Client Scenarios

Client Scenario 1 – Repaying interest-only mortgage

Your logo here

Residential Interest-Only Mortgage Clients Coming To The End Of Their Plan

Margaret Springfield / Widowed / Aged 65 / Retired
Current house value: £325,000
Requires: £80,000
Maximum loan-to-value: 31%, releases 24.62% on a single application, lump sum.

Margaret's Story

Margaret has an interest-only mortgage still outstanding on her property. She would like to retire early but is unable to afford the payments on her retirement income. Her Financial Adviser identified that she wouldn't qualify for either a Retirement Interest Only (RIO) mortgage or a residential mortgage due to affordability assessments based on her age and income.

She doesn't see downsizing as a viable option as she lives close to family and friends.

Margaret is advised to take a **Pure Retirement Classic lifetime mortgage**.
She receives a loan-to-value of 24.62%.
She releases £80,000, and pays off her residential mortgage.

Optional Repayment Possibilities

Margaret's adviser uses the repayment calculator on Pure Retirement's website to demonstrate how Margaret can make up to 12 ERC-free optional repayments per year, up to 10% of the total amount borrowed, to help reduce interest roll-up. As the payments are optional there is no need for Margaret to prove affordability unlike a RIO or standard mortgage. Therefore, Margaret can make a repayment in months where she has surplus cash and forgo making payments in other months.

Free Energy Performance Certificate EPC

Margaret receives a free Energy Performance Certificate after completing her Classic lifetime mortgage with Pure Retirement. An EPC provides an indication of how much it will cost to improve the energy rating of the property with indicative costs for changes.

Managing Her Lifetime Mortgage with MyPure

Margaret can manage her lifetime mortgage online through the account management platform, MyPure. She can view her account balance, make one-off optional repayments, and access a bank of FAQs to support her along the lifetime mortgage journey.

Specific to Pure Retirement Classic lifetime mortgage. Examples of customer scenarios only. Every case will be different. Scenario based on March 2024 figures.

Thinking About Equity Release?

Pure Retirement is a specialist lifetime mortgage provider regulated by the Financial Conduct Authority and a member of the Equity Release Council. It is important to consider all options before you apply for equity release.

Pure Lifetime Mortgage Features
Guaranteed no negative equity
Optional monthly repayments
Client retains ownership of the property
Regulated by the FCA and member of the Equity Release Council

Things To Consider
Downsizing and other forms of finance should be considered
Compound interest roll-up
Early repayment charges
Long-term care and state benefits considerations
A lifetime mortgage may impact the inheritance you leave

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Client Scenarios

Client Scenario 2 – Buying a new home with Equity Release

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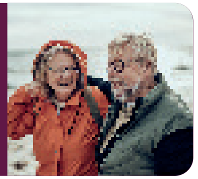
Using Equity Release To Move To A New Home

Penny & Peter Bull / Married / Aged 65 & 68 / Retired
Current house value: £270,000
Value of property by the sea: £350,000
Requires: £80,000
Maximum loan-to-value: 30%, release 23.14%, joint applicants, lump sum.



Penny and Peter's Story

Penny and Peter have always dreamt of living in a village near the coast, and as their children have moved away and reside around the UK, they have no ties to where they live. They have no residential mortgage on their property and have a buyer lined up.

Properties by the sea carry a premium, and they need a further £80,000 to buy a 2-bedroom home.

Their primary income is from their pensions, and they would struggle to meet the affordability requirements of a standard or RIO (Retirement Interest Only) mortgage. What little savings they have, they want to preserve to spend on the new property.

Trading Up

Using a lifetime mortgage to supplement the purchase can enable customers to buy properties outside their reach and achieve their retirement dreams.

The adviser had concerns about the house's proximity to a commercial property, the village's local post-office. After checking with Pure Retirement's underwriters, they were happy to consider the case and, on further investigation, deemed it acceptable.

Penny and Peter are advised to take a **Pure Retirement Classic lifetime mortgage**. The maximum loan-to-value available for Penny and Peter's age range is 30%.

They release a lump-sum of £80,000 (23.14% LTV). They could access the remaining equity later as a further advance, potentially for care costs in the future.

How It Works

Once Penny and Peter have found a buyer for their existing home and settled on the property they would like to buy, they would simultaneously complete on the new house and release funds from the lifetime mortgage, enabling them to fund the price difference.

With all Pure Retirement lifetime mortgages, homeowners can make repayments to protect their remaining equity. Pure Retirement's Classic lifetime mortgage enables optional repayments of up to 10% of the initial loan to be made annually without incurring any early repayment charges.

Managing Their Lifetime Mortgage with MyPure

Penny and Peter now manage their lifetime mortgage online through the account management platform, MyPure. They can make one-off optional repayments, download their annual statements, and submit any queries they have directly to Pure Retirement to receive support along their lifetime mortgage journey.

