

EQUITY RELEASE



An introduction to
**LIFETIME
MORTGAGES**



Unlock the money within your home to enjoy your retirement

AGENDA



- ✓ What is a Lifetime Mortgage?
- ✓ Why Consider Equity Release?
- ✓ Types of Lifetime Mortgage
- ✓ Customer Case Studies
- ✓ Key Factors to Consider
- ✓ Frequently Asked Questions
- ✓ Summary

WHAT IS A LIFETIME MORTGAGE?

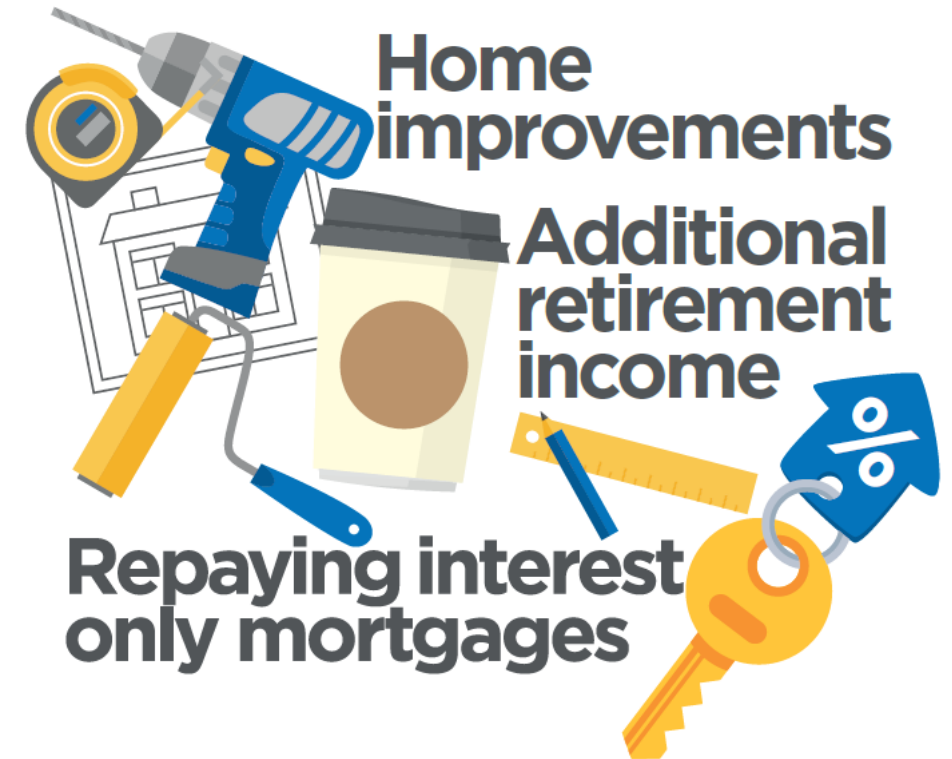


- ✓ **Equity is the value of your home, minus any mortgage or loan secured against it**
- ✓ **A lifetime mortgage allows you to access equity and turn it into funds for your retirement**
 - You must be aged 55+
 - The property must be your main residence
 - You keep ownership of your home
 - Interest is charged on the amount you borrow – you can either add this to the total loan amount or you can make repayments
 - The loan is repaid when your home is sold, usually following your passing or move into long-term care

WHY CONSIDER EQUITY RELEASE



- ✓ **Home improvements or adaptations**
- ✓ **Paying off existing loans and debts**
- ✓ **Additional retirement income**
- ✓ **Later life care at home**
- ✓ **Helping family and friends get on the housing ladder**



USES OF EQUITY RELEASE



Retirement is something to be celebrated and you deserve to enjoy later life

Releasing equity from your property can be an option to provide the financial means to enjoy your later years

- We are living longer and longer which means later life financial planning is of increasing importance
- Longer lives mean more freedom but less money
- Many are finding that state and occupational pensions alone are not enough to allow them to live the life they want
- While equity release is not suitable for everyone, for some it can be an effective way of using the funds tied up in their home to make a real difference to their quality of life



A lifetime mortgage may impact your entitlement to means-tested benefits and the inheritance you may leave

TYPES OF LIFETIME MORTGAGE



1) An interest roll-up mortgage

- You can receive either a lump sum or regular payments
- Interest is added to your loan
- You don't need to make regular repayments
- The total loan plus interest earned is repaid when your property is sold

