

At a Glance



Interest Select Options

What is it?

A lifetime mortgage which allows your customer to pay some or all of the interest each month. This means that your customer can reduce or even eliminate the impact of interest roll-up.

Who is this product likely to appeal to?

- Customers who want to make regular payments which are automatically debited from their account.
- Customers who have concerns over the impact of interest roll-up eroding the equity in their property.
- Customers who want to pay back some, or all, of the interest each year.
- Customers who have want to leave an inheritance to their loved ones.
- Customers who would like cashback to help with product set-up fees.

How the lifetime mortgage works

If your customer chooses to pay part of the interest, then a two part loan will be set up. If they opt to pay all of the interest, then only the first part will be relevant.

- **Part 1. Interest payment part:** The first part of the loan is the one that interest payments are being made on. The interest on this part is charged at a fixed rate for the period the payments are being made. At the end of the chosen payment period, your customer stops making the interest payments and the interest is then added to the loan at a rate which is agreed at the start of the loan.
- **Part 2. Interest roll-up part:** This part will be set up if your customer opts to pay part of the interest. The interest is calculated at the fixed rate agreed at the outset and added to the loan each month for the life of the loan.

Interest payments	
Interest payment amount	From 50% to 100% of the total interest each month.
Interest payment duration	From 5 years to the whole of the life of the loan.
Is there an affordability check?	No, your customer does not need to prove to us they can afford their interest payments.
Can the interest payment amount and duration be changed?	No, once the lifetime mortgage has completed, the payment amount cannot be decreased or increased, and the payment term cannot be reduced or extended.
Can your customer stop the interest payments?	Yes, but once the interest payments have been stopped they cannot be restarted. If your customer chooses to stop making the interest payments before their interest paying term has ended, their loan will be converted to interest roll-up and the interest rate on the interest paying part of the loan will increase by 0.20% MER (0.21% AER).
Can your customer miss any interest payments?	Yes, your customer can miss up to 4 payments at any time during the loan without penalty. The missed payments count even if they are not sequential. Any missed payments will be added to the outstanding loan balance. If your customer misses a fourth payment, their loan will be converted to interest roll-up and the interest rate on the interest paying part of the loan will increase by 0.20% MER (0.21% AER).
Can your customer repay missed interest payments?	Yes, your customer can choose to repay any missed interest payments. Missed payments can be repaid at any point before the loan is converted to interest roll-up.
Making a payment	Payments are collected from your customer(s) bank account on the first working day of the month. The bank account must be held in the name of one of the customers.



Interest Select Options

Criteria	
Minimum loan amount	£10,000.
Maximum loan amount	£750,000, nationwide. Loans between £750,000 and £1 million will be considered on a case by case basis.
Minimum age of youngest borrower	55.
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)	Fixed for the first 8 years after the completion of the initial loan, cash reserve facility withdrawal or further advance. Not applicable thereafter. Please refer to our Guide to Fixed ERCs.
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?	Yes, free of charge. 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 their monthly direct debit amount. We will also write to them if an interest payment has been missed. They will receive an Annual Statement detailing their account.

Cashback	
Is cashback available?	Yes. £1,000 cashback is available on loans over £40,000.
Does cashback affect the interest rate?	Yes. If cashback is added to the lifetime mortgage, the interest rate will increase by 0.10% MER (0.10% AER).
When is it paid?	It is paid upon completion.
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.



Interest Select Options

Cash reserve facility	
Is a cash reserve facility available?	Yes.
Does a cash reserve facility affect the interest rate?	Yes. If a cash reserve facility is added to the lifetime mortgage, the interest rate will increase by 0.20% MER (0.21% AER).
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 interest payments?	Your customer(s) has the option to make interest payments on any withdrawals.
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. All we ask is that only one request is 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 my customer makes a withdrawal, does it impact the interest payments?	It does not impact when interest payments can be made, however the monthly payment amount may be recalculated.
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 interest payments. 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 (for example, the facility may be adjusted if your customer ports to a lower value property). Please see our Terms & Conditions for further details.