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Client Scenarios

Client Scenario 3 – Asset splitting in divorce

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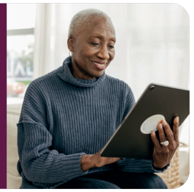
Divorce: Using Equity Release To Simplify The **Asset-Splitting Process** In Divorce

Claire & George Ravenclaw / Divorced / Both aged 73 / Retired

Current house value: £375,000

Requires: £140,000

Maximum loan-to-value: 39% for a single applicant, lump sum



Claire's Story

Divorce in later life can significantly impact personal finances - especially for women, who are statistically known to have lower savings and pension investments. Splitting assets and wealth can be stressful during divorce, with many parties involved.

Claire wishes to stay in the marital home, and her ex-husband, George has agreed to move out and buy a new home. They have agreed on splitting the value of the home 50:50 and have a joint savings account containing £100,000.

Using Equity Release To Split Assets

There are three solicitors involved in the transaction, the two divorce lawyers and the specialist equity release solicitor. With the increased legal costs, Claire opts to use some of the equity released to pay the legal fees. George agrees to a settlement of £187,500, and Claire accesses £140,000 through a lifetime mortgage at a loan-to-value of 39%. She uses her 50% of the joint savings to pay George the remainder of the balance.

Claire can remain in the property, and George can now access his own financial options and buy himself a property.

Claire is advised to take a **Pure Retirement Classic lifetime mortgage**.

Claire submits a single application and releases 39% of her property's value.

She releases a lump sum of £140,000. George receives £97,500 of the shared savings as part of the settlement.

Managing Her Lifetime Mortgage with MyPure

Claire can manage her lifetime mortgage online through the account management platform, MyPure. She can make one-off optional repayments, view her balance and recent transactions, and submit any queries she has directly to Pure Retirement to receive support along her lifetime mortgage journey.

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Thinking About Equity Release?

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Things To Consider
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Compound interest roll-up
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Client Scenarios

Client Scenario 4 – Married couple single application

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Asset-Rich, Cash-Poor Couple

Gavin, aged 68 & Carmen aged 60 / Retired & Part-time worker
Married couple, single application
Current house value: £1.1m
Requires: £99,000
Maximum loan-to-value: 26.5%, drawdown

Gavin and Carmen's Story

Gavin and Carmen have been married for five years and live together in Gavin's house, which he owns. Carmen is not on the title of deeds as she moved in after they were married.

Gavin is now retired, and while Carmen works part-time, her income isn't enough to keep up with their lifestyle. Gavin already has some credit card debt which he has, so far, managed the monthly repayments, but as he has recently retired, its more difficult to clear the debt.

Lending Criteria Obstacles

A family friend who is a Wealth Manager suggested he speak with an Equity Release Adviser. On meeting with the adviser at their property, he noticed an excessive number of items stored, restricting access to certain rooms. The equity release adviser recommended that before a valuation takes place, they should try to clear any unnecessary clutter from the property.

Lifetime Mortgage Requirements

As his wife isn't named on the property deeds, Gavin can only obtain a lifetime mortgage as a single applicant, which is exclusively in his name. The adviser talks them through their options, as a single applicant, should Gavin die before his wife or go into long-term care then Carmen would need to leave the property for it to be sold to repay the lifetime mortgage. Alternatively, they can put the property into joint names and apply together. In this instance, they jointly decide to proceed with Gavin as a single applicant as Carmen has another property from a previous marriage that is currently rented out. Pure Retirement's Sovereign lifetime mortgage allows a married couple to submit a single application. Gavin decides to release 9% loan-to-value, allowing him the option to release more in the future.

Gavin is advised to take a **Pure Retirement Sovereign lifetime mortgage**.

Loan-to-value 9%.

He releases £99,000 (Gavin could borrow up to £291,500 if he used the full LTV available).

Gavin initially releases £30,000 to repair and modernise his property, and later draws an additional £18,000 to repay his credit card debts. The remaining £51,000 will be drawn-down evenly over 5 years to spend on holidays.

Specific to Pure Retirement Sovereign lifetime mortgage. Examples of customer scenarios only. Every case will be different. *Scenario based on March 2024 figures.

Managing His Lifetime Mortgage with MyPure

Gavin can manage his lifetime mortgage online through the account management platform, MyPure. He can make one-off optional repayments, apply for a cash release, and access a bank of FAQs to support him along the lifetime mortgage journey.

Thinking About Equity Release?

Pure Retirement is a specialist lifetime mortgage provider regulated by the Financial Conduct Authority and a member of the Equity Release Council. It is important to consider all options before you apply for equity release and to speak to a qualified Equity Release Adviser.

Pure Lifetime Mortgage Features
Guaranteed no negative equity
Optional monthly repayments
Client retains ownership of the property
Regulated by the FCA and member of the Equity Release Council

Things To Consider
Downsizing and other forms of finance should be considered
Compound interest roll-up
Early repayment charges
Long-term care and state benefits considerations
A lifetime mortgage may impact the inheritance you leave

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Client Scenarios

Client Scenario 5 – How a lifetime mortgage can fund care

How A Lifetime Mortgage Can Fund Your Care

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The client
• Sue and Harry Johnson • Aged: 77 & 81 • Property Value: £1.5 million
• Require: £640,000 • Maximum loan-to-value: 44.20% • Drawdown facility

Sue and Harry's story

Sue's health is starting to decline, and Harry is also worried about his future health. Sue and Harry do not wish to move to care homes, so they've been exploring other options, like home carers, that appear costly.

