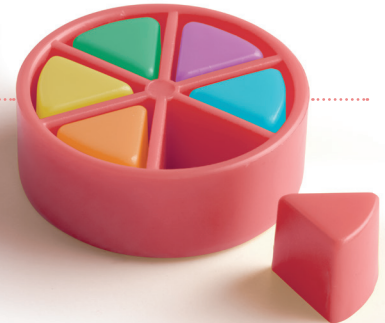


**JUST FOR YOU LIFETIME MORTGAGE**

# GUIDE TO OUR EARLY REPAYMENT CHARGE

If you pay back all – or part – of your lifetime mortgage early, you may be charged an early repayment charge. So it's important that you understand what this is and when you might have to pay it. This guide explains what's involved, how we work out the charge and who you can contact if you would like more information.



## What is an early repayment charge?

An early repayment charge is a charge that you may have to pay if you pay back all, or part, of your lifetime mortgage early.

Because we expect our lifetime mortgages to last the lifetime of our customers, we generally consider an early repayment to be any time before the end of the customer's life or before they have to move into permanent long-term care.

## Our early repayment charges

We offer two types of early repayment charge – **variable** and **fixed**.

You must choose the type of early repayment charge you would want when you apply for the lifetime mortgage. Once your initial advance has completed, you cannot change the type of early repayment charge and it will apply to your initial advance and all additional advances.

## When don't you charge an early repayment charge?

If you pay back your lifetime mortgage in full, we won't charge an early repayment charge if:

- the mortgage is repaid after you die or permanently move into long-term care, or
- you've held your mortgage for longer than your early repayment period. (We explain the early repayment period for each type of early repayment charge on pages 3, 4, 5 and 6.)

If you've taken out a joint lifetime mortgage, we won't charge an early repayment charge if the mortgage is repaid:

- within three years of the death of either you or the other mortgage holder
- within three years of one of you moving permanently into long-term care, or
- after you have both died or permanently moved into long-term care.



This is the current guide to our early repayment charge for new customers only. Existing customers should refer to their terms and conditions for details of the early repayment charge that applies to their lifetime mortgage.

### What if I pay back part of my lifetime mortgage?

If you are not paying any monthly interest, you can repay some of your lifetime mortgage without having to pay an early repayment charge. You can pay back up to 10% of each advance amount in each 12-month period after the completion date of the advance. If you pay back more than 10% of an advance amount in any 12-month period, we may charge you an early repayment charge.

You can make part-repayments if you are paying any monthly interest, but you may have to pay an early repayment charge.

If you want to repay some of your lifetime mortgage and you're not sure whether you'll have to pay an early repayment charge, please call us on 01737 233297 or speak to your financial adviser.

### What if I move to a new property?

If you sell your property and transfer the lifetime mortgage to a new property that we find acceptable, we may ask you to make a part repayment. This may happen, for example, if your new property is worth less than your existing one. If this happens, we won't charge you an early repayment charge on that part repayment.

### Could more than one early repayment charge apply?

Yes. Sometimes people decide to release money from their home in more than one go. This is known as taking additional advances. We work out a separate early repayment period and early repayment charge for each advance.

### How much might an early repayment charge be?

The amount you might have to pay as an early repayment charge depends on a number of things, which we explain in this guide. **It is worth noting that the variable early repayment charge will never be more than 20% of each advance.**

**The maximum fixed early repayment charge will be 10% of the amount being repaid** (please see the examples on the following pages). If you have any questions, or would like to know how much your early repayment charge is, please call us using the number below.

### Why do you charge an early repayment charge?

We see our lifetime mortgage as a lifetime commitment between us and our customers. They are designed to last for the whole of a customer's lifetime or until they need to move into permanent long-term care. So if you decide to pay back your lifetime mortgage before this, we may face costs as a result. If this is the case, we may charge you an early repayment charge.

### How can I find out how much my early repayment charge will be?

The easiest way to find out is to call us on 01737 233297. But if you would like to know more, please continue reading.

# VARIABLE EARLY REPAYMENT CHARGE

This is a type of early repayment charge where the early repayment period is linked to the benchmark interest rate (see explanation below).

The table below shows how we work out the variable early repayment charge using an example. In the example we use some phrases that may seem unfamiliar but that you will see in your documents if you take out a lifetime mortgage. To make this a little easier, please see the following explanations.

