

Unlocking your tomorrow

Begin your mortgage
journey with us



Award-winning mortgage broker



**Mortgage
Advice Bureau**



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About us Hello.

We're Mortgage Advice Bureau (MAB), and we believe that when it comes to your mortgage journey you shouldn't be limited by age. Here at MAB, we'll help you focus on what truly matters - your ambitions for later life.

As the UK's leading mortgage intermediary brand, we have won over **200 national awards** for the quality of our advice and service. With an extensive network of over **2,000 advisers across the UK**, we offer expert mortgage advice on a local, regional, and national level. Our mission is to provide personalised consultations both face-to-face and over the phone.

Part of our service is to help customers like you embrace opportunities later in life. Navigating the intricacies of later life mortgages requires a specialised touch and we pride ourselves on being the experts in this field.

We understand that every journey is personal. Our advisers take the time to explore your aspirations, challenges, and financial goals. The advice you receive from us isn't just personalised; it's given with the aim to make the mortgage process easier.

From our initial meeting to selecting the right way forward, we'll be there to offer advice with unwavering support and a commitment to your mortgage needs. Your journey with Mortgage Advice Bureau extends beyond getting you mortgage ready - we provide continuous support to ensure you still have the right deal for you as things in life change.

It's time to get excited about the future!
Your journey with us begins here...



Your journey with us

Before we explore your options, here's an overview of your journey with us. By knowing the road ahead, you can start to plan your future with certainty and confidence.



1

Speak to an expert

Our expert advisers can answer any initial questions you might have, kickstarting your mortgage journey.



2

Talk to loved ones

We encourage you to discuss your mortgage options with your family. There's also the opportunity to invite them along to appointments, so they can fully understand what's involved and support you with the decisions you make.



3

Your first appointment

This is your opportunity to speak to a dedicated adviser and discuss your plans, as well as your current circumstances and needs.

4

Explore your options

Your adviser will search for mortgage products from across the market to find the most suitable one for you.





5

Your second appointment

Your adviser will present their recommendation, answer any questions you may have, and provide a personalised illustration.



6

Starting the paperwork

Once you've decided to proceed, the application will be submitted, and your property will be valued by an independent surveyor.

7

Offer issued

You'll be issued with an offer following a satisfactory valuation, including the full terms and conditions of your mortgage.



8

Legalities

Independent solicitors acting on your behalf will cover the legal aspects.



9

Money released

If you are repaying an existing mortgage, your solicitor will organise this for you, leaving you to use any additional money raised to make your later life plans a reality.

Getting to know your options

Your mortgage journey, your choice.

It's important to explore the range of options available to you before moving forward with your later life journey.

Have you considered these alternatives?



Have an open discussion with your loved ones to discover if and how they could support you.



Evaluate your current savings or investments as potential sources of funding.



Explore the possibility of leveraging your pension funds for financial support.



Consider the viability of taking out a personal loan for your financial needs.

If you need to make adaptations to your property, research available assistance programs offered by your local authority.



Remember: If you have any questions about your mortgage journey and the options available to you, speak to your adviser for more information.



Starting your journey

Your mortgage journey starts with understanding what solutions are available to you and which align best to your circumstances and aspirations.

However, gaining the financial support you need in your later life may be closer to home than you think. By leveraging the equity in your home, you can explore some property-based financial solutions:

- **Explore downsizing:** You could consider moving to a smaller property to gain access to funds.
- **Standard residential mortgage:** Consider mortgage products that are specifically tailored for later life customers.
- **Retirement interest-only mortgage:** You could unlock funds tied up in your home's value providing you can afford to make regular interest payments.
- **Lifetime mortgages:** You could unlock funds tied up in your home's value without the need to commit to regular repayments.
- **Home reversion:** Although not offered through Mortgage Advice Bureau, you could sell part or all your property in exchange for a lump sum, a regular income or both, through a home reversion plan. You stay in your home as a tenant, paying no rent.



Remember: As you navigate through these options, we are here to guide you. By setting up a consultation with one of our later life advisers, they can answer your initial questions and, should you wish, delve deeper into specific solutions.

Lets explore some of these options in more detail....

Standard residential mortgage

Even if you're over the age of 55, you could still be eligible for a regular residential mortgage if you meet the lender's requirements. This includes demonstrating a consistent income that covers repayments until the mortgage term ends. An important thing to consider is that these mortgages typically have a shorter duration, which can result in higher monthly repayments.

A residential mortgage in later life can provide flexibility, whether you choose a capital repayment or an interest only structure (where the repayment of the principal amount is due at the end of the term). If you decide to repay all or a significant part of the loan early, there may be an early repayment charge.

You can opt for a fixed interest rate to ensure steady repayments for a specified period, or a variable interest rate, which means your repayments will vary if the interest rate changes. Your mortgage adviser will work with you to find the most appropriate solution for you.

