

Checklist for Advisers

The Equity Release Council (the Council) has produced a checklist for advisers. It is designed to provide direction when advising customers on equity release. It covers the most significant points to consider in the advice process and when assessing the customer's suitability for equity release.

Under the Council's Standards all adviser members are required to complete the Checklist for Advisers for all customers where a plan has been recommended (even if the case does not complete) and retain the completed document on file.

Where the checklist has been built into a firm's processes, the adviser must be able to evidence compliance with the checklist points.

It is recommended that a copy of the Council's **Consumer Charter** should be provided to customers as good practice. Reference should also be made 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 asks whether the customer has been given a copy of the Suitability Report and asked to confirm their receipt and acceptance of it.

Guidance to support this checklist is available to members.

To view it please visit www.equityreleasecouncil.com/adviser-checklist-guidance/

NOTE: This document and the best practice guidance document that supports it are designed to give professional financial advisers information and tools that they can use to help control and develop their business. They are not intended for customer use and should not be relied upon by any other persons.

Use of these documents is restricted to Council Members only and should not be shared with or distributed to non-members.

Customer name:

Please tick the boxes on the checklist on the following pages.

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| 1. | Have you confirmed that you can advise on equity release products from the Whole of the Market or that you are a Tied or Restricted Adviser? As a Tied or Restricted Adviser, have you clearly explained the limitations and restrictions to your advice? | <input type="checkbox"/> |
| 2. | Have you confirmed and agreed with the customer how the service delivered to them will be tailored to meet their individual needs? | <input type="checkbox"/> |
| 3. | 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? | <input type="checkbox"/> |
| 4. | 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.) | <input type="checkbox"/> |
| 5. | Has the customer put together a realistic expenditure budget plan for the funds released? This includes making use of drawdown facilities, if applicable. | <input type="checkbox"/> |
| 6. | 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. | <input type="checkbox"/> |
| 7. | Have you fully discussed with the customer alternatives to releasing money from their home including downsizing, grants, use of savings and pension income, financial assistance from any family member etc – both for the current point in time and how any of these alternatives may be relevant in the future? | <input type="checkbox"/> |
| 8. | (Prior to any recommendations) Have you provided the customer with a fair and balanced overview of the pros and cons of all later life lending options including mainstream mortgages, retirement interest-only mortgages (RIOs), lifetime mortgages and reversion plans? | <input type="checkbox"/> |
| 9. | <p>Have all the recommended product's fees and risks been fully explained including:</p> <p><input type="checkbox"/> How interest accrues over time (interest roll-up or compound interest) and its impact on the loan balance? Specifically, does the customer understand when their loan might double and at what point the No Negative Equity Guarantee (NNEG) might apply?</p> <p><input type="checkbox"/> Any early repayment charges.</p> <p><input type="checkbox"/> If reversion not receiving the full market value for the percentage sold.</p> <p><input type="checkbox"/> If the product is not from a Council member and does not comply with the Council's Product Standards, what protections the customer is foregoing.</p> <p><input type="checkbox"/> That the opportunity to move the mortgage in the future will be restricted to properties acceptable to the provider. This may rule out moving to age-restricted or sheltered accommodation, depending on the provider's policy at the time.</p> <p><input type="checkbox"/> The difference between making voluntary payments and not making any payments—how this affects the total amount owed and the equity remaining in their property?</p> | <input type="checkbox"/> |
| 10. | Have you fully discussed, documented, assessed and, where necessary (for example for mandatory payment lifetime mortgages), verified the customer's current and potential future income and expenditure? | <input type="checkbox"/> |
| 11. | Have you set out the drawdown schedule anticipated at the point of sale and explained that future drawdowns are not guaranteed and will be charged at the rate of interest applicable at the time? This should be recorded in your fact find. | <input type="checkbox"/> |
| 12. | Have you considered the customer's tax position in making this recommendation? | <input type="checkbox"/> |

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| 13. | Have you explained to your customer that they should not release funds to be invested to generate wealth or income, with the exception of being for the purpose of Inheritance Tax (IHT) planning? | <input type="checkbox"/> |
| 14. | Have you established or referred for investigation the customer's eligibility for state benefits and the effect equity release benefits may have on them? | <input type="checkbox"/> |
| 15. | Have you explained the impact equity release could have on the customer's estate planning, including the possibility of negative house price inflation? | <input type="checkbox"/> |
| 16. | If you are recommending that your customer re-mortgages, have you completed an analysis comparing the new plan versus their existing plan, including, the implications of any early repayment penalties/charges, set up fees, and any potential positive or negative changes in features and benefits between the two plans? | <input type="checkbox"/> |
| 17. | Have you advised that any other outstanding mortgage would need to be redeemed before the lifetime mortgage contract can be entered into? | <input type="checkbox"/> |
| 18. | If the customer is consolidating unsecured debt, have you explained that they are spreading the cost over a potentially longer term, which may reduce their monthly outgoings but will result in the overall cost of the debt increasing, if no payments are made? Have you also explained the consequences of replacing unsecured debt with secured debt and/ or debt held in a single name to potentially joint life debt and liability? | <input type="checkbox"/> |
| 19. | Have you discussed the customer's health and life expectancy and how any released funds may impact on their ability to fund later life financial requirements such as long-term care? | <input type="checkbox"/> |
| 20. | Have you recommended that the customer review their Will or consider making a Will with a suitably qualified person? | <input type="checkbox"/> |
| 21. | If your customer does not have a Power of Attorney, have you recommended that they seek advice from a Solicitor or a Suitably Qualified person? | <input type="checkbox"/> |
| 22. | Have you advised joint customers that access to the drawdown facility will be removed in the event of either party losing mental capacity, without a registered Power of Attorney? | <input type="checkbox"/> |
| 23. | Have you established if the customer has suffered from physical or mental health problems, a bereavement, divorce, emotional or financial difficulties, challenges with literacy or numeracy, or any other traumatic event, that may leave them in a vulnerable position? | <input type="checkbox"/> |
| 24. | Are you confident that your customer is entering into a commitment which they fully understand, and they are not being coerced into taking a plan which may not be in their best interests? | <input type="checkbox"/> |
| 25. | For mandatory payment lifetime mortgages only, (a) are you satisfied that payments are affordable and likely to remain affordable to the customer(s) and fall within their proposed budget? (b) has a payment schedule been agreed and set up with the customer(s)? | <input type="checkbox"/> |
| 26. | Are you sure the contract you have recommended is the most suitable lifetime mortgage or reversion plan? | <input type="checkbox"/> |
| 27. | Has the customer been given a suitability report (or equivalent), outlining all of the information above? | <input type="checkbox"/> |

Adviser Name:

Adviser Firm:

Date of Advice:

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