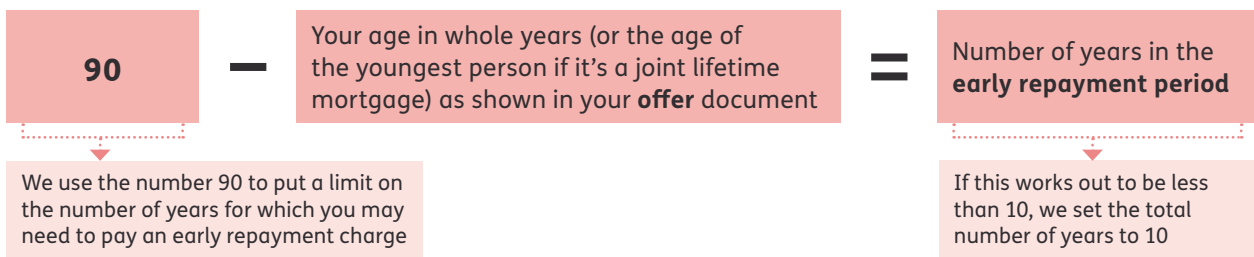
- The **early repayment period** is the period of time (in whole years) during which you may need to pay an early repayment charge. You can see below how we work this out for each advance.
- The **repayment statement** is a document that we'll send you when you ask to make an early repayment.
- The **target benchmark interest rate** is the rate that we quote you in your **offer** document. You can read more about how we set this rate in question 3 on page 7.
- The **benchmark interest rate** is the FTSE UK Gilts 15 Year Yield Index. You can read more about this in question 2 on page 7.

## How do you work out the variable early repayment charge?

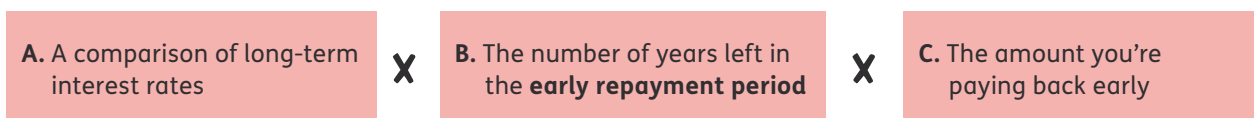
We do this in two stages. First of all, we set an **early repayment period** for each advance. You can find details of your **early repayment period** in your **offer** document. We then use this **early repayment period** to work out the charge in the following way.

## HOW WE WORK OUT THE VARIABLE EARLY REPAYMENT CHARGE

### 1. We work out the number of years of your early repayment charge.



### 2. We then work out the amount of the early repayment charge.



Remember we work out a separate **early repayment period** and a separate early repayment charge for every advance that you take. You can find out what your early repayment charge would be by calling us on 01737 233297. Your adviser will also be able to help you understand how we work it out.

The example below is based on Mr and Mrs Ashcroft.

- Mr and Mrs Ashcroft want to repay their lifetime mortgage in full.
- They took out a joint lifetime mortgage 10 years and six months ago and since then they have taken no additional advances.
- Mrs Ashcroft is the youngest, and her age in their **offer** document was 65, so their **early repayment period** is 25 years (90 minus 65).
- The **target benchmark interest rate** in their **offer** document was 2.20%.
- They call us to ask for a **repayment statement**. It states that the **benchmark interest rate** is 1.95% and they owe a total of £100,000 (including interest and charges).

This is how we work out their early repayment charge.

## HOW WE WORK OUT THE VARIABLE EARLY REPAYMENT CHARGE

### A. We compare long-term interest rates.

The **target benchmark interest rate** shown in Mr and Mrs Ashcroft's **offer** document

—

The **benchmark interest rate** shown in their **repayment statement**

For example:

$$2.20\% - 1.95\% = 0.25\%$$

If this number is zero or less there is no early repayment charge

### B. We work out the number of years left in the early repayment period.

The number of years in their **early repayment period** (which can be worked out as  $90 - 65 = 25$ )

—

The number of whole years since the advance completed

For example:

$$25 - 10 = 15$$

### C. We work out the amount that is being repaid early.

The amount that is being repaid early is £100,000 which includes Mr and Mrs Ashcroft's interest and charges

For example:

**£100,000**

The total early repayment charge is...

A. The difference between the **target benchmark interest rate** shown in the **offer** document and the **benchmark interest rate** shown in the **repayment statement**

**0.25% (0.0025)**

X

B. The number of years left in the **early repayment period**

**15**

X

C. The amount being repaid early

**£100,000**

**= £3,750**

Remember that the variable early repayment charge will never be more than 20% of each advance.

# FIXED EARLY REPAYMENT CHARGE

The table below shows how we work out the fixed early repayment charge using an example.

The early repayment period for the fixed early repayment charge is 15 whole years. The early repayment charge is based on the amount to be repaid. The amount to be repaid includes the advance, plus any fees added to the loan, plus interest.

Remember, you can find out what your early repayment charge would be by calling us on 01737 233297. Your adviser will also be able to help you understand how we work it out.

## HOW WE WORK OUT THE FIXED EARLY REPAYMENT CHARGE

1. We check when the advance was taken and identify the number of years from the advance completing to the date of repayment.