Lending is subject to affordability checks and your income. You will therefore need to have sufficient equity in your property, or the deposit funds available, if you are looking to purchase a new property to cover the difference between the mortgage amount and the value of the property.

As with all standard residential mortgages, failure to keep up with repayments puts your home at risk and may result in repossession in some circumstances.



Eligibility

Mortgages in the UK often have upper age restrictions, but some mortgages offer more flexibility. Eligibility will be determined by the lender. Our advisers have extensive knowledge of the products available and will therefore be able to recommend a lender who will be able to help in your individual circumstances.

Key details

- **Monthly repayments:** These are mandatory repayments. Payments can be based on just repaying the interest (interest only) or repaying both the interest and the initial borrower over the term of the mortgage (repayment).
- **Borrow more than your annual income:** Your loan amount is based on your income, the length of the mortgage term, and interest rate.
- **Funds can be spent in a variety of ways:** Whether it's for home improvements, helping your children buy their first property, or supporting your grandchildren's education, the choice is yours. It's important to remember that if you choose to gift the money, potential inheritance tax considerations may arise in the future.
- **Retain homeownership:** Your home remains yours, providing stability and guaranteed homeownership if repayments are maintained.



	Mandatory repayments	Credit score dependent	Interest rate fixed for life	Repayments reduce capital sum	Repayment reduce interest owed
Capital and interest mortgage	✓	✓	✗	✓	✓
Interest-only mortgage	✓	✓	✗	✗	✓

Retirement interest only mortgage (RIO)

A retirement interest only mortgage allows you to borrow a tax-free lump sum, with the requirement of making monthly payments only towards the interest.

This option is exclusively available to individuals aged 50 and above, designed to assist older borrowers who may encounter challenges when trying to secure a standard residential mortgage.

The capital (amount originally borrowed) only needs to be repaid when the last homeowner passes away or enters long-term care, which will typically happen when the property is sold.

You can use this type of mortgage for various purposes, including repaying an existing mortgage. If you currently have a mortgage, you must use the retirement interest only mortgage to settle it.

Eligibility

- You'll need to pass lender affordability checks to prove you can afford the interest only repayments.
- RIO mortgages are only available when the youngest applicant is at least 50 years old.

Key details

- **Interest-only monthly payments:** During the term of the mortgage, you'll make monthly payments to cover the cost of the interest on your loan. However, the outstanding capital will be repaid upon death, transitioning into long-term care, or selling the property. If you decide to repay all or a significant part of the loan early, there may be an early repayment charge.
- **Borrow up to 8.5 times your annual income:** The amount you can borrow is based on your retirement income. The actual loan amount is determined by an affordability assessment, up to a maximum of 75% of your property value. This figure is based on the employed income (up to 8.5 times your income) and/or retirement income (including retirement income yet to be earned) of the lowest earner.

- **Funds can be spent in a variety of ways:** Whether it's for home improvements, helping your children buy their first property, or supporting your grandchildren's education, the choice is yours. It's important to remember that if you choose to gift the money, potential inheritance tax considerations may arise in the future.
- **Retain homeownership:** Your home remains yours, providing stability and guaranteed homeownership if you keep up with your repayments.

	Mandatory repayments	Credit score dependent	Interest rate fixed for life	Repayments reduce capital sum	Repayments reduce interest owed
Retirement interest-only mortgage	✓	✓	✗	✗	✓



Lifetime mortgage

A lifetime mortgage is a loan secured against your home that allows you to release tax-free money. This can be taken as a lump sum or a smaller initial amount, followed by smaller releases later on.

Eligibility

- To be eligible for a lifetime mortgage, you must be aged 55 or over, and own a home that meets the minimum requirements of a lender (typically valued at £70,000, for example)

Key details

- **No monthly payments:** Unless you choose otherwise, there's nothing to repay until you pass away or move permanently into long-term care. If you prefer, there's an option to repay some or all the interest. You can also choose to repay part of the original loan. If you decide to repay all or a significant part of the loan early, there may be an early repayment charge.
- **Borrowing amount:** With a lifetime mortgage, the amount available is dependent on factors like your age, property value, health, lifestyle choices, and adherence to plan criteria.
- **Funds can be spent in a variety of ways:** You could use this money for a variety of things, including home improvements, helping your children to buy their first property, or increasing your income during retirement. However, it's worth noting that if you gift the money, the recipient may need to pay inheritance tax in the future.
- **Retain homeownership:** With all the plans we recommend, you'll always retain full ownership of your home and can stay in it for as long as you wish.
- **No negative equity guarantee:** You'll never owe more than your home is worth. No equity release-related debt will be passed on to your family with our recommended plans.
- **Means-tested state benefits:** If you're receiving certain means-tested state benefits, opting for a lifetime mortgage may affect your entitlement.