Interest Select Options

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 Interest Select Gold, they can only apply for the maximum available within the Gold LTV range. If they completed on our old product range (eg Interest Select Lite), they cannot move to Gold.
Can my customer make interest payments?	Yes, further advances may be taken on an interest paying basis.
Minimum amount?	£4,000.
Maximum amount?	The maximum amount available within the product range.
What fees are payable?	Completion fee = £0. The 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>£650, nationwide Payable when the mortgage completes, this fee can be added to the loan or paid at the point of completion</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	£650, nationwide Payable when the mortgage completes, this fee can be added to the loan or paid at the point of completion	Advice fee	Your customer is responsible for paying any advice fees	Legal fee	Your customer is responsible for paying their legal fees
Valuation fee	Free of charge, uncapped								
Completion fee	£650, nationwide Payable when the mortgage completes, this fee can be added to the loan or paid at the point of completion								
Advice fee	Your customer is responsible for paying any advice fees								
Legal fee	Your customer is responsible for paying their legal fees								



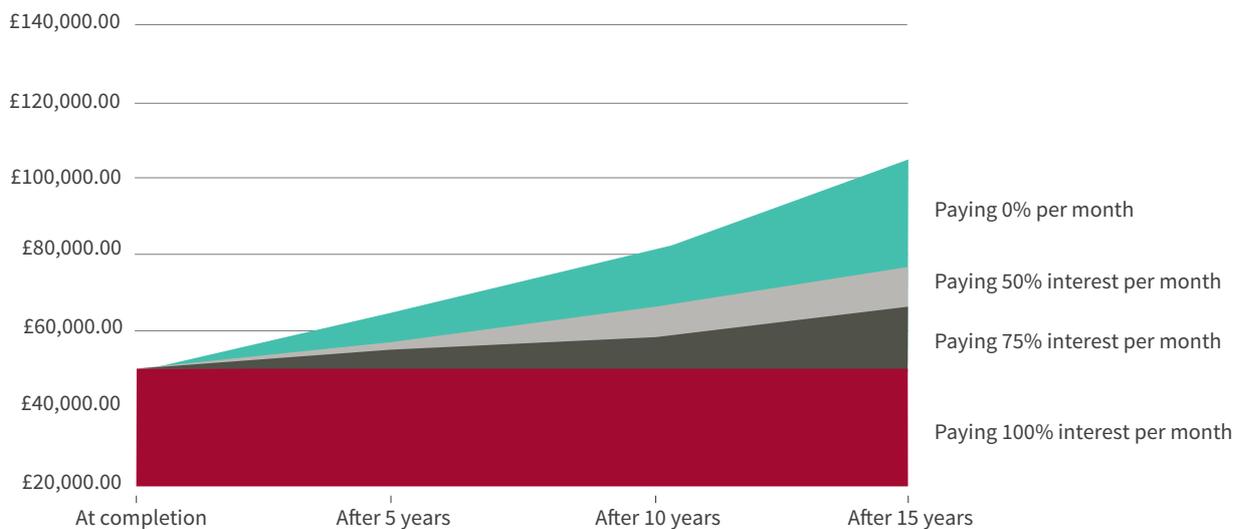
Interest Select Options

Impact of making interest payments

This illustrates the impact of making interest payments.

Case study: 73 year old male borrower, who has borrowed £50,000 (on a property valued at £250,000). He paid the completion fee at the point of completion.

	Remaining balance after 5 years	Remaining balance after 10 years	Remaining balance after 15 years	Overall cost of the Lifetime Mortgage
Interest Select Gold As Interest Roll Up	£63,977	£81,860	£104,742	£104,742
Interest Select Gold Paying 50% interest per month	£56,815	£65,448	£76,386	£94,161
Interest Select Gold Paying 75% interest per month	£53,551	£58,050	£63,749	£90,412
Interest Select Gold Paying 100% interest (£207.37) per month	£50,000	£50,000	£50,000	£85,550





Interest Select Options

Interest rates and LTVs

	Interest Select Gold	Interest Select Platinum
Monthly interest rate (MER)	4.74%	5.21%
Annualised interest rate (AER)	4.84%	5.34%
Age	LTV %	LTV %
55	19%	24%
56	20%	25%
57	21%	26%
58	22%	27%
59	23%	28%
60	24%	29%
61	25%	30%
62	26%	31%
63	27%	32%
64	28%	33%
65	29%	34%
66	30%	35%
67	31%	36%
68	32%	37%
69	33%	38%
70	34%	39%
71	35%	40%
72	36%	41%
73	37%	42%
74	38%	43%
75	39%	44%
76	40%	45%
77	41%	46%
78	42%	47%
79	43%	48%
80 - 90	44%	49%

- Cashback can be added to these product options for an additional 0.10% MER (approx. 0.10% AER)
- A cash reserve facility can be added to these product options for an additional 0.20% MER (approx. 0.21% 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: kfi.canadalife.com/advisers/sign_in



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



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



Visit our website for more information:
www.canadalife.co.uk

For adviser use only

