</u>	<u>Feature</u>
1	The Maximum release

### Restrictions:

- Based on the information provided there appears to be no reason you or your property will suffer from any lending restrictions.

### Fees:

- With regards to any fees that may be applicable in the arranging of any potential equity release plan, you have indicated a preference that these fees will be paid from your own funds.

## YOUR VIEWS

- Your expectations on future interest rates are that they will increase
- Your expectations on future house prices are that they will increase

## SECTION 2: YOUR RECOMMENDED EQUITY RELEASE PLAN

Based on the information that you have provided, I now have an understanding of your objectives and circumstances and I am confident that the following equity release plan represents the best way of meeting your objectives:

### PLAN DETAILS

<i>TYPE OF PLAN:</i>	<b>Lifetime Mortgage</b>
<i>PLAN PROVIDER:</i>	<b>Pure Retirement</b>
<i>NAME OF PLAN:</i>	<b>Max Drawdown I Special Cashback</b>
<i>INTEREST RATE:</i>	<b>7.09%</b>
<i>INITIAL AMOUNT:</i>	<b>£61,500.00</b>
<i>RESERVE FACILITY:</i>	<b>Not Required</b>
<i>MONTHLY PAYMENT:</i>	<b>Not Required</b>

### KEY BENEFITS OF PLAN & LENDER

This lender and plan offer the following key benefits:

- ✓ **A Free valuation**
- ✓ **£4,175 cash back on completion**
- ✓ **The maximum amount of monies available to you through Age Partnership on a Lifetime Mortgage**
- ✓ **You retain ownership of 100% of your property**

## WHY THIS RECOMMENDATION IS SUITABLE FOR YOU

During our conversation on **01/12/2015** we discussed your objectives for the funds you wish to raise. In addition, we fully discussed the various methods by which you could achieve this objective and agreed a number of preferences. These are documented in section I and the recommendation above meets the requirements due to the following reasons:

### Summary of our Discussion

You told me that you have saved up enough funds to repay your mortgage in full as it is on an interest only basis. However, you are aware that when Mrs Smith retires your disposable income will be significantly reduced and you want to maintain your current lifestyle. Therefore retaining as much of your savings balance as possible is paramount, and you wanted to explore the option of Equity Release to repay your mortgage in full.

### Preferences

**Lump sum lifetime mortgage:** We discussed the various plans that you can use to release equity from your property. My recommendation is based on the information you provided on your personal circumstances, objectives, your views on house price inflation in the future and on how long you expect the plan to be in place. You would prefer not to make any regular monthly repayments and a lump sum lifetime mortgage meets this objective. In addition, it also entitles you to maintain full ownership of your home, meaning that you benefit from any future increase in its value. You required the funds for the objectives listed in Section I.

You wanted the plan to feature an interest rate payable that would remain the same throughout the term of the lifetime mortgage, and would not be subject to increases. This allows you to see exactly how much interest you will be charged from the beginning.

You were not concerned about a low interest but please note, the higher the interest rate, the more rapidly the equity in your property will erode.

### Priorities

Whilst we identified an initial requirement of £60,000 you felt you wanted the maximum amount available to you releasing on a lump sum basis. This is so that you can use the additional funds to top up your savings to continue enjoying retirement for the foreseeable future. You are not concerned with leaving any inheritance; you told me that you are not close with your sons.

Please note that the amount above is dependent on your estimated property valuation and that if the valuation is lower, then the amount available will reduce accordingly.

### Alternatives

We discussed the option of you using part of your savings and releasing an initial lump sum to make up the difference to repay your mortgage, leaving the remainder of the funds with the provider for you to draw down from as and when necessary. This will help to ensure you aren't paying unnecessary costs on money you don't yet need, and will safeguard inheritance. However, you confirmed to me that you wish to receive the full lump sum from the outset for you to be able to plan ahead and for you to spend the money as and when you see fit, and that you were not concerned with safeguarding inheritance.

You are aware that there were other plans that offered you enough funds to repay your mortgage in full with lower interest rates. However, you confirmed that the interest rate is not a concern and that you would prefer to benefit from the maximum amount available.

**Pure Lump Sum plan:** This is designed to produce a one-off cash advance. You are aware that it is not possible to raise further funds from this plan and you have confirmed that you have no intention to borrow any additional funds.

**FEE PAYABLE ON APPLICATION**

VALUATION FEE: <b>£0.00</b>
-----------------------------

**FEES PAYABLE ON COMPLETION**

These will only apply if your case completes and can be deducted from the amount released

PROVIDERS APPLICATION FEE: <b>£895.00</b>
<b>ESTIMATED SOLICITOR'S AND</b> <b>£645.00</b>
ADMINISTRATION COSTS: (plus VAT & disbursements)
OUR ADVICE FEE: <b>£995.00</b>

**LENDER'S CONTRIBUTION TO SET UP COSTS: £1,100.00\***

**CASH BONUS ON COMPLETION: £3,075.00**

**TOTAL: -£1,640.00**

\* Estimated legal fees are based on your choosing a solicitor who specialises in equity release. Non-specialist solicitors will generally charge more than this and possibly be slower in completing your case. For more details see the enclosed document called 'proceeding with your application'.

You may have to pay additional legal costs and disbursements, which will be deducted from the amount released. These costs and disbursements are shown in the Tariff of Charges provided by your solicitor and product provider. The disbursements charged to you may cover various search and registration fees with your solicitor and the land registry, for example: Land Registry and Property search, Bankruptcy search, Transfer of Equity, Signature verification and Telegraphic Transfer.

