

JUST.

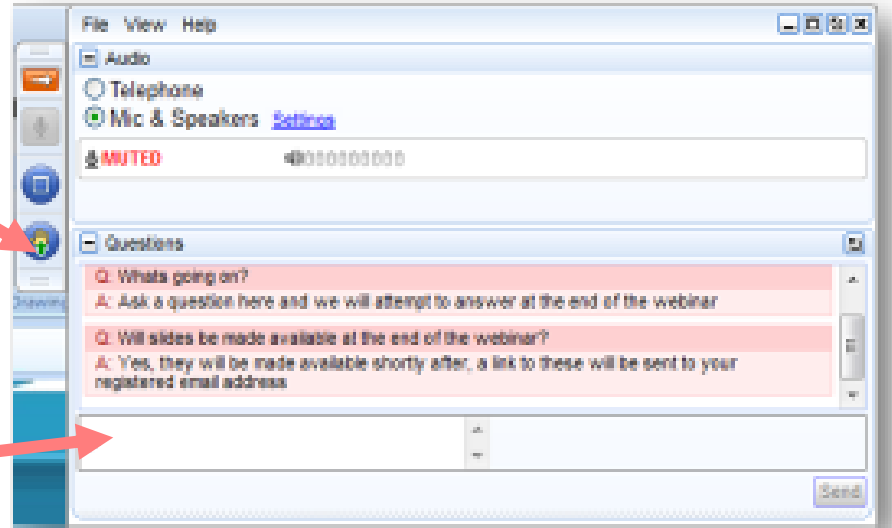
Responsible Lending

Three ways to lower the cost of borrowing

WELCOME

To raise your hand in the webinar, click here

To ask a question, please type here. We will respond during the webinar or shortly afterwards



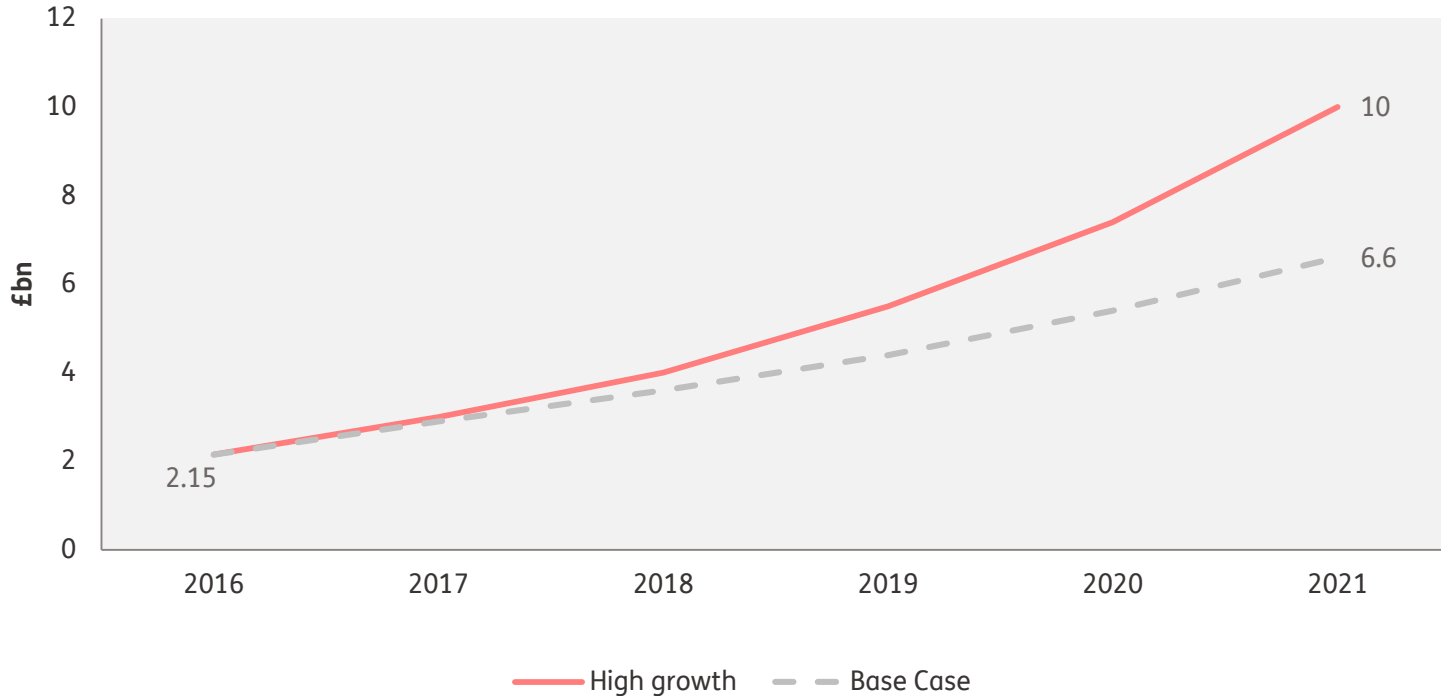
LEARNING OBJECTIVES

By attending this session, advisers will be able to:

