

Inheritance protection guarantee

Canada Life are proud to offer an optional inheritance protection guarantee, designed to give your customers peace of mind.

What is an inheritance protection guarantee?

An inheritance protection guarantee means your customer is protecting a percentage of the property's future value which can be passed to them or their beneficiaries when their property is sold, regardless of how much is outstanding on the loan.

This percentage is not a guaranteed amount. While there is no charge for this guarantee, it may restrict the amount your customer is able to borrow and/or result in them requiring a product with a higher interest rate. The amount protected is covered by the no negative equity guarantee.

Why would I want to add this to my customer's illustration?

This is a useful tool and may be suitable for your customer if:

- they want to leave an inheritance
- they want to gift money to one person, and protect the same amount for others
- they want to apply for additional borrowing at a later stage

How do I apply for this?

Our inheritance protection guarantee is easy to add to your customer's KFI. When you log in to the Home Finance Adviser Portal you can choose to protect a proportion of the equity, between 1% and 99%.

Can I change the amount which is protected?

Your customer can reduce the percentage of inheritance protection guarantee at any stage. However, the protected percentage must be added at the outset and you cannot increase this percentage once the mortgage has completed. Once it's been removed it can't be reinstated.

Which products is this available on?

You can add our inheritance protection guarantee to any products being secured on a main residence. It is not available on products being secured on second home or Buy-to-Let properties.

A worked example

Peter is 69 years old with a property worth £300,000. He would like to release some money to gift to his daughter. Peter is also concerned about leaving an inheritance for his grandchildren. To help him meet both of his objectives, you could consider recommending he uses our inheritance protection guarantee feature, which would enable him to protect some of the equity in his property. For example, if he wanted to protect 40% of the net sale proceeds, when his property is sold, for his grandchildren, he would be able to borrow against 60% of the value of his home now (£180,000).

When deciding whether inheritance protection guarantee is suitable for your client, things to consider include:

- Whether restricting the amount of equity available as security, reduces the maximum loan amount available by too much
- The impact of a higher rate of interest (if it results in your customer needing to take a higher LTV/interest rate product)

Please note, the LTVs used in this example are for indicative purposes only. Please view our current pricing and lending criteria at www.canadalife.co.uk/adviser.



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