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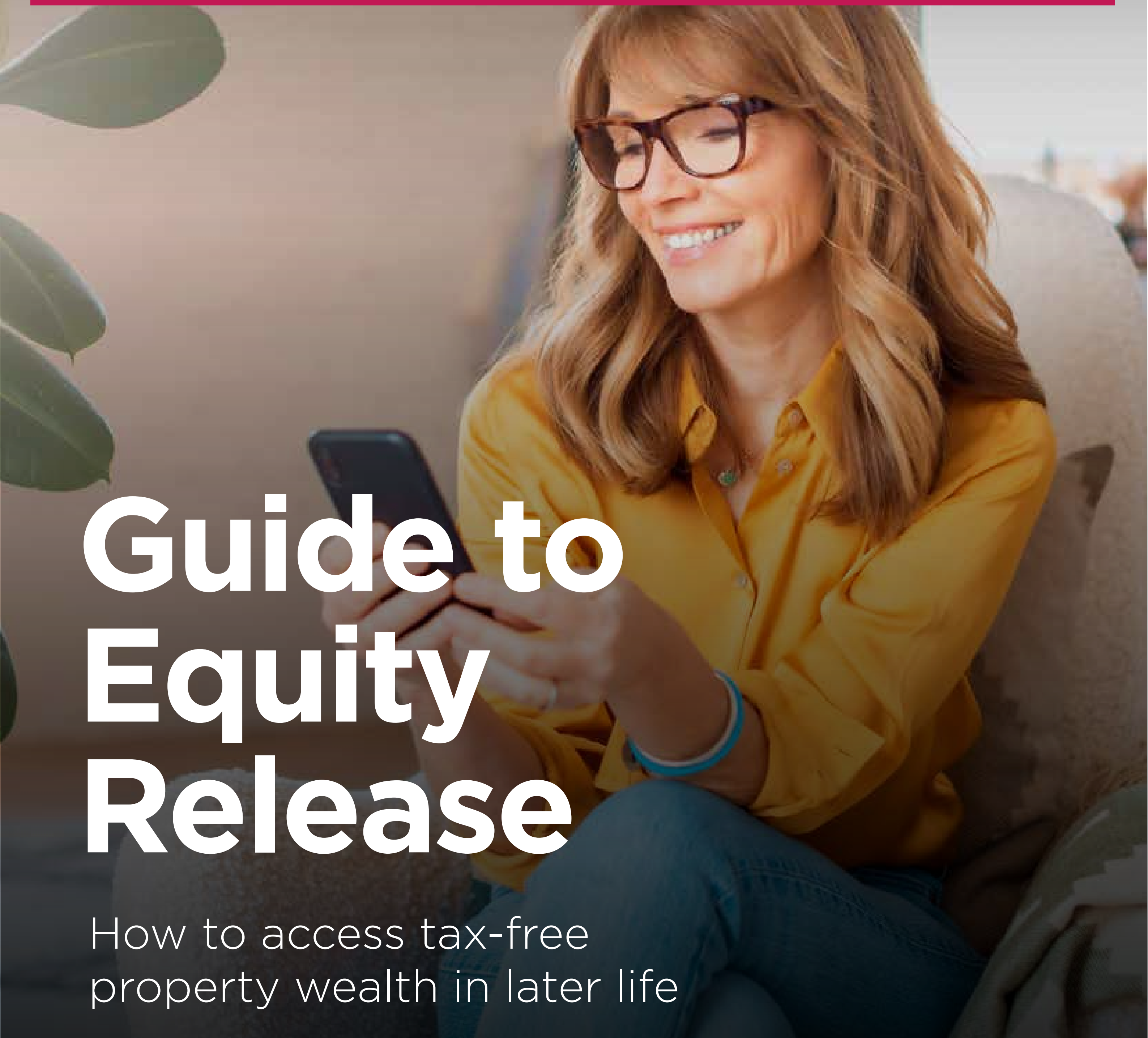

Guide to Equity Release

How to access tax-free property wealth in later life

Your **contact details** & **regulator details** here.

Looking for ways to release some tax-free funds in later life?

If you're aged 55 or older, you may be considering releasing some cash from the value of your home.

Find out if equity release is right for you
Talk to us today to discuss your options – please contact us.

Call (YOUR COMPANY NAME) on (YOUR TELEPHONE NUMBER) or email (YOUR EMAIL) to request a call back.