Things to consider

- A lifetime mortgage is a loan secured against your home and is subject to compound interest, meaning the amount you owe can grow quickly.
- A lifetime mortgage will reduce the value of your estate and may leave you with limited or no property equity remaining unless you choose to pay the interest.
- A lifetime mortgage may affect your entitlement to means-tested benefits.
- A lifetime mortgage will reduce your financial options in the future.
- A lifetime mortgage is a long-term financial product, and is not designed to be fully repaid until death or when the last remaining borrower enters long-term care.
- If you wish to repay the loan early, early repayment charges may apply.

Important information about our advice

You should always think carefully before securing a loan against your property and subject to compound interest.

A lifetime mortgage will reduce the value of your estate and may affect your entitlement to means tested benefits.

Clearing existing mortgage with a lifetime mortgage may result in higher cost of borrowing.

Mortgage Advice Bureau charge a fee for later life mortgage advice. The fee is up to £995.

Lump sum vs drawdown lifetime mortgage

There are two forms of lifetime mortgages: lump sum and drawdown. Simply put, a lump sum mortgage provides you with the opportunity to take all the money in one go.

Meanwhile, a drawdown mortgage allows you to take out an initial lump sum, followed by the rest as and when you need it.

How does a lump sum lifetime mortgage work?

Selecting a lump sum lifetime mortgage means receiving your tax-free funds in a single, comprehensive payment. This option does have its advantages – for example, contributing towards a family member's house deposit.

How does a drawdown lifetime mortgage work?

With the drawdown option, you agree on an overall sum that you can borrow, take out an initial amount, and retain the option to release additional funds as needed (subject to a minimum release amount).

Lower interest rates

Lump sum lifetime mortgages may come with lower interest rates compared to drawdown alternatives. This could potentially reduce your overall borrowing costs.

Savings on interest

Choosing a drawdown lifetime mortgage provides a potential opportunity to save a considerable amount in interest over the plan's lifetime. Interest only accrues on the released funds, which could help save on costs.

Fixed interest rates

With a lump sum lifetime mortgage, your interest rate remains fixed throughout the entirety of the plan.



Impact of interest rates

If you choose to make a drawdown, the funds will be subject to the prevailing interest rate.

Potentially more expensive

Opting for a lump sum mortgage may prove more expensive in the long run. This is due to compound interest accumulating on released funds.

Withdrawal of additional borrowing facility

Your lender may have the option to withdraw your additional borrowing facility, although interest will only be applied to the funds you've released.

Limited ability to release further funds

With a lump sum lifetime mortgage, releasing additional funds requires applying for a further advance. This will be subject to your lender's criteria, your age, and the value of your property at the time of application.

Release funds when needed

The drawdown option allows you to release funds when required, offering a level of freedom that isn't available in lump sum plans.

What is compound interest?

Unless you choose to do so, there are no repayments to be made on a lifetime mortgage until the plan comes to an end. As a result, you'll pay interest on the loan itself and on the interest that's already been added to the loan.

For example, let's imagine you've initially secured a £50,000 loan with a 6.0% interest rate. At the end of the first year, the interest accrued would be £3,084, resulting in a new outstanding balance of £53,084.

Moving into the second year, the 6.0% interest is applied to the closing balance of the previous year (£53,084). This calculates to an

interest of £3,274. When added to the preceding year's balance, this brings the outstanding balance to £56,358.

To take this further, the outstanding balance after 15 years would be £122,705.

	Balance at the start of the year	Interest rate	Interest added	Balance at the end of year
Year 1	£50,000	6%	£3,084	£53,084
Year 2	£53,084	6%	£3,274	£56,358
Year 3	£56,358	6%	£3,476	£59,834
The cycle is continuous throughout the life of the plan				
Year 10	£85,685	6%	£5,285	£90,970
Year 15	£115,576	6%	£7,129	£122,705

Involving loved ones

When it comes to selecting which option would work best for you during later life, it's important to consider whether you'd like to involve family members in these discussions - especially those who will eventually inherit your estate.

Get them involved

Our advisers are flexible in accommodating your loved ones in the process, with opportunities for them to be involved in face-to-face meetings or telephone calls. If they wish to attend, this allows them to have any questions they may have to be answered by an expert.

Tax advice

Seeking independent legal and tax advice concerning the potential impact of your mortgage arrangements on estate planning is crucial. You can consult your current legal and tax experts, or our advisers can connect you with reputable firms for specialised advice. It's advisable to discuss your Will arrangements, and we can recommend a suitable firm or guide you to your existing provider for this purpose.





Planning your future

When it comes to leveraging the equity in your home, our experts are here to provide guidance on the options that are most suitable for your circumstances.

Key things to consider

- Can you comfortably manage monthly repayments?
- Does your credit score play a role in the decision-making process?
- Are you seeking guaranteed homeownership?

Answering these questions and considering other factors, such as interest rates, will help you make an informed decision.

Discover more

While these considerations may seem overwhelming at first glance, we're here to help you make sense of things and move forward.

Our expert advisers are not just here to provide guidance; they're your partners in making informed decisions about the journey ahead of you in later life. Get in touch with your expert adviser today!



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