- Explore our new features that give clients more control over their finances.
- Use medical underwriting to broaden your client options.
- See how your clients can dramatically reduce the overall cost of borrowing to increase the remaining legacy.

LTM MARKET GROWTH / PREDICTIONS

LTM market forecast

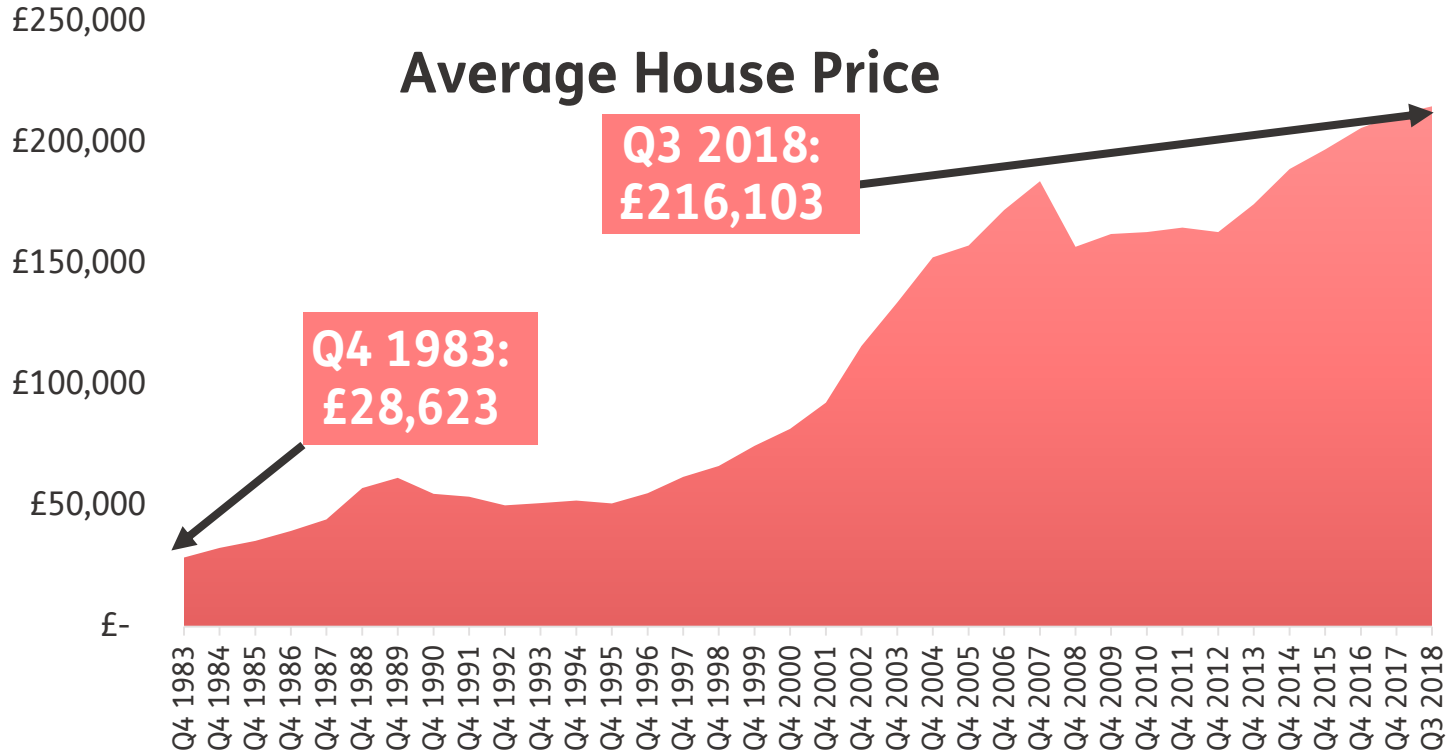


Just In-house projections:: Natural growth trend Vs. Aggressive growth trend

For financial intermediary use only, not to be used with customers



PROPERTY – THE SINGLE BIGGEST ASSET?



