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Lifestyle Flexible Advantage: Customer profiles

All examples are fictitious and for illustrative purposes only.

Our lifetime mortgage is a long-term loan secured on the customer's home. For UK homeowners aged 55 and over. Inheritance will be reduced; tax position and welfare benefits may be affected.



Case study 1: Debt in retirement

Nick and Julie

Nick and Julie, both 62, took out an interest-only mortgage on their Manchester home. At the time Nick worked in food production, while Julie had a career in sales. Nick was made redundant and his new job as a gardener covers the bills and basics but leaves little extra. Meanwhile, Julie also had to stop work due to a long-term medical condition. The couple don't have children.

Their interest-only mortgage now poses them a problem. Nick has cashed in his small personal pension from his former employers, to boost their income and savings, while both

of them will receive state pension at 66. But the couple still face a shortfall of £24,000 in order to pay off their mortgage. Their personal circumstances mean their options are limited and they'd rather not move home.

Their property is currently valued at £250,000. With an Aviva Lifestyle Flexible Advantage lifetime mortgage, Nick and Julie could borrow up to £48,000.

They borrow £41,250. They use £24,000 of this to repay their existing mortgage in full and spend £12,000 on

home improvements and a holiday. They also set aside £5,250 in a reserve facility to cover shortfalls until they take their state pensions.

Nick and Julie are used to making repayments on their mortgage and want to continue to make repayments to service the interest, to avoid it rolling up each year. Nick, is planning on working for as long as possible so whilst receiving a regular income they want to make the regular repayments and have the uplift added to boost these repayments.

Typical characteristics

- Aged between 60-70
- Needs to access money now that can't be sourced elsewhere (not eligible for a residential mortgage due to age)
- More often keen to make repayments as use to paying rent/interest only mortgage repayments



Case study 2: Intergenerational wealth transfer

James and Lucy

Married business owners James (65) and Lucy (64) live in Wiltshire. Their 28 year old son lives at home with them - he's struggling to raise enough for a deposit on a flat in the area on his current salary.

James and Lucy are keen to help their son become a first-time buyer. They have some modest savings which they want to keep in place as an emergency fund. They have good private pensions and have paid off the mortgage on their house, worth £640,000. For James and Lucy, unlocking their housing wealth through equity release could be an

intuitive way to help their son to get on the property ladder.

They want to give him £50,000 towards the deposit on a flat. This will allow him access to more lenders, products and a lower interest rate. He will use the money he saves on mortgage payments to repay his parents some money each year, which James and Lucy could use to voluntarily repay part of the lifetime mortgage. They can repay 10% of their total borrowing each year without paying an early repayment charge. The voluntary partial repayment feature applies a

percentage uplift to the portion of a repayment that services interest due in the current policy year. The uplift, set at completion and shown in the KFI and Offer documents, enhances the value of that part of the repayment, helping to reduce the customer's overall borrowing and preserve more equity over time.

James and Lucy have also taken out £20,000 to make some improvements to their house. In addition, they've set up a reserve facility of a further £20,000, which they could use in future years to help their son and any grandchildren that may come along.

Typical characteristics

- Aged between 55-70
- Children
- Has high level of income/ pension predictable income for the foreseeable future
- Expects to have spare disposable income each month.
- IHT planning/gifting to family



Case study 3:

Upsizing

(moving to a home of higher value)

Luke and Amanda

Architect Luke and his research scientist spouse Amanda, both 60, are looking to retire soon. They paid off the mortgage on their Newcastle home some years ago and have a modest amount of savings set aside, plus decent personal pensions.

They have decided to spend their retirement on the coast where they can live a healthy, outdoors lifestyle close to the sea. As a result, they have decided to relocate to a bungalow on the North Devon coast.

However, their current home in Newcastle is likely to sell for less than the cost of the new house in Devon. With their savings unable to bridge the gap, Luke and Amanda

are considering using equity release to unlock enough value from their new property to cover the shortfall between their current home and new purchase.

The bungalow they'd like to buy is valued at £320,000, while their current property is worth £240,000. They have £40,400 of their own savings to put towards the cost of the new property, with the remainder to be used to cover moving costs and maintain an emergency fund. They have a shortfall of £39,600 towards their property purchase.

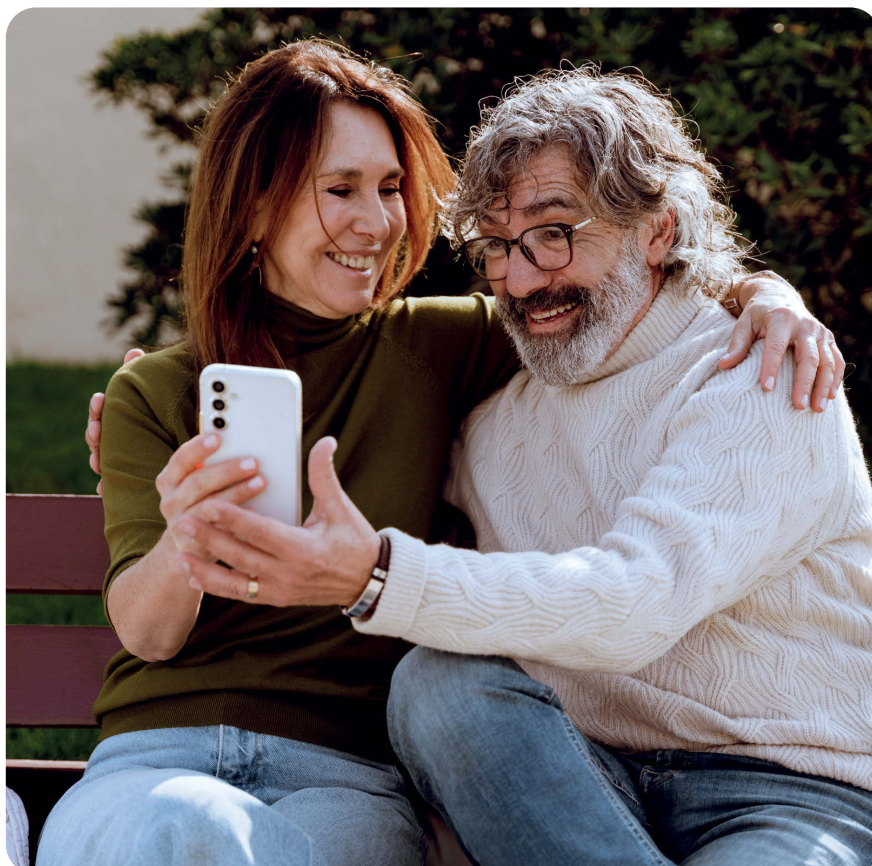
After consulting with their two children, Luke and Amanda decide to use a Lifestyle Flexible Advantage

lifetime mortgage to make up the shortfall on the purchase of the bungalow. They don't need a reserve facility and want the option to make voluntary partial repayments once they start to receive their private and state pensions over the next few years.

When they do start to make repayments a percentage uplift will be applied to the portion of each repayment that services interest in the current policy year. The uplift, set at completion and shown in the KFI and Offer documents, enhances the value of that part of the repayment, helping to reduce the customer's overall borrowing and preserve more equity over time.

Typical characteristics

- Aged between 55-75
- Doesn't have disposable income to make regular repayments immediately but may wish to make VPRs in the future



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Firm Reference Number 310433.

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