



## Checklist for Advisers

This guide is designed to provide you with direction when you're advising customers on equity release. It covers 14 of the most significant points to consider in the advice process and when you're assessing the customer's suitability for equity release. You should also refer to other industry practice notes for fuller details of the advice requirements outlined in MCOB Chapter 8.

This is not a substitute for carrying out a full Fact Find, or providing full advice to your customers on equity release, nor is it a replacement for a Suitability Report. As you will see, the final point (14) asks whether the customer has been given a copy of the Suitability Report, and asked to confirm their receipt and acceptance of it.

Please tick the boxes on the following checklist:

### Customer name:

1. Have you fully discussed with the customer alternatives to equity release including trading down, grants, use of savings and pension income, financial assistance from any family member and so on – both for the current point in time and how any of these alternatives may be relevant in the future?
2. Have you established or referred for investigation the customer's eligibility for state benefits and the effect equity release benefits may have on them?
3. Have you considered the customer's tax position in making this recommendation?
4. Has the customer been advised to speak to their family and any other material beneficiaries of their Will, and to consult an independent legal adviser?
5. Have you discussed the customer's health and life expectancy and taken into account the effect of positive and negative changes in house values? Have you explained the impact this could have on their Will and estate planning and how any released funds may impact on their ability to fund for later life financial requirements such as long-term care funding?
6. (Prior to any recommendations) have you provided the customer with a fair and balanced overview of the pros and cons of both lifetime mortgages and reversion plans?
7. Are you sure the contract you have recommended is the most suitable lifetime mortgage or reversion plan and have you advised that any other outstanding mortgage will need to be redeemed before the lifetime mortgage contract can be entered into?
8. Have you explained that reinvesting the money released is unlikely to generate returns that will offset the cost of the equity release plan, but if the customer/client is considering it they should seek advice from a suitably qualified and authorised investment adviser.

**Continued overleaf**

**9.** Have all fees and risks associated with the product recommended been fully explained, for example:

- Impact of any compound interest;
- Any early repayment charges;
- If reversion not receiving the full market value for the percentage sold;
- If the product is not from an Equity Release Council member and the product does not comply with the Equity Release Council's Statement of Principles, what protections the customer is foregoing;
- That the opportunity to move the mortgage in the future will be restricted to properties acceptable to the lender. This may rule out moving to age-restricted or sheltered accommodation, depending on the lender's policy at the time

**10.** Have you reviewed the customer's needs and objectives, future plans and ongoing commitments including moving home? (This includes income requirements as well as property maintenance and insurance.)

**11.** Have you ensured that the amount released does not exceed the customer's current requirements and is appropriate to their attitude to risk? This includes debt consolidation, if applicable.

**12.** Have you set out the Drawdown Schedule anticipated at point of sale?

**13.** Has the customer put together a realistic expenditure budget plan for the funds released?

**14.** Has the customer been given a copy of the Suitability Report, outlining all of the information in 1-13 above, and been asked to confirm their receipt and acceptance of it

Signed: \_\_\_\_\_ (Adviser)

Date: \_\_\_\_\_