



JOHN LAMB

EQUITY RELEASE

June 2020

EQUITY RELEASE

www.jlequityrelease.co.uk
020 7633 2222

TYPES OF EQUITY RELEASE

LIFETIME MORTGAGE

A Lifetime Mortgage is a mortgage that does not require monthly repayments. You retain ownership of your home and the interest on the loan is rolled-up (compounded). The loan and compounded interest are repayable when you die or move into long term care. You can opt to make monthly repayments on certain plans, within agreed limits, in order to control the roll-up of interest.

DRAWDOWN LIFETIME MORTGAGE

A Drawdown Lifetime Mortgage allows you to release a smaller lump sum from your property, with a cash facility that you can draw upon as and when you need it. Interest is only charged on the funds that have been released. When you decide to release additional funds from the cash facility a new rate of interest will be applied to the additional amount you borrow.

RETIREMENT INTEREST ONLY MORTGAGE (RIO)

Retirement Interest Only Mortgages (RIOs) allow you to borrow against your property and only make monthly interest payments. With RIO mortgages, you are only required to repay the loan when you sell your property, die or move into long-term care. Unlike standard interest only mortgages, you only have to prove that you can afford the interest payments.

HOME REVERSION

A Home Reversion plan allows you to sell all or part of your property in return for a cash lump sum (or regular payments) and a lifetime lease, ensuring that you have the right to reside at the property, rent free, for the rest of your life.

OPPORTUNITIES FOR EQUITY RELEASE

- Inheritance tax mitigation
- Funding care at home
- Debt consolidation
- Provide liquid funds and increase cash flow
- Intergenerational transfers
- Home Improvements

MAXIMUM BORROWING

The capital that can be released from your client's property is dependent on their age and the value of their property.

MAXIMUM BORROWING			
Based on the age of the youngest homeowner			
AGE	PERCENTAGE	AGE	PERCENTAGE
55	26%	73	48%
56	27%	74	49%
57	28%	75	50%
58	29%	76	51%
59	30%	77	52%
60	33%	78	53%
61	34%	79	54%
62	35%	80	55%
63	36%	81	56%
64	37%	82	57%
65	38%	83	58%
66	39%	84	58%
67	40%	85	58%
68	41%	86	58%
69	42%	87	58%
70	45%	88	58%
71	46%	89	58%
72	47%	90+	58%

Some lenders will take into consideration health and lifestyle factors which can provide increased LTVs

All LTVs quoted in this presentation are as at June 2020 and are indicative only.

INTEREST RATES

Equity Release interest rates on Lifetime Mortgage Products are usually between 2.42% AER and 6.57% AER. Please contact John Lamb Financial Solutions in order to discuss current rates available.

EQUITY RELEASE COUNCIL PRODUCT STANDARDS

For lifetime mortgages, interest rates must be fixed or, if variable, there must be a 'cap' (upper limit) which is fixed for the life of the loan.

You have the right to remain in your property for life or until you need to move into long-term care, provided the property remains your main residence and you abide by the contracts' terms and conditions.

You have the right to move to another property subject to the new property being acceptable to your product provider as continuing security for your Equity Release loan.

The product must have a 'no negative equity guarantee'. This means that when your property is sold, and agents' and solicitors' fees have been paid, even if the amount left is not enough to repay the outstanding loan to your provider, neither you nor your estate will be liable to pay any more.

PRODUCT FEATURES

DOWNSIZING PROTECTION

Designed to offer redemption without an Early Repayment Charge (ERC) for clients who have applied to transfer a lifetime mortgage to a property that does not meet the lenders criteria.

INHERITANCE GUARANTEE

Guarantees that a percentage of the property's value will be available, to be left as an inheritance when the plan comes to an end.

EARLY REPAYMENT CHARGE WAIVER

Enables redemption of a 'Joint' Lifetime Mortgage without an Early Repayment Charge (ERC) in the event of the first death or entry into long term care, for a period of 3 years from the date the event occurred.

GIFT INTER VIVOS COVER

A Gift Inter Vivos life assurance policy is one that provides a lump sum to cover the potential IHT liability that could arise if the donor of a gift dies within seven years from the date of making the gift.

The lump sum provided matches the potential IHT liability and reduces in line with the available taper relief.

GIFT COVER						
Cost per year for £1m of single life cover						
	AGE					
	30	40	50	60	70	80
Yr 1	£270	£482	£1,006	£2,445	£7,462	£29,077
Yr 2	£270	£482	£1,006	£2,445	£7,462	£29,077
Yr 3	£270	£482	£1,006	£2,445	£7,462	£29,077
Yr 4	£190	£393	£813	£1,984	£6,051	£23,888
Yr 5	£143	£304	£617	£1,517	£4,624	£18,698
Yr 6	£97	£215	£420	£1,046	£3,184	£13,113
Yr 7	£49	£124	£215	£542	£1,644	£6,937
Total paid over term	£1,289	£2,482	£5,083	£12,424	£37,889	£149,867
Guaranteed premiums are fixed for the full policy term						

All insurance premiums quoted in this presentation are as at June 2020 and are indicative only and assume that the individuals are non-smokers, resident in the UK and accepted on standard terms. These policies have no surrender value.



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John Lamb Financial Solutions
10 Lower Thames Street
London EC3R 6AF

PAULA STEELE

DIRECTOR

paula.steele@johnlamb.co.uk

ALEX GIBSON-WATT

MANAGING DIRECTOR

alex.gibsonwatt@johnlamb.co.uk

ANTHONY SEWARD

SPECIALIST EQUITY

RELEASE ADVISER

anthony.seward@johnlamb.co.uk

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