For adviser use only

Busting the myths of lifetime mortgages

A lifetime mortgage gives your clients the option to unlock a lump sum without selling their home. It could be used to fund their retirement, make home adaptations or to offer family support.

With 47% of under-55s using financial help from family members to buy a home[1], releasing equity is a big decision that more of your clients may be considering. It's a decision you can add real value to.

Discussing lifetime mortgages with your clients is likely to raise questions. We've cleared up some of the most common queries they may have, so you can help them make an informed decision.

Myths | Facts

"I won't own my home anymore"

Explain that having a lifetime mortgage doesn't mean your client is selling their home to the lender. It's a loan secured against their home that'll be repaid when the last remaining borrower dies or moves into long-term care.

"A lifetime mortgage is a home reversion scheme"

A home reversion scheme is where your client sells a portion of their home to a provider, essentially making them a tenant in their own home. But with a lifetime mortgage, your client still owns their home. You can explain that the two products are different, but that they both come under equity release.

"A lifetime mortgage will leave me in debt"

Just like with regular mortgages, there are some initial costs your client might need to pay such as product application and solicitors fees. But unlike traditional mortgages, the interest rates are fixed and stay the same over the course of the loan. Let them know that some lifetime mortgages allow them to pay off some or all of the interest, but not all products require it. If they choose not to pay the interest, it's added to the loan and paid off once they die or move into long-term care. Reassure them that whatever they choose, there's a wide range of products you can explore to suit their needs.

"My children will lose their inheritance"

Lifetime mortgages are protected by the Equity Release Council's no negative equity guarantee, so your client or their estate will never owe more than the value of their home. You can reassure them that they'll never have to pay back more than the amount their property is sold for. Your client could also choose to add Inheritance Protection to their lifetime mortgage to guarantee their beneficiaries a proportion of the net sale proceeds from the home.

[1] Legal & General Bank of Family research, 2023

[2] Payment Term Lifetime Mortgage: The No Negative Equity Guarantee won't apply to any Monthly Interest Payments your client fails to make in full, and on time, throughout the Payment Term. This includes any interest which has accrued on any Monthly Interest Payments they fail to make.

Explore our range of mortgages for over-50s

Equity Release Council

Legal & General Home Finance Limited is a member of UK Finance. We're also a member of the Equity Release Council (formerly SHIP), a professional body dedicated to promoting safe equity release schemes.

You can learn more about the Equity Release Council and the high standards of conduct it promotes in the interest of consumer protection at equityreleasecouncil.com. All of our Lifetime Mortgages covered in this document comply with the Equity Release Council's Statement of Principles.

Legal & General