

# 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?

