

At a Glance



Capital Select Options

What is it?

A lifetime mortgage which allows your customer to make a contribution of up to 10% of the initial loan amount each year, without facing an early repayment charge (ERC).

Who is this product likely to appeal to?

- Customers who want the freedom to choose how much to pay off their lifetime mortgage balance, and want to choose when they do it.
- Customers who have concerns over the impact of interest roll-up eroding the equity in their property.
- Customers who want to pay back all of the interest and some of the capital each year.
- Customers who want to leave an inheritance to their loved ones.
- Customers who do not want to make regular monthly payments.

Voluntary contributions	
Voluntary contribution amount	Up to 10% of the initial loan amount each year, without an ERC. If the completion fee is added to the loan balance (rather than paid at completion), it is included in the 10% allowance.
Annual allowance	The annual allowance is renewed on the anniversary of the date the mortgage completes. Any unused allowance does not roll over into the following year.
What is the minimum contribution amount?	The minimum payment amount is £50.
What is the maximum contribution amount?	The maximum payment amount is the full 10% allowance, as stated in your customer's Offer Letter.
How soon can they make their first contribution?	The first payment can be made on the day following completion.
How frequently can a contribution be made?	There are no restrictions. Payments can be made at any frequency, from day one of completion of the initial advance or additional borrowing.
How can a contribution be made?	Payments can be made by debit card (via telephone only), cheque, bank transfer or standing order. We always enclose a Standing Order form with your customer's Welcome Letter.
Penalty for not making a contribution	Customers are not penalised if they do not use their annual payment allowance.



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Criteria	
Minimum loan amount	£10,000.
Maximum loan amount	£1 million, nationwide.
Minimum age of youngest borrower	55 on Capital Select Super Lite, Capital Select Lite, Capital Select Gold, Capital Select Gold Plus, Capital Select Platinum. 60 on Capital Select Platinum Plus.
Age next birthday	A KFI can be created using the youngest customer's age next birthday if their birthday is in the next 6 weeks. Age next birthday options will be shown in the KFI portal automatically.
Maximum age of youngest borrower	90 (at the date of completion).
Minimum property value	£70,000.
Maximum property value	£6 million, nationwide. Properties above £6 million are reviewed on a case by case basis.
Property location	England, Scotland and Wales.

Product features																	
Early repayment charges (ERCs)	<p>Fixed for the first 8 years after the completion of the initial loan, cash reserve facility withdrawal or further advance. Not applicable thereafter.</p> <table border="1"> <thead> <tr> <th colspan="2">Standard and Flexible Capital Select variants</th> <th colspan="2">Capital Select Cashback variants</th> </tr> </thead> <tbody> <tr> <td>0 – 5 years</td> <td>5%</td> <td>0 – 5 years</td> <td>8%</td> </tr> <tr> <td>6 – 8 years</td> <td>3%</td> <td>6 – 8 years</td> <td>6%</td> </tr> <tr> <td>9 + years</td> <td>0%</td> <td>9 + years</td> <td>0%</td> </tr> </tbody> </table> <p>Please refer to our Guide to Fixed ERCs.</p>	Standard and Flexible Capital Select variants		Capital Select Cashback variants		0 – 5 years	5%	0 – 5 years	8%	6 – 8 years	3%	6 – 8 years	6%	9 + years	0%	9 + years	0%
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Downsizing Protection	If, after 5 years, the customer wants to repay the loan because they are selling their home and moving to a different property they will not need to pay an ERC.																
Early Repayment Waiver	The customer will not need to pay an ERC if they decide to repay their Lifetime Mortgage within 3 years of the date that the first borrower dies or goes in to long term care.																
Inheritance Guarantee available?	Available on all lifetime mortgages. Please refer to our Inheritance Guarantee guide.																
Ability to port the mortgage?	Yes, subject to the property meeting our lending criteria at the time.																
Covered by Equity Release Council product standards?	Yes, this range of products come with: <ul style="list-style-type: none"> No Negative Equity Guarantee fixed interest rates the right to move the loan to another property the right to remain in the property 																
Keeping your customers informed	They will receive a letter confirming receipt of any payments, which also includes how much of their annual allowance is still available to use. They will receive an Annual Statement detailing their account.																

Cashback	
Is cashback available?	Yes. 3% of the initial loan amount.
Does cashback affect the interest rate?	Yes. If cashback is added to the lifetime mortgage, the interest rate will increase by 0.30% MER (0.31% AER).
When is it paid?	It is paid upon completion.
Is it capped?	No. There is no cap and no qualifying loan amount.
Does my customer have to repay the cashback?	No, the cashback does not need to be repaid at any point. If your customer chooses to redeem their mortgage, they do not need to repay the cashback. It is not included in any ERC calculations.