Nationwide House Price Index – Q4 2018

ATTITUDES TO LIFETIME MORTGAGES ARE CHANGING

Research conducted by Just shows that the propensity to consider a lifetime mortgage in the pre-retired population is double that in the retired population

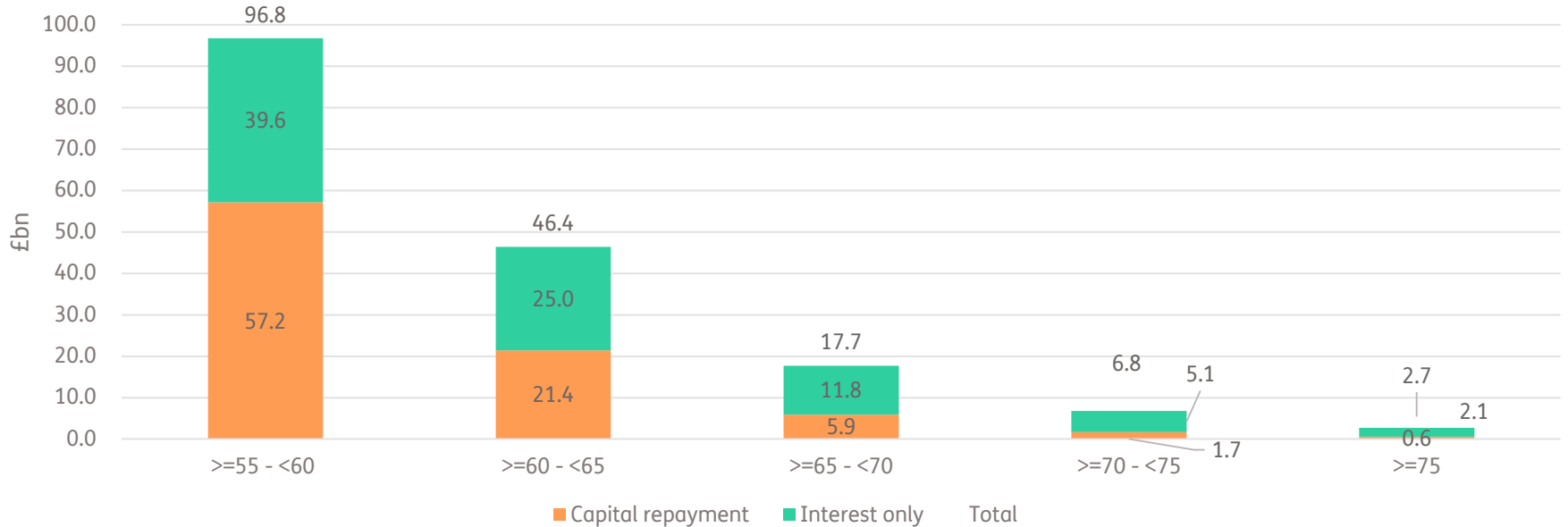
“there is likely to be increased demand for products that allow older people to tap into housing wealth in the future this could include the ageing younger generations who may have lower pension holdings”
FCA 2017

DO YOU RECOGNISE ANY OF THESE CLIENT SCENARIOS?

Secured debt	Unsecured debt	Struggling with everyday expenses	Retired five or more years
New car	Holidays	Holiday home	Private medical costs
Property deposit	Further education fees	Accelerated inheritance	Funding care fees

