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 a mortgage, nobody should be limited by age. We help those in the later stages of life focus on what truly matters - making their ambitions a reality.

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 our customers embrace opportunities later in life. Navigating the intricacies of later life mortgages requires a specialised touch and we pride ourselves on being experts in this field.

Every journey is personal and our advisers take the time to explore your loved ones’ aspirations, challenges, and financial goals. The advice they receive from us is designed to make the mortgage process easier.

A journey with Mortgage Advice Bureau extends beyond getting our customers mortgage ready - we provide continuous support to ensure your loved ones still have the right deal as things in life change.

The later life journey

We understand that knowing the road ahead is important, especially when it involves a family member. Before exploring the later life options we offer, check out the typical customers' journey below..

1

Speak to an expert

Our expert advisers can answer any initial questions your family member(s) might have, kickstarting their mortgage journey.

2

Talking to loved ones

We encourage our customers to discuss their mortgage options with those closest to them.

3

The first appointment

This is your loved ones' opportunity to speak to a dedicated adviser and discuss their plans, current circumstances, and needs.

4

Exploring the options

The adviser will search for mortgage products from across the market to find the most suitable deal for your family member(s).

Being there for your loved ones:
Remember, you are always welcome to attend any appointments with your family member(s), as long as they are happy to have you there.

5

The second appointment

The adviser will present their recommendation to your family member, answer any questions they may have, and provide a personalised illustration.

6

Starting the paperwork

Once your family member has decided to proceed, the application will be submitted. Their property will be valued by an independent surveyor.

7

Offer issued

Your family member(s) will be issued with an offer following a satisfactory valuation, including the full terms and conditions of their mortgage.

8

Legalities

Independent solicitors, acting on your loved ones' behalf, will cover the legal aspects.

9

Money released

If your family member(s) plans to repay an existing mortgage, their solicitor will organise this for them, allowing them to use any additional money raised to make their later life plans a reality.

Later life options

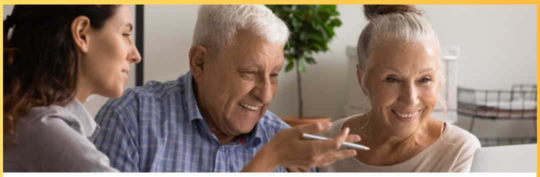
Exploring the options

We ensure that your family member(s) explore the range of options available to them before moving forward with their later life journey, as later life mortgages aren't always just about equity release.

Have you and your family member(s) considered these alternatives?

Could you provide financial support to make your loved ones' dreams a reality?

Have they evaluated their current savings or investments as potential sources of funding?



Have they explored the possibility of leveraging their pension funds for financial support?

Have they considered the viability of taking out a personal loan for their financial needs?

If they need to make adaptations to their property, have they researched available assistance programs offered by their local authority?

Remember: If you or your family member(s) have any questions about the mortgage journey and the options available, speak to our advisers for more information.

Beginning their journey

Your loved one's mortgage journey starts with understanding what solutions are available to them and which align best to their circumstances and aspirations.

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

- **Explore downsizing:** They could consider moving to a smaller property to gain access to funds.

Standard residential mortgage: Have they considered mortgage products that are specifically tailored for later life customers?

Retirement interest-only mortgage: They could unlock funds tied up in your home's value providing you can afford to make regular interest payments.

Lifetime mortgages: They could unlock funds tied up in thier home's value without the need to commit to regular repayments.

Home reversion: Although not offered through Mortgage Advice Bureau, they could sell part or all your property in exchange for a lump sum, a regular income or both, through a home reversion plan. Your loved one would stay in their 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 they're over the age of 55, your family member(s) could still be eligible for a regular residential mortgage if they 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 later life residential mortgage can provide flexibility, whether through a capital repayment or an interest only structure (where the repayment of the principal amount is due at the end of the term). If your family member(s) decide to repay all or a significant part of the loan early, there may be an early repayment charge.

There is also the option for a fixed interest rate to ensure steady repayments for a specified period, or a variable interest rate, which means repayments will vary if the interest rate changes. Our adviser will work with your family member(s) to find the most appropriate solution for them.

Lending is subject to affordability checks and income. Keep in mind that retired borrowers might face lower loan-to-value (LTV) ratios. This means that a lender will restrict any loan to a certain percentage (50%, for example) of the property's value. Your family member(s) may therefore need to have sufficient equity in their property, or the deposit funds available if they 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 the borrower's 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 with the borrower's 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 their annual income:** The borrower's loan amount is based on their income, the length of the mortgage term, and interest rate.
- **Their funds, their choice:** The borrower can use their funds to buy a new property, remortgage an existing one, or release additional tax-free funds.
- **Retain homeownership:** The borrower's home remains theirs, 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 your family member(s) 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, and is designed to assist older borrowers who may encounter challenges when trying to secure a standard residential mortgage.