Visit our website (YOUR WEBSITE ADDRESS)

THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME. YOUR MORTGAGE IS SECURED ON YOUR HOME, WHICH YOU COULD LOSE IF YOU DO NOT KEEP UP YOUR MORTGAGE PAYMENTS.

EQUITY RELEASE MAY INVOLVE A HOME REVERSION PLAN OR LIFETIME MORTGAGE WHICH IS SECURED AGAINST YOUR PROPERTY. TO UNDERSTAND THE FEATURES AND RISKS, ASK FOR A PERSONALISED ILLUSTRATION.

EQUITY RELEASE REQUIRES PAYING OFF ANY OUTSTANDING MORTGAGE. EQUITY RELEASED, PLUS ACCRUED INTEREST, TO BE REPAID UPON DEATH OR MOVING INTO LONG-TERM CARE. EQUITY RELEASE WILL AFFECT THE AMOUNT OF INHERITANCE YOU CAN LEAVE AND MAY AFFECT YOUR ENTITLEMENT TO MEANS-TESTED BENEFITS NOW OR IN THE FUTURE.

CHECK THAT THIS MORTGAGE WILL MEET YOUR NEEDS IF YOU WANT TO MOVE OR SELL YOUR HOME OR YOU WANT YOUR FAMILY TO INHERIT IT.

IF YOU ARE IN ANY DOUBT, SEEK PROFESSIONAL FINANCIAL ADVICE.

Contents

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WELCOME

Guide to Equity Release

How to access tax-free property wealth in later life

Welcome to our Guide to Equity Release. For much of the UK population, the family home is their biggest asset. Over the last decade, releasing equity from the family home to boost finances in later life has grown significantly, equating to £3.9bn[1] of lending activity for the last three years, despite significant headwinds driven by Brexit uncertainty and the coronavirus (COVID-19) pandemic.

Of those surveyed who have taken money from their home or would consider accessing housing equity[2], 61% say their priority at retirement will be to have enough to enjoy themselves. Covering day-today expenses, meanwhile, is a priority for 44%. Many are doubtful of being able to do so, however.

More than one in ten (12%) of those aged 45 and over say they don't plan to retire, whilst a third of those surveyed stated they are not very (22%) or not at all (11%) confident of achieving their financial goals and their desired lifestyle in retirement.

While releasing equity from your home remains a very important decision, many families across the country are seeing new strains on their personal finances, whether that's from redundancy, rising living costs or new caring responsibilities.

This collective strain is likely to continue to be exacerbated by the lasting impact of the pandemic, but with the right professional financial advice, equity release has proven it can help people to access their property wealth flexibly and safely.

Staying in your home not only means you get to retire in the house you love, but you also won't need to deal with the stress and expense that comes with moving.

(YOUR PHOTO HERE - IF REQUIRED)

We hope you find our Guide to Equity Release informative and if you would like to review your options, please contact (YOUR COMPANY NAME) on (YOUR TELEPHONE NUMBER) **or** email (YOUR EMAIL) us to review your options.

(YOUR NAME)
(YOUR COMPANY NAME)

Source data:

[1] The Equity Release Council's Q4 and FY 2020 equity release market statistics are compiled from member activity, including all national providers in the equity release market. This latest edition was produced in January 2021 using data from customer activity during the fourth quarter of last year (October to December). All figures quoted are aggregated for the whole market and do not represent the business of individual member firms.

[2] Legal & General 'Silver Spenders Report' February 2018.

> Over the last decade, releasing equity from the family home to boost finances in later life has grown significantly, equating to £3.9bn[1] of lending activity for the last three years.

What is equity release?

Equity release is an invaluable source of cash for some over-55s. It enables homeowners to unlock the value locked up in their home as a tax-free lump sum without having to sell it, downsize or relocate.

Your home must have a minimum value of £70,000 and be your permanent main residence in the UK, which you live in for more than six months of the year.

With equity release you don't have to make monthly payments, unless you choose to. It's usually repaid when the last borrower moves into long-term care or dies.

There are two main ways to access the value in your home. You could either take out a Lifetime Mortgage – a long-term loan secured against your home – or choose to sell all or part of your property using a Home Reversion Plan.

Lifetime Mortgage – this lets you borrow money against the value of your home and is paid back when the property is sold, usually after you die or move into long-term care.

Home Reversion Plan – the equity release provider buys all or part of your home, for a cash payment, while you continue to live in it rent-free.