TOTAL VALUE OF LATER LIFE MORTGAGE LENDING

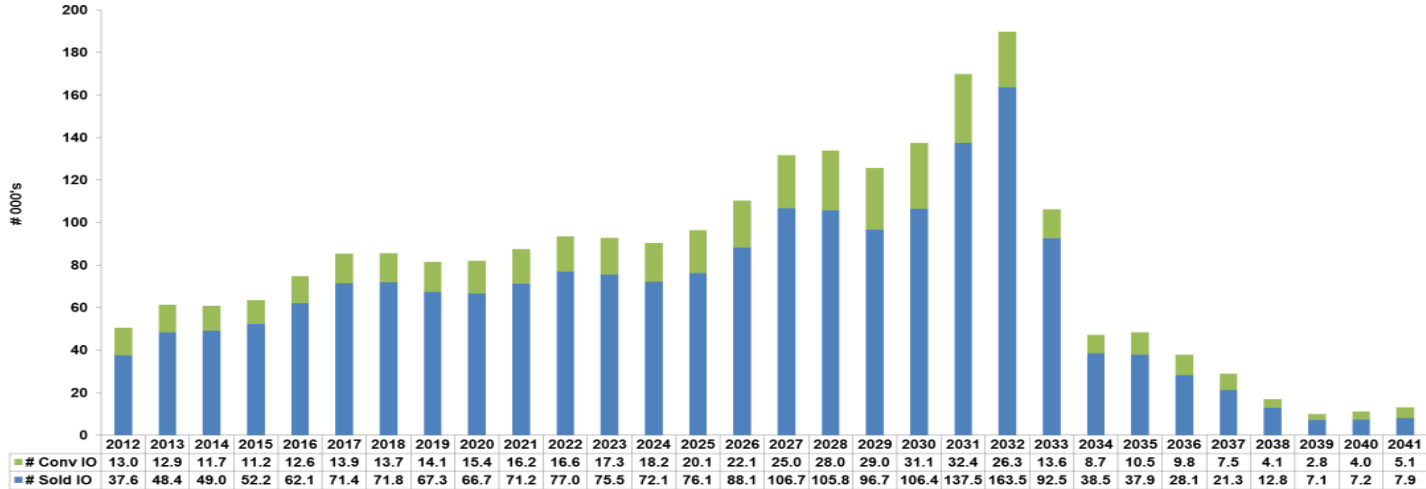
Mortgages outstanding to borrowers aged 55+



UK Finance – Later Life lending Q3 2018

1.9M BORROWERS HAVE AN INTEREST ONLY MORTGAGE

Volume of I/O mortgages maturing by the year (Thousand)



Expected to Mature in three peaks:

- The first is occurring between now and 2020 – endowment shortfalls / lower LTVs
- The next borrowers have loans maturing in the mid-2020s – Higher income multiples / higher LTVs
- The final peak will come in the early 2030s – Surge pre MMR / higher LTVs

Source: Experian/FCA 'Residential interest only mortgages. Volumes, concentrations and maturity horizons' 2013

INTEREST ONLY – EXPLORING THE OPTIONS

RIO Mortgages	Lifetime Mortgages
The amount your client can borrow is based on their ability to pay the monthly interest payments. They're able to borrow more but repayments can then be higher, potentially causing affordability issues.	The amount your client can borrow is based on their age and property value.
Your client must make every monthly repayment due throughout the term of the mortgage or until it's redeemed.	Your client can choose to make* or stop making monthly payments and the mortgage will convert to an interest 'roll up' basis.
If they fail to make their monthly repayments, their home is at risk of repossession	They have the right to remain in their home until they (one or both of them if borrowing jointly) have died or move permanently into long-term care.
If the property is worth less than the outstanding mortgage when it becomes repayable, your client or their estate will pay any resulting shortfall.	Most products come with a No Negative Equity Guarantee, meaning the customer or their estate will never owe more than the value of the property when the mortgage becomes repayable.

* Assuming selected at outset

POLL QUESTION 1

Which is the most important feature of a Lifetime Mortgage product from the following?:

1. Fixed early repayment charges
2. Competitive interest rate
3. Availability of LTV
4. Interest servicing facility
5. Property criteria

IMPROVED LTVS AND FLEXIBILITY

- A range of LTVs to cater for varying needs
- Clients choose the appropriate amount within the scope available to them
- Flexible amount available as reserve for the future (if chosen)
- Interest rate determined by initial loan and reserve (where applicable)
- If no reserve, interest rate reflects actual loan only



ENHANCING THE LTV

MEDICAL ENHANCEMENT CALCULATOR

This tool will help your client understand how much they might be able to take from their property.

Estimated property value	<input type="text" value="£310,000.00"/>	
Property location	<input type="text" value="England"/>	
Single or joint enquiry	<input checked="" type="radio"/> Single <input type="radio"/> Joint	
Age of youngest applicant	<input type="text" value="65"/>	

Your client might be able to release more by providing some medical information.

Enhance

What is your height?

feet inches OR cm

Please enter your height in feet and inches OR cm

What is your weight?

stone pounds OR kg

Please enter your weight in stones and pounds OR kg

ENHANCING THE LTV

Alcohol consumption per week:

0-49 units 50-69 units 70+ units

Please select a range.

1. Have you smoked 10 or more cigarettes per day or 2.5 ounces (71 grams) or more of rolling tobacco per week for the last 10 years?