2) An interest-paying mortgage

- You borrow a lump sum
- Repayments are made monthly or on an ad-hoc basis
- The loan is repaid when the property is sold at the end of the mortgage term

TYPES OF LIFETIME MORTGAGE



1) Lump sum

- A lump sum can be taken at the start of the mortgage term
- Alternatively a lower lump sum can be taken with a further drawdown facility

2) Drawdown or income

- Allows small amounts to be taken on a regular or periodic basis
- Interest is only paid on the money actually borrowed

CUSTOMER CASE STUDIES



As we live longer, making the most of retirement is an increasingly popular reason for choosing equity. You have worked hard to buy your home, and its value can provide you with retirement you deserve

Mr & Mrs Berkeley wanted a loan of £335,000

They wished to repay their existing mortgage, improve their overall standard of living and to purchase a holiday home

Through a lifetime mortgage they were able to borrow their desired amount and achieve their goals



CUSTOMER CASE STUDIES



Many people wish to help younger family members onto the property ladder and equity release can help them do just that.

Mr & Mrs Cern required a loan of £53,000

The couple wished to help their daughter purchase her first property, for which she needed a total of £90k

They had only been able to raise £40k on their own

By taking out a lifetime mortgage, they were able to help their daughter buy her first home, an outcome which the whole family was delighted with



KEY FACTORS TO CONSIDER



Is the equity release plan regulated by the Financial Conduct Authority (FCA)?

The FCA regulates the equity release providers and sets out the rules they must follow, to ensure that plans are presented in a clear way

Moving to a cheaper property could be another option

Although many people feel at home in their property and don't want to move, you should be aware that downsizing could be another solution

Taking in a lodger could be another way to raise extra funds

You may not be comfortable with the invasion of privacy this would bring, but it is option you should consider it before going through with equity release

This is a lifetime mortgage. To understand the features and risks, ask for a personalised illustration.

KEY FACTORS TO CONSIDER



An equity release plan will reduce the size of your estate

By releasing funds in your lifetime that would otherwise stay tied up in your home until you die, an equity release plan may reduce the size of your estate and the amount that you would be able to leave to any beneficiaries as an inheritance

Your entitlement to means-tested benefits could be affected

It is important to discuss with your advisor whether releasing money will have an impact on your means-tested state benefits

Think carefully before securing other debts against your home. By extending the term of these debts you will be increasing the overall cost.

This is a lifetime mortgage. To understand the features and risks, ask for a personalised illustration.

You should always speak to an independent qualified equity release adviser before taking out any equity release product.

FAQ'S - APPLICATION



✓ **How much equity can I release?**

This varies based on your circumstances, age, property value and plan chosen

✓ **Are there any fees?**

There are fees for valuation, arrangement, your solicitor and advice

✓ **Will I pay tax on the cash released?**

No, any cash released is tax free

✓ **Would this affect my tax position or state benefits?**

Depending on your personal circumstances, these could be affected so please discuss matters with your equity release adviser

FAQ'S - MONEY



- ✓ **Do I still own my home?**

Yes and you live there until you move into long-term care or pass away

- ✓ **Can I move?**

With a portable plan, you can take the plan with you if you move

- ✓ **Can I end my plan early?**

Some plans allow you to repay the whole loan and interest – please note there may be an early repayment charge which can be expensive

- ✓ **Can I borrow more if my property value increases?**

Depending on your plan, you may be able to borrow more based on lending criteria and interest rates – a new valuation will be needed

FAQ'S - REPAYMENT



- ✓ **How is my lifetime mortgage paid off?**

This varies based on your circumstances, age, property value and plan chosen

- ✓ **Can I leave an inheritance?**

Although equity release reduces your home's value, any remaining money left in your property will be left to your estate

- ✓ **Who sells the house?**

You or your solicitor will sell the house if you go into long-term care; if you pass away by the person who is looking your estate

SUMMARY



- ✓ **A lifetime mortgage can be taken out to access the cash value of your home – known as equity**
- ✓ **You will still own your home**
- ✓ **Equity release can provide the financial means to help you make the most of your retirement**
- ✓ **It is vital that you receive regulated, independent advice from equity release specialists**

A lifetime mortgage may impact your entitlement to means-tested benefits and the inheritance you may leave.

**Thank
you**



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