They've calculated that they need £640,000 to fund domiciliary care for a minimum of 15 years, which allows for extra funds for any future homecare equipment they may need.

Sue and Harry wish to release 3 years' worth of funds for peace of mind and require an initial sum of £128,000. The remaining monies will be held in reserve with the lender for them to access when they need it.

Optional Payment Options:

Sue and Harry budget carefully each month and do not have surplus funds to make contributions, however, should their circumstances change, they are able to repay up to 12% of the initial loan each year, ERC-free.

Managing Their Lifetime Mortgage with MyPure

Sue and Harry can manage their lifetime mortgage online through the account management platform, MyPure. They can view their account balance, make one-off optional repayments, and access a bank of FAQs to support them along the lifetime mortgage journey.

Sue and Harry are advised to take an **Emerald lifetime mortgage from Pure Retirement.**

The couple opt for a **43.2%** LTV and release **£640,000**

Drawdown plan: Interest will only apply to the funds drawn at the time of withdrawal

They can draw as little as **£500** at a time

For IFA use only. Specific to Pure Retirement Emerald lifetime mortgage. Examples of customer scenarios only. Every case will be different. Scenario based on April 2024 figures.

Thinking About Equity Release?

Pure Retirement is a specialist lifetime mortgage provider regulated by the Financial Conduct Authority and a member of the Equity Release Council. It is important to consider all options before you apply for equity release.

Pure Lifetime Mortgage Features	Things To Consider
Guaranteed no negative equity	Downsizing and other forms of finance should be considered
Optional monthly repayments	Compound interest roll-up
Client retains ownership of the property	Early repayment charges
Regulated by the FCA	Long-term care and state benefits considerations
Member of the Equity Release Council	A lifetime mortgage may impact the inheritance you leave

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Client Scenarios

Client Scenario 6 – Interest servicing

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A 70-Year-Old's Journey Through Interest Servicing with 40% LTV

The client

• Mark Wright • Aged 70 • Single Application • Property Value £350,000
• Requires £140,000 • Loan to Value 40% • Interest Servicing Discount 1%

The scenario

Mark needs to pay-off his interest-only mortgage. He's a part-time consultant planning to fully retire in five years. His financial adviser completes their due diligence including an affordability assessment, and rule out a RIO mortgage. They advise Mark that a lifetime mortgage would be a suitable option.

For an estimated loan term of 15 years, Mark's adviser has reviewed a roll-up lifetime mortgage with an interest serviced one. The interest servicing option applies an interest rate discount up to 1% to customers making monthly payments of at least 25% of the monthly interest. The adviser determines that Mark can afford to pay 25% of the monthly interest (up to £2,447 per year) for five years.

After set up, the monthly payment amount can't be changed, however Mark can choose to stop making the monthly payments at any time, the interest rate will then increase as the discount will no longer apply.

Scenario overview

Mark's adviser identifies that an interest-serviced lifetime mortgage will limit the interest roll-up.

Scenario	Monthly payment*	Loan amount	Total monthly payments	Amount owed after 15 years	Total cost of borrowing	Savings (if payments maintained)
Full interest roll-up	£0	£140,000	£0	£462,280	£322,280	£0
25% of interest sericed monthly (Payments maintained for 5 years)	£203.88	£140,000	£12,233	£407,513	£279,746	£42,534

*Please read the product T&Cs here for full detail.

Conclusion

By paying a minimum monthly payment of £203.88 for 5 years, Mark could save up to **£42,534** compared to a Heritage interest roll-up lifetime mortgage with no payments. (Please note, he can stop making monthly payments at any time.)

Three months of payment holidays

With interest servicing, Mark can take up to three monthly payment holidays in every 12-month period from his completion date. If he misses more than that then the interest rate will increase as the discount will no longer apply for the remainder of the lifetime mortgage.

Disclaimer: For use by financial advisers only. Specific to Pure Retirement Heritage Special 3 lifetime mortgage. Examples of client scenarios only. Every case will be different. Scenario based on August 2024 figures.

Thinking about equity release?

Pure Retirement is a specialist lifetime mortgage provider regulated by the Financial Conduct Authority and a member of the Equity Release Council. It is important to consider all options before you apply for equity release.

Pure Lifetime Mortgage Features

- Guaranteed no negative equity
- Optional monthly repayments
- Client retains ownership of the property
- Regulated by the FCA and member of the Equity Release Council

Things To Consider

- Downsizing and other forms of finance should be considered
- Compound interest roll-up
- Early repayment charges
- Long-term care and state benefits considerations
- A lifetime mortgage may impact the inheritance you leave

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