Yes No

2. Have you been diagnosed with high blood pressure?

Yes No

3. Have you been diagnosed with coronary artery disease / ischaemic heart disease / angina and are on prescribed medication (not including aspirin or sprays)?

Yes No

4. Have you been diagnosed as having suffered from a heart attack which required hospital admission?

Yes No

5. Have you received surgery for a heart condition?

Yes No

6. Have you been diagnosed with diabetes mellitus, controlled with tablets or insulin?

Yes No

7. Have you been diagnosed as having suffered a stroke (CVA)?

Yes No

8. Have you been diagnosed as having suffered a mini-stroke (TIA)?

Yes No

9. Have you been diagnosed with malignant cancer (excluding skin cancer), requiring radiotherapy or chemotherapy?

Yes No

10. Have you been diagnosed with Parkinson's disease requiring medication?

Yes No

11. Have you been diagnosed with multiple sclerosis requiring the use of mobility aids?

Yes No

12. Have you been diagnosed with dementia (including Alzheimer's disease)?

Yes No

13. Have you been diagnosed with chronic kidney failure?

Yes No

14. Have you been diagnosed with chronic respiratory disease requiring daily medication or inhalers?

Yes No

15. Have you ever had a heart, kidney, liver or lung transplant?

Yes No

16. Have you been diagnosed with cirrhosis of the liver?

Yes No

17. Have you been diagnosed with motor neurone disease?

Yes No

18. Have you been diagnosed with peripheral vascular disease (including intermittent claudication)?

Yes No

19. Have you been diagnosed with Hepatitis C?

Yes No

20. Have you been diagnosed with HIV?

Yes No

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LTV RANGES

5 New LTV Bands	LTV Range
J1	15.0 - 47.0%
J2	21.0 - 51.0%
J3	23.0 - 54.5%
J4	23.1 - 55.1%
J5 (medically underwritten)	24.5 - 56.1%

BENEFITS OF UNDERWRITING



- Norman is 65
- Property value £300,000
- LTV with no medical/lifestyle underwriting 35.6% £106,800
- With underwriting 38.80% £116,400

Underwriting based on Age 65 single life., height 5'10", weight 16 stone alcohol consumption 0-49 units a week, smoker HBP – 120/80 reading, heart attack – 1-5 years ago, heart bypass - 1-5 years ago, diabetes – more than 5 years ago

Property in England

BENEFITS OF SERVICING INTEREST

- Cost effective way of borrowing in later life
- Reduces the cost of the overall mortgage
- Interest can be paid by a third party (another family member, for example)
 - Payment must be collected from customer's own bank account.
- Avoids or reduces erosion of equity
- Facilitates transfer of intergenerational wealth
- Opportunity to pay interest on future borrowing
- Adapts to changing circumstances



INTEREST SERVICING OPTION

- Selected at outset
- Minimum of £25 maximum 100% of monthly interest
- Minimum initial loan for interest serviced £30,000
- Lower interest rate for servicing interest
- Interest serviced option can be converted to a roll up LTM at any stage*
- Maximum age at application - 80

% of Monthly Interest Serviced	Rate reduction
>£25.00 - 25.00%	0.01%
>25.01% - 50.00%	0.10%
>50.01% - 75.00%	0.15%
>75.01% - 100%	0.30%

IMPACT OF RATE REDUCTION FOR INTEREST SERVICED 100%

Rate reduction		Interest per annum	Monthly cost	Outstanding mortgage balance						
				Year 1	Year 2	Year 3	Year 5	Year 10	Year 15	Year 20
75.01-100%	30 bps	£2,023	£169	£43,221	£43,221	£43,221	£43,221	£43,221	£43,221	£43,221
0%	0 bps	£2,152	£0	£45,423	£47,738	£50,170	£55,413	£71,044	£91,084	£116,777

- Total costs of borrowing = £83,676 (£43,221 outstanding mortgage balance + £40,455 interest)
- Cost of borrowing Vs. not servicing = £33,101
- Protects £73,556 of the remaining equity

*Based on a 20% LTM advance on the UK average house price source Nationwide House price index Q3 18.