2. We then find the early repayment charge percentage in the early repayment charge table below.

When repaid	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16 or more
Early repayment charge as a percentage of the sum repaid	10%	9%	8%	7%	6%	5%	4%	3%	2%	1%	1%	1%	1%	1%	1%	0%

3. We then work out the amount of the early repayment charge.

A. Early repayment charge percentage

X

B. The amount you're paying back early

Remember we work out a separate early repayment charge for every advance that you take. If you are not sure what this means, please call us on **01737 233297** or visit **wearejust.co.uk**

The example below is based on Mr and Mrs Ashcroft. They took out a joint lifetime mortgage five years and six months ago and since then they have taken no additional advances.

They call us to ask for a **repayment statement**. It states that they owe a total of £100,000 (including interest and charges) and want to pay this off in full.

This is how we work out their early repayment charge.

## HOW WE FIND THE FIXED EARLY REPAYMENT CHARGE

**A. We find the fixed early repayment charge percentage** (as shown on the previous page).

For example:

The number of whole years since the advance completed

**FIVE YEARS**

The advance completed five years six months ago, so they're now into **Year 6** in the **early repayment charge table**, and the **early repayment charge percentage** is

**5%**

**B. We identify the amount that is being repaid early.**

The amount that is being repaid early is £100,000, which includes Mr and Mrs Ashcroft's interest and charges

**£100,000**

**The total early repayment charge is...**

A. The **early repayment charge percentage**

**5% (0.05)**

**X**

B. The **amount being repaid**

**£100,000**

**=**

**£5,000**

Remember that the fixed early repayment charge will never be more than 10% of the amount to be repaid.

You may find the answers to these questions helpful. You can also find more information in your other lifetime mortgage documents.

## Variable and fixed

### 1. What do I do if I want to make an early repayment?

You can pay back all or part of your lifetime mortgage at any time. We do not charge an administration fee for early repayment.

If you are paying any monthly interest, or the amount you want to repay is more than your annual 10% allowance (see page 2), please call us on 01737 233297. We will then assess whether or not to apply an early repayment charge and send you a **repayment statement**. This will provide full details of any early repayment charge and the total you need to repay.

### 2. How do you work out the number of years left in the early repayment period?

The number of years left in your **early repayment period** reduces by one on every anniversary of the completion date. Remember, each advance has a separate completion date, a separate **early repayment period** and a separate early repayment charge.

### 3. Where can I find examples of early repayment charges?

Your **offer** document for each advance has personalised examples of early repayment charges. You can find this in the section called 'What happens if you do not want this mortgage anymore?'

### 4. What if I have taken more than one advance and want to make a part repayment?

We'll split the amount you're repaying in proportion across all of the advances that you've taken. Once we've done this, we'll work out an early repayment charge for each separate advance. Because of this, each advance may have a different early repayment charge, and some advances may have no early repayment charge.

### 5. What if I want to switch the type of early repayment charge?

Once your initial advance has completed you cannot change the type of early repayment charge you would pay. If you take any additional advances, the same type of early repayment charge will apply to them.

### 6. How do I know which early repayment charge option is better for me?

You should discuss both options with your adviser to assess which option is best for you.

## Variable

### 1. What is the benchmark interest rate?

The **benchmark interest rate** is the FTSE UK Gilts 15 Year Yield Index. On any business day we use the **Benchmark Interest Rate** published by the Financial Times on the previous business day. We use this rate as it is an independent measure of long-term lending rates.

### 2. What is the target benchmark interest rate and how is it worked out?

The **target benchmark interest rate** for each advance is the rate that we quote you in your **offer** document. We work it out by adding 0.2% to the latest **benchmark interest rate** at the time of the **offer** document. We add 0.2% to cover the costs of reinvesting the money if you repay early.

### 3. Why do you need to work out how much long-term interest rates have changed?

We have to reinvest the amount that you pay back early. If interest rates have gone down since you took your advance, we may face costs when we reinvest the money.

### 4. How do you work out whether long-term interest rates have changed?

We work this out by subtracting the **benchmark interest rate** shown in your **repayment statement** from the **target benchmark interest rate** in your **offer** document. If the answer to this is zero or less there is no early repayment charge.

### 5. How can I keep an eye on movements in long-term interest rates?

Please call us on 01737 233297 and we will be able to look this information up for you.

### 6. Why do you need to work out how many years are left in the early repayment period?

Working out how many years of the **early repayment period** are left when you choose to repay early helps us to work out the costs of reinvesting the money.

## FOR MORE INFORMATION

Call: **01737 233 297** Email: [support@wearejust.co.uk](mailto:support@wearejust.co.uk)  
Or visit: [justadviser.com](http://justadviser.com)

Lines are open Monday to Friday, 8.30am to 5.30pm  
Calls may be monitored and recorded, and call charges may apply.

**Please contact us if you would like this document  
in an alternative format.**