The capital (the 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.

Borrowers can use this type of mortgage for various purposes, including repaying an existing mortgage. If a borrower currently has a mortgage, they must use the retirement interest only mortgage to settle it.

Eligibility

- A borrower will need to pass lender affordability checks to prove they 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, the borrower will make monthly payments to cover the cost of the interest on their loan. However, the outstanding capital will be repaid upon death, after transitioning into long-term care, or selling the property. If they 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 the borrower's retirement income. The actual loan amount is determined by an affordability assessment, up to a maximum of 60% 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 their children buy their first property, or supporting their grandchildren's education, how a borrower spends their money is down to them. It's important to remember that if they choose to gift the money, potential inheritance tax considerations may arise in the future.

- **Retain homeownership:** The borrower's home remains theirs, providing stability and guaranteed homeownership if they 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 the borrower's home that allows them 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, the borrower 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 they choose otherwise, there's nothing to repay until the borrower passes away or moves permanently into long-term care. If they prefer, there's an option to repay some or all the interest. The borrower can also choose to repay part of the original loan. If they 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 the borrower's age, property value, health, lifestyle choices, and adherence to plan criteria.

- **Funds can be spent in a variety of ways:** The borrower could use this money for a variety of things, including home improvements, helping their children to buy their first property, or increasing their income during retirement. However, it's worth noting that if the borrower gifts the money to someone else, the recipient may need to pay inheritance tax in the future.

- **Retain homeownership:** As with all the plans we recommend, the borrower will always retain full ownership of their home and can stay in it for as long as they wish.

- **No negative equity guarantee:** The borrower will never owe more than their home is worth. Equity release-related debt will not be passed on to their family with our recommended plans.

- **Means-tested state benefits:** If the borrower is receiving certain means-tested state benefits, opting for a lifetime mortgage may affect their entitlement.

Things to consider

- A lifetime mortgage is a loan secured against the borrower's home and is subject to compound interest, meaning the amount they owe can grow quickly.
- A lifetime mortgage will reduce the value of the borrower's estate and may leave them with limited or no property equity remaining unless they choose to pay the interest.
- A lifetime mortgage may affect the borrower's entitlement to means-tested benefits.
- A lifetime mortgage will reduce the borrower's 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 the borrower wishes to repay the loan early, early repayment charges may apply.

Important information about our advice

Your loved ones should always think carefully before securing a loan against their property.

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.

	Mandatory repayments	Credit score dependent	Guaranteed homeownership	Interest rate fixed for life	Repayments reduce capital sum	Repayments reduce interest owed
Interest-payment lifetime mortgage	✓	✗	✓	✓	✗	✓

Lump sum vs drawdown lifetime mortgage

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

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

How does a lump sum lifetime mortgage work?

Selecting a lump sum lifetime mortgage means the borrower receives their tax-free funds in a single, comprehensive payment. This option can be advantageous for specific purposes – for example, contributing towards a family member's house deposit.

How does a drawdown lifetime mortgage work?

With the drawdown option, the borrower agrees on an overall sum that they 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 the borrower's 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, the borrower's interest rate remains fixed throughout the entirety of the plan.

Impact of interest rates

If the borrower decides 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

The lender may have the option to withdraw the borrower's additional borrowing facility, although interest will only be applied to the funds they'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 the lender's criteria, the borrower's age, and the value of their property at the time of application.

Release funds when needed

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

What is compound interest?

Unless the borrower chooses to do so, there are no repayments to be made on a lifetime mortgage until the plan comes to an end. As a result, your family member(s) pays 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%	£2,500	£53,084
Year 2	£53,084	6%	£2,625	£56,358
Year 3	£56,358	6%	£2,756.25	£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

We’re here to help

When it comes to your loved one’s leveraging the equity in their home, you’re bound to have questions and concerns. Our experts are here to provide guidance on the options available and can help explain the process clearly. We’ll always work to find the most suitable option for your loved one’s circumstances and needs.

Key things for your loved ones to consider:

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

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

Want to know more?

Our expert advisers are here to provide guidance and answer your questions, so you can have the confidence that your loved ones are making informed decisions about their later life journey.

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Important information about our advice

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