IMPACT OF RATE REDUCTION FOR INTEREST SERVICED 50%

Rate reduction		Interest per annum	Monthly cost	Outstanding mortgage balance						
				Year 1	Year 2	Year 3	Year 5	Year 10	Year 15	Year 20
25.01-50%	10 bps	£2,109	£88	£44,300	£45,432	£46,621	£49,179	£56,780	£66,477	£78,847
0%	0 bps	£2,152	£0	£45,423	£47,738	£50,170	£55,413	£71,044	£91,084	£116,777

- Total costs of borrowing = £99,939 (£78,847 outstanding mortgage balance + £21,092 interest)
- Cost of borrowing Vs. not servicing = £16,838
- Protects £37,929 of the remaining equity

*Based on a 20% LTM advance on the UK average house price source Nationwide House price index Q3 18.

INTEREST-SERVICED CALCULATOR

SEE THE IMPACT INTEREST SERVICING CAN HAVE ON A LIFETIME MORTGAGE

This is an indicative calculator for illustration purposes only

Customer details

Customer reference

Age of youngest applicant  

Property location  

Property value 

NEXT

IMPORTANT NOTES

This calculator assumes that only the interest on the initial lump sum will be serviced (note - our products allow interest servicing on additional advances from your cash facility amount). The interest is calculated on a monthly compounding basis.

The interest rate is an example and the actual rate charged will be set according to the interest rates at the time each advance is taken.

Where you have not used the "planner" to specify your additional advances, the calculator assumes you will drawdown a third of the cash reserve every five years.

The maximum remaining cash facility is capped at £200,000. LTVs vary depending on age, property value and location of the property.

You could borrow between £30,000 and £108,810

Customer borrowing

 How much do you need initially? (you must choose a minimum of £30,000 to enable our monthly payment option) 

 How much do you want as a reserve cash facility for future use? 

USE PLANNER

RESET

 Customer payments per month 

Assumptions

 House price inflation 

 Product interest rate

GRAPH

IMPORTANT NOTES

This calculator assumes that only the interest on the initial lump sum will be serviced (note - our products allow interest servicing on additional advances from your cash facility amount). The interest is calculated on a monthly compounding basis.

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INTEREST-SERVICED CALCULATOR

You could borrow between £30,000 and £108,810

Customer borrowing

i How much do you need initially?
(you must choose a minimum of £30,000 to enable our monthly payment option)

£ 30,000 **MAX**

i How much do you want as a reserve cash facility for future use?

£ 78,810 **MAX**

USE PLANNER **RESET**

i Customer payments per month

£ 132 **RESET**

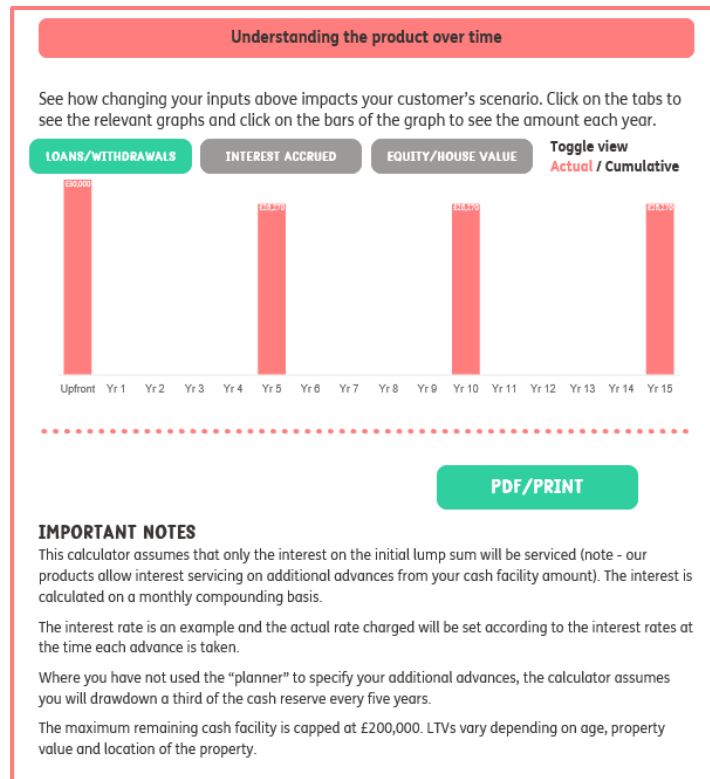
Assumptions

i House price inflation

0% **v**

i Product interest rate

5.29%



PAYMENT HOLIDAYS



- Option to take payment holidays (subject to giving one month's notice)
- Payment Holiday - up to three consecutive months in any twelve month period (one holiday permitted in any twelve month period)
- Interest will continue to accrue at the reduced rate

STOPPING OR MISSING PAYMENTS



Stopping

- Your client is able to stop making monthly payments at any time
 - although once this is done, they're unable to restart.
- Once payments have stopped, the loan will convert to full roll-up of interest basis.