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Cash reserve facility	
Is a cash reserve facility available?	Yes.
Does a cash reserve facility affect the interest rate?	No.
What is the minimum cash reserve facility available?	£1,000.
What is the maximum cash reserve facility available?	It is calculated as the amount available within the chosen product LTV range, minus the initial advance.
Can my customer make voluntary contributions?	Your customer(s) will be entitled to pay up to 10% of each withdrawal amount each year, without an early repayment charge (ERC).
Minimum withdrawal amount?	Minimum withdrawal amount is £2,000. If the amount remaining in the cash reserve facility is less than £2,000, they can withdraw it but must do so in full.
Maximum withdrawal amount?	The full amount remaining in their cash reserve facility.
When can withdrawals be made?	Withdrawals can be made at any time, and as frequently as your customer wants. Only one withdrawal may be in progress at a time.
How long does each withdrawal take?	We will endeavour to release the payment as soon as is reasonably possible, but it may take up to 30 days.
When can my customer apply?	Your customer can apply at any time, but completion will be subject to bankruptcy checks being satisfied and our charge having been fully registered with Land Registry.
What fees are payable?	We do not charge a fee when your customer makes a withdrawal from their cash reserve facility.
If your customer makes a withdrawal, does it impact when they can make voluntary contributions?	No, it does not impact when a voluntary contribution can be made.
What interest rate will be charged?	A fixed interest rate will be applied to each additional loan amount, based on the prevailing cash reserve facility interest rate on the product at the time when your customer applies. This interest rate may be higher or lower than the interest rate which is applied to their initial advance. Our current additional borrowing interest rates can be found on our website.
Does the amount in the cash reserve facility change?	No, it is fixed at the outset. It does not increase with age, property value, or voluntary contributions. If you protect equity at the outset, reducing it will not increase the amount available in the cash reserve facility (but will increase the amount available as additional borrowing).
Is the cash reserve facility guaranteed?	The cash reserve facility may not be guaranteed in all circumstances, there are certain situations where it can be reduced or removed. Please see our Terms & Conditions for further details. The amount available in the cash reserve facility may be withdrawn or decreased in certain circumstances (for example, the facility may be adjusted if your customer ports to a lower value property).



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Further advances	
Are further advances available?	Yes, subject to lending criteria at the time of application.
Is further financial advice required?	Yes.
Which product can it be taken on?	Your customer must stay within their original product LTV range, and they cannot switch to a new product. For example, if they originally took Capital Select Gold, they can only apply for the maximum available within the Gold LTV range.
Can my customer make voluntary contributions?	Your customer(s) will be entitled to pay up to 10% of each further advance amount each year, without an early repayment charge (ERC).
Minimum amount?	£4,000.
Maximum amount?	The maximum amount available within the product range.
What fees are payable?	Completion fee = £0, free of charge. Your customer may need to pay a valuation fee and/or a financial advice fee.
What interest rate will be charged?	A fixed interest rate will be applied to each additional loan amount, based on the prevailing further advance interest rate on the product at the time when your customer applies. This interest rate may be higher or lower than the interest rate which is applied to their initial advance. Our current additional borrowing interest rates can be found on our website.
Are further advances guaranteed?	Further advances are subject to Terms & Conditions and lending criteria at the time. This option is not guaranteed.
If my customer has a cash reserve facility, can they still take a further advance?	Further advances can only be taken when the cash reserve facility has been cleared in full.

Fees									
Is a full tariff of charges available?	Yes, our full tariff of charges can be found on our website.								
What fees are associated with setting up a Canada Life mortgage?	<table><tbody><tr><td>Valuation fee</td><td>Free of charge, uncapped</td></tr><tr><td>Completion fee</td><td>Free of charge</td></tr><tr><td>Advice fee</td><td>Your customer is responsible for paying any advice fees</td></tr><tr><td>Legal fee</td><td>Your customer is responsible for paying their legal fees</td></tr></tbody></table>	Valuation fee	Free of charge, uncapped	Completion fee	Free of charge	Advice fee	Your customer is responsible for paying any advice fees	Legal fee	Your customer is responsible for paying their legal fees
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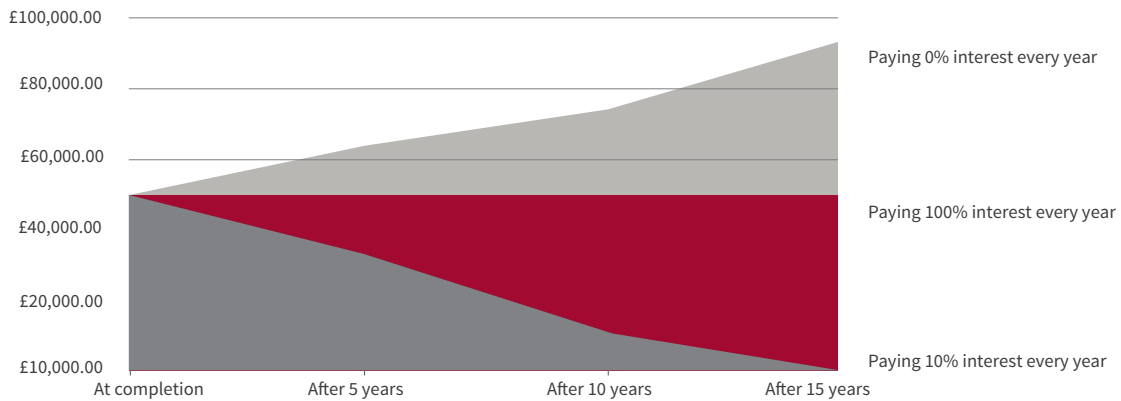
Impact of making voluntary contributions