For both types, you can protect some of the value of your home as inheritance for your family if you want to. This is known as 'ring-fencing'.

When considering equity release, you must be able to clear any secured debt on your home, such as a traditional mortgage. However, you can use your released equity towards this. Clearing an existing mortgage is one reason people use a Lifetime Mortgage.

There are eligibility criteria and conditions to meet before you can take out an equity release product.

Why has equity release come about?

People today are enjoying longer retirements and homeowners are looking for ways to unlock money tied up in their property. Some people, once they reach retirement, are finding themselves asset-rich and cash-poor.

Yet they don't usually want to downsize to free up capital. Equity release enables you to stay in your home and to release the money you need if you have sufficient equity in your home.

Taking out an equity release mortgage also provides an alternative option to having to dip into your pension, if at some point you require access to additional cash.

Some of the reasons why equity release has increased in popularity:

- People are living longer and require access to more cash to maintain their lifestyle
- Increased pressure on public services, has led to the greater provision and increased costs to fund private later life care
- Retirement periods are stretching over more decades and higher costs of living in retirement require more funding
- Due to inter-generational financial imbalances, parents are accessing cash to give to family members
- People looking to make large purchases are turning to unlocking wealth tied up in their property to achieve this

What are some of the reasons why people turn to equity release?

Some people use equity release to help them enjoy a comfortable retirement, pay down debts, boost their income or plan capital expenditure.

The tax-free money you release from your property can be used as you wish; there are no restrictions. You could use the proceeds to help a family member to get onto the property ladder, to make home improvements or to boost your disposable income in retirement.

Equity release won't be right for everyone. But, for some people, unlocking money tied up in their property can make a real difference to their lives.

Some of the ways people use the tax-free cash unlocked from equity release:

- To pay off outstanding debts
- Provide help to a family member to buy their first property, pay for education costs or a wedding
- Paying for repairs, improvements or adaptations to their home
- Having access to an emergency fund to pay for unexpected repairs and bills to take some of life's worries away
- Supplementing their income, giving them money to live on
- Paying for later life care or support services
- Making a major purchase, such as a new car, and taking the holiday of a lifetime

What is a Lifetime Mortgage?

A Lifetime Mortgage involves taking a type of mortgage that does not require monthly repayments, although, with some plans, rather than roll up the interest you can opt to make monthly repayments if you wish.

It enables you to release a tax-free cash lump sum from the value of your home. You will still own your home and can continue to live there for as long as you like.

Much like a traditional mortgage, a Lifetime Mortgage is a loan secured against your home, which accrues interest each month. Compound interest is added to the loan amount to be repaid from the proceeds of the sale of your property when the last person named on the agreement and living there dies or moves permanently into long-term care. This means that both you and your partner are free to live in your home for the rest of your lives.

If you take out a Lifetime Mortgage, you can choose to receive your funds in a lump sum or in smaller, regular amounts. There is also an option available to increase the amount you have borrowed as and when you want to, up to the maximum limit agreed with the mortgage provider.

You can also elect to protect some of the value of your property as an inheritance for your family, meaning that you can benefit from releasing equity while still retaining something to pass on to your children.

Some people may be able to release larger lump sums due to impaired health or may prefer to make monthly repayments in part, or in full, with an option to roll up at a later date if the monthly repayments became unaffordable.

With some Lifetime Mortgages, it may also be possible to ring-fence an element of equity.

What is a Home Reversion Plan?

A Home Reversion Plan allows you to access all or part of the value of your property while retaining the right to remain in your property, rent-free, for the rest of your life.

You sell part or all of your home to the Home Reversion product provider and receive the proceeds of the sale in cash, either as a single lump sum or as regular instalments.

The Home Reversion product provider takes into account your age and your health and provides a lifetime lease, guaranteeing you the right to stay in your property rent-free for the rest of your life.

It's important to note that whether you sell a proportion or the whole of your property to a Home Reversion company, you won't receive the full market value. This is because they will not be able to re-sell the property while you're still living there, and they will want to avoid any potential loss in value during the time you remain in the house.

The percentage you retain in your property will always remain the same regardless of the change in property values, unless you decide to take further cash amounts.

At the end of the plan, your property is sold and the sale proceeds are shared according to the remaining proportions of ownership.

With a Home Reversion Plan you know precisely what you have parted with and, equally, what has been ring-fenced for later use, possibly to leave in a Will.