Missing

- If your client misses a total of six monthly payments over the **lifetime** of the mortgage, it will automatically convert to a full roll-up lifetime mortgage and the interest rate will increase accordingly

PARTIAL REPAYMENTS



- Available for 'roll-up' loans
- Ability to pay up to 10% of **each** advance with no ERC
- Based on each advance taken out in each 12 month period following completion.
- No early repayment charge (ERC).
- Reduces the overall cost of the mortgage without agreeing or being obliged to pay ongoing monthly payments.
- Available to your client once they have stopped servicing, or chosen not to service, the interest on their lifetime mortgage.

INTRODUCING “JUST FOR YOU LIFETIME MORTGAGE” A MODERN APPROACH TO LIFETIME MORTGAGES



SUPPORT

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JUST FOR YOU LIFETIME MORTGAGE
CUSTOMER GUIDE



LIFE JUST GOT FLEXIBLE

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JUST FOR YOU LIFETIME MORTGAGE
CASE STUDY



LUMP SUM NEEDED TO GO ON THEIR DREAM HOLIDAY AND UPDATE THEIR HOME

Graham and Carol Jackson's story

Graham and Carol are 68 and 74 respectively and both retired. Graham was self-employed and didn't think about retirement too much until later in life. Carol worked part time once their son had grown up. Their son is financially secure and they don't have too many financial worries.

They've always talked about going on a luxury Caribbean cruise and feel that it's the right time to actually book it. Both have worked hard for so many years and would like to treat themselves.

They think that it's also a good time to get a new kitchen and bathroom while they're away and are happy for their son to keep check on the work being carried out.

Lifetime mortgage required: £40,000 against their property, a two-bedroom cottage in Surrey worth £360,000.

How does the Just For You Lifetime Mortgage benefit them?

Graham and Carol can book the holiday of a lifetime they've always dreamed of. They're not worried about the interest rising up as their son doesn't expect to inherit the house and wants his parents to enjoy their money while they still can.

It's also allowed them to update and improve their kitchen and bathroom which are now looking tired after 16 years.

The Just For You Lifetime Mortgage enabled them to:

- Provide the funds they need for holiday and home improvements.
- Benefit from the no-negative equity guarantee. This means they never will owe more than the value of their home.

“IT'S ABOUT TIME WE BOOKED THE CRUISE AFTER ALL THE YEARS OF TALKING ABOUT IT!”



All numbers are illustrative only to show how the Just For You Lifetime Mortgage could be used. This is not intended to provide any form of advice or recommendation.

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02/2019

EQUITY RELEASE MYTHBUSTERS

If you think equity release is best avoided, it's time to think again.

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Perceptions are changing evidence of significant market growth and demand in recent years. Despite this, there are still myths that need dispelling around lifetime mortgages.

MYTH 1: YOU'LL HAVE TO STAY IN THE SAME PROPERTY FOR THE REST OF YOUR LIFE.

Some lifetime mortgages are 'portable' depending on the property you'd like to move to and the lender's criteria.

MYTH 2: YOU'LL LEAVE DEBT TO YOUR FAMILY AND LOVED ONES.

Providing the terms and conditions are met, no debt is left to your estate and you'll never owe more than the value of your home once sold.

MYTH 3: EQUITY CAN'T BE RELEASED IF THERE'S AN OUTSTANDING MORTGAGE.

You can apply for a lifetime mortgage providing you pay off your existing mortgage balance. This can be done either through the equity release or through your savings.

MYTH 4: IT'S NOT POSSIBLE TO REDUCE THE OUTSTANDING DEBT.

There are products that offer you the option to make partial repayments with no early repayment charges. The amount that can be repaid is usually up to a fixed amount each year. Some products also offer fixed early repayment charges that apply for a set time period so any repayments after this won't have a charge.

There are also products available that allow you the option to pay monthly interest. Although this will not reduce the amount borrowed, the debt will not increase as much as it would if you let the interest accrue.

MYTH 5: YOU WON'T BE ABLE TO LEAVE YOUR PROPERTY AS AN INHERITANCE.

When you die or move into long-term care, your home will usually be sold and the money used to pay off the lifetime mortgage. Any money leftover can go to your beneficiaries.

MYTH 6: IT'S UNSAFE AND UNREGULATED.