This illustrates the impact of making voluntary contributions.

Case study: 73 year old male borrower, who has borrowed £50,000 (on a property valued at £250,000).

	Remaining balance after 5 years	Remaining balance after 10 years	Remaining balance after 15 years	Overall cost of the lifetime mortgage
Capital Select Gold As Interest Roll Up	£60,234	£72,562	£87,414	£87,414
Capital Select Gold Paying 100% interest every year	£50,000	£50,000	£50,000	£77,975
Capital Select Gold Paying 10% of initial loan every year	£33,263	£13,101	£10,000*	£65,063

* Minimum loan balance of £10,000 required, unless the lifetime mortgage is fully redeemed.





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Interest rates and LTVs

	Capital Select Super Lite	Capital Select Lite	Capital Select Gold	Capital Select Gold Plus	Capital Select Platinum	Capital Select Platinum Plus
Monthly interest rate (MER)	3.44%	3.73%	4.02%	4.30%	4.67%	6.02%
Annualised interest rate (AER)	3.49%	3.79%	4.09%	4.39%	4.77%	6.19%
Age	LTV	LTV	LTV	LTV	LTV	LTV
55	20.0%	22.0%	24.0%	26.5%	28.6%	-
56	21.0%	23.0%	25.0%	27.5%	29.6%	-
57	22.0%	24.0%	26.0%	28.5%	30.6%	-
58	23.0%	25.0%	27.0%	29.5%	31.6%	-
59	24.0%	26.0%	28.0%	30.5%	32.6%	-
60	25.0%	27.0%	29.0%	31.5%	33.6%	36.0%
61	26.0%	28.0%	30.0%	32.5%	34.6%	37.0%
62	27.0%	29.0%	31.0%	33.5%	35.6%	38.0%
63	28.0%	30.0%	32.0%	34.5%	36.6%	39.0%
64	29.0%	31.0%	33.0%	35.5%	37.6%	40.0%
65	30.0%	32.0%	34.0%	36.5%	38.6%	41.0%
66	31.0%	33.0%	35.0%	37.5%	39.6%	42.0%
67	32.0%	34.0%	36.0%	38.5%	40.6%	43.0%
68	33.0%	35.0%	37.0%	39.5%	41.6%	44.0%
69	34.0%	36.0%	38.0%	40.5%	42.6%	45.0%
70	35.0%	37.0%	39.0%	41.5%	43.6%	46.0%
71	36.0%	38.0%	40.0%	42.5%	44.6%	47.0%
72	37.0%	39.0%	41.0%	43.5%	45.6%	48.0%
73	38.0%	40.0%	42.0%	44.5%	46.6%	49.0%
74	39.0%	41.0%	43.0%	45.5%	47.6%	50.0%
75	40.0%	42.0%	44.0%	46.5%	48.6%	51.0%
76	41.0%	43.0%	45.0%	47.5%	49.6%	52.0%
77	42.0%	44.0%	46.0%	48.5%	50.6%	53.0%
78	43.0%	45.0%	47.0%	49.5%	51.6%	54.0%
79	44.0%	46.0%	48.0%	50.5%	52.6%	55.0%
80 - 90	45.0%	47.0%	49.0%	51.5%	53.6%	56.0%

- A cash reserve facility can be added to these product options
- Cashback can be added to these product options for an additional 0.30% MER (approx. 0.31% AER)
- The LTVs may be adjusted in certain circumstances, such as sheltered accommodation or non-standard construction types. Please speak to our Underwriting team for further information.

Contact us

To discuss our Home Finance products,
please contact:

Email: hf-support@canadalife.co.uk



Phone: 0800 068 0212



To talk a case through with our underwriters

Email: hf-underwriting@canadalife.co.uk



Phone: 0800 068 0212



To submit an application

You can submit application forms to us:

Online: https://kfi.canadalife.co.uk/advisers/sign_in



By email: hf-applications@canadalife.co.uk



By post: Canada Life Home Finance,
110 Cannon Street, London, EC4N 6EU



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www.canadalife.co.uk

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