\* The lender's contribution is £600.00 is towards solicitor's costs and £500.00 towards Adviser costs

## SECTION 3: IMPORTANT THINGS YOU SHOULD CONSIDER

I am confident that the equity release plan featured in *Section 2* of this document is a suitable means of achieving the objectives that you have set out. Before you proceed, however, I would ask that you take note of the following points below along with the information in your **Key Facts** document. If you have any concerns about any of these points or there is anything that you don't understand, please ask for clarification from me as soon as possible.

### **Important information about your recommended plan**

**It is important that you ensure you only consider releasing funds to the level you really need as all monies released accrue gross roll up of interest and reduce the amount left in your estate for your beneficiaries**

**You should not rely on the proceeds of this plan until it completes and you have received the funds.**

**Holding Funds on deposit:** If you intend to hold any or all of the funds you release on deposit or as investments for any reason you should be aware that if the return you make these arrangements is less than the interest on your Equity Release plan, this would leave you worse off. In addition any income generated from the funds you hold on deposit could affect your tax position and/or your entitlement to Age Allowance which you should consider before proceeding. I have not provided any advice on the suitability of any particular deposit account or investment and recommend you consult a specialist in this area.

### **Information about lifetime mortgages**

You are not concerned with repaying the lifetime mortgage and you are happy for repayment of this to come from your estate on death or upon entering long-term care for (the surviving partner where applicable).

**Interest roll up:** The lifetime mortgage will be secured against your property and as there are no repayments to make interest will roll up and be added to the loan. This could result in the amount of the loan being significantly more than the original amount when it is repaid. Please refer to the Key Facts document for further details. You are aware that some lifetime mortgages offer no guarantees that any equity will be left for your beneficiaries. If your recommended plan does offer this guarantee, this will have been discussed with your Advisor. The recommended plan features a 'no-negative-equity guarantee'. This means that, provided you comply with your obligations as set out in the lenders mortgage conditions, when your property is sold, if the amount owed were to exceed the property value, your estate would not be required to pay the difference. In other words, you can never owe more than the value of your property. Please refer to your plan literature for more information.

**Buildings Insurance:** All Lenders make it a condition of their lending that you maintain suitable Buildings Insurance. You have provided us with your renewal date and we may contact you near that time to provide you with a quote.

**Property Maintenance and Repairs:** You have advised us that you do not believe your property is in need of essential repairs or maintenance at this point in time. I have made you aware that you will continue to be responsible for all outgoing related to the property, including continuing to maintain and insure the property.

**State benefits:** It should be noted that taking out this equity release plan could affect your current and future entitlement to means tested benefits and therefore we suggest you consider this carefully before proceeding. We discussed that any money held in savings above certain limits or unused pension funds can reduce or stop your entitlement to means tested state benefits. At the present time, benefits may be impacted if you have savings above £10,000 and if the level is greater than £16,000 benefits may be withdrawn. Based on the information that you provided, you are not currently receiving any means tested benefits and confirmed you are not eligible.

Although you are not in receipt of means tested benefits at this current time, your circumstances may change in the future meaning that you may be eligible for some benefits subject to savings limits. We are unable to predict if this may happen and as such, you are aware that retaining funds in the form of savings, may impact on any possible future entitlement. Age Partnership advisors are not experts in the assessment and calculation of means tested benefits. If you are concerned about the impact of a Lifetime Mortgage on your current or future entitlement to means tested benefits then we suggest that you contact the Pension Service or HMRC before entering into a Lifetime Mortgage.

**Existing mortgage:** You understand that your existing mortgage must be paid off from the equity released prior to completion of an equity release plan. The new lifetime mortgage will be secured against your property and as there are no repayments to make interest will roll up and be added to the loan. Taking this course of action means you are extending the term of the debt and potentially increasing the amount to be repaid.

**Funds to cover disbursements & VAT:** We have discussed the need to ensure that you have sufficient funds to cover the legal costs associated with any disbursements (see notes under the fees section for more details) and V.A.T. You understand that we cannot give you fixed figure for this potential cost however, we have agreed an estimated amount of £275 is likely. You have therefore confirmed you believe you are releasing sufficient funds to cover all costs.

**Independent legal advice:** I have advised you that you will need to take independent legal advice. If you choose a solicitor from our recommended panel, then the likelihood is that your case will complete more quickly and at a lower cost than would have been the case otherwise. Please note, however, that each equity release case is different, and we cannot guarantee timescales for completion. On some occasions you may be required to provide further information in advance of your equity release case completing.

**Early repayment charges:** Your attention is drawn to section 13 of the attached Key Features Illustration which highlights the early repayment charges associated with the recommended Lifetime Mortgage. These plans are intended to be long term commitments and therefore in the event that your circumstances change and you wish to repay part or the entire loan early you could incur an early repayment charge.

**Inheritance Tax:** Equity Release reduces the value of your estate and is likely to impact on any potential inheritance tax liability your estate may have. It may also be used as part of Inheritance planning. As these are complex matters however, Age Partnership are unable to give advice on Inheritance Planning and you should seek independent financial advice from a suitably qualified specialist if you have any questions.

**Taxation:** All statements in this report concerning tax treatment of products or benefits are based on our understanding of current UK tax legislation and Inland Revenue practice. Levels and bases of taxation and relief from taxation are subject to change.