It's regulated by the FCA. Also the Equity Release Council (ERC) was established in 2012 to provide consumer protection specifically for this market. Members must adhere to its standards of conduct and practice.

MYTH 7: YOU'LL LOSE OWNERSHIP AND CONTROL OF THE PROPERTY.

With lifetime mortgages, you'll be the owner of your home for as long as you want to live there. This is in the same way as you would for a regular mortgage providing you meet the conditions of the lifetime mortgage.

MYTH 8: YOU'LL OWE MORE THAN THE VALUE OF YOUR HOME.

As part of adhering to the ERC Statement of Principles, all members must now feature a 'No Negative Equity Guarantee', which means you'll never owe more than your home is worth once sold, even if this is less than the amount owed. The guarantee only applies when you meet the product's terms and conditions.

FOR MORE INFORMATION

Call: 01737 232297 Email: support@wearejust.co.uk Or visit: wearejust.co.uk

Lines are open Monday to Friday, 8.30am to 5.30pm

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

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09/2018

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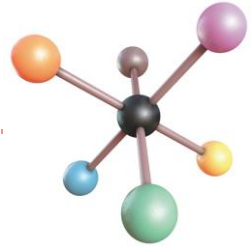
EQUITY RELEASE ACADEMY

Session 1: Making sense of ER1

Date	Region	Address
24 Apr	Exeter	Exeter Golf & Country Club, Topsham Road, Exeter, EX2 7AE
25 Apr	Winchester	Holiday Inn, Telegraph Way, Morn Hill, Winchester, SO21 1HZ
30 Apr	Norwich	Dunston Hall, Ipswich Road, Norwich , NR14 8PQ
01 May	Maidstone	Hilton Maidstone, Bearsted Road, Maidstone, ME14 5AA
08 May	Edinburgh	DoubleTree by Hilton Hotel Edinburgh Airport, Edinburgh, EH28 8LL
09 May	London	Hilton London Tower Bridge, 5 More London Place, Tooley Street, London, SE1 2BY
14 May	Leicester	Sketchley Grange Hotel & Spa, Sketchley Lane, Hinckley, LE10 3HU
15 May	Durham	Ramside Hall, Carrville, Durham, DH1 1TD

- Business development: June/July 2019
- Advanced planning: November 2019

WHO ARE JUST?



- We have three areas of strategic focus
 - UK Retail (retirement income / lifetime mortgage / long term care)
 - UK Defined Benefit de-risking
 - International (long term care – USA / retirement income – South Africa)
- AKG B+ (Very Strong) financial strength rating reaffirmed 23rd November 2019
- Fitch A+ Insurer Financial Strength rating for Just Retirement Ltd, Sep 2018
- We have 550,000 customers and employ 1,100 people
- We are multi-award winning
 - Financial Adviser 5 Star Service (Life & Pensions)
 - 2015-2018 Moneyfacts 5 Star Equity Release rating



FitchRatings

Overall Financial Strength



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POLL QUESTION 2

Do you have clients who would benefit from the product features we have discussed today?

1. Yes

2. No

IMPORTANT INFORMATION

It is our intention that the information contained within this presentation is accurate. We have taken all reasonable steps to ensure that it is up-to-date and, where relevant, reflects the current views of our experts. However, we do not accept any liability for errors or omissions in the information supplied and if you require clarification on anything, our recommendation is that you contact us at the address below for verification, or call 0345 302 2287.

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Bancroft Road,
Reigate,
Surrey RH2 7RU



@Just_Adviser

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Exp 5/5/19

Regulatory information:

Just is a trading name of Just Retirement Limited (“JRL”), Just Retirement Money Limited (“JRML”), Partnership Life Assurance Company Limited (“PLACL”) and Partnership Home Loans Limited (“PHLL”) which are subsidiary companies of Just Group plc. JRL is registered in England and Wales, with company number 05017193.

JRML is registered in England and Wales, with company number 09415215. The registered office for both JRL and JRML is Vale House, Roebuck Close, Bancroft Road, Reigate, Surrey, RH2 7RU.

PLACL is registered in England and Wales, with company number 05465261. PHLL is registered in England and Wales, with company number 05108846. The registered office for both PLACL and PHLL is 5th floor, 110 Bishopsgate, London EC2N 4AY. JRL and PLACL are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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www.justadviser.com

Our dedicated intermediary site packed with useful calculators, guides, product information, topical articles and more.

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Responsible Lending

**Three ways to lower the cost of
borrowing**