When you die or if you move permanently into long-term care, the property will be sold and the estate will be reduced by the proportion of the property's value that is repaid to the provider.

You do need to be mindful however of the fact equity release effectively unlocks cash from your house and turns it into capital or income. If this means you breach set Government limits for means-tested benefits you could lose some or all of your entitlement to some benefits.

What is a 'no negative equity' guarantee?

A Lifetime Mortgage must come with a 'no negative equity' guarantee, which means that when the property is sold and solicitors and agents fees have been taken into account, if the amount left is not enough to pay the outstanding loan, neither you nor your estate will be liable to pay any more.

Is equity release safe?

Equity release is regulated by the Financial Conduct Authority (FCA) and overseen by the Equity Release Council (ERC). Their rules and safeguards ensure you always own your home and have flexibility to move. In addition, all FCA and ERC-governed lifetime mortgages come with a no negative equity guarantee.

Interest rates must be fixed or, if variable, an upper limit or cap that is fixed must apply for the lifetime of the loan.

You will be able to stay in the property for life or until you move into care, just so long as you abide by the terms and conditions of your lifetime loan.

You have the right to move to another property as long as your provider is happy that the new property offers continued security on your equity loan.

Is it necessary to have a Will in place?

Making a Will helps to protect your loved ones after you die, and ensures your estate is dealt with in the way you choose. If you are considering equity release it is important to have a Will in place or revisit the terms of your current Will.

Should I consider appointing a Lasting Power of Attorney (LPA)?

A Lasting Power of Attorney (LPA) is a way of giving someone you trust, your attorney, the legal authority to make decisions on your behalf if you lose the mental capacity to do so in the future, or if you no longer want to make decisions for yourself. While having a LPA is not required by law, it is highly desired and should be included in your equity release planning process.

Can I switch my existing equity release plan to another provider?

Yes, some older schemes charge higher rates of interest than are currently available in today's market. It is always worth looking to see if you can reduce costs. However, this needs to be done after immense care has been taken as it may not be feasible. The terms and conditions on a newer plan may appear more suitable but you need to be mindful of the costs involved.

Is borrowing in later life right for you?

Borrowing in later life could impact on the inheritance you leave and any state benefits or local authority grants you receive.

These are some of the alternative options to equity release that might work better for you:

- Use available savings
- Move and downsize to a smaller home
- Ask for help from family members
- Check if you are eligible for any state benefits
- Enquire if you qualify for a local authority grant
- Apply for a personal loan or credit card

Before deciding whether to borrow, it's a good idea to speak with family members or trusted friends. They could give you support or suggest other ways to raise the money you need.

What other things should I consider before proceeding with equity release?

You should consider these factors before deciding if equity release is right for you.

Impact on inheritance

Tax and inheritance, or some state benefits, may be affected. A lump sum is considered as capital and a regular payment is considered as income. This may impact on tax and reduce the inheritance you leave.

Claiming benefits

If you are considering taking out a Lifetime Mortgage, this could affect your ability to claim means-tested benefits, including support for long-term care. Disability benefits, such as Attendance Allowance, are not affected.

Costs involved

A Lifetime Mortgage can be more expensive than a standard mortgage – for many Lifetime Mortgages, the interest is added to the amount you owe. You'll have to pay interest on the interest (compound).

Home Reversion Plan

With a Home Reversion Plan, you will usually get less than the full market value of your home. You sell part or all of your property to a plan provider, and they will pay you a tax-free lump sum in return.

This lump sum won't be for the market value of your home because the provider is giving you the right to live there rent-free for the remainder of your life. When you die, your property will be sold and some or all of its value will go to the company that sold you the reversion plan, depending on the percentage they bought.

Want to talk to somebody about equity release?

Equity release can be the right solution if you need money to, say, supplement your retirement income and don't want to downsize. However, it's important to make sure you fully understand the agreement you're entering into.

To find out more or to discuss your requirements – please contact us.

Call (YOUR COMPANY NAME) on (YOUR TELEPHONE NUMBER) or email (YOUR EMAIL) to request a call back.Visit our website (YOUR WEBSITE ADDRESS)

How much tax-free cash could you re-lease from your property?

Over 55, require cash or looking for a more stable retirement, and own your home?

The steps you take today could help you enjoy financial independence, let us show you what we're talking about.

Unlock the value of your home
To find out how we could help you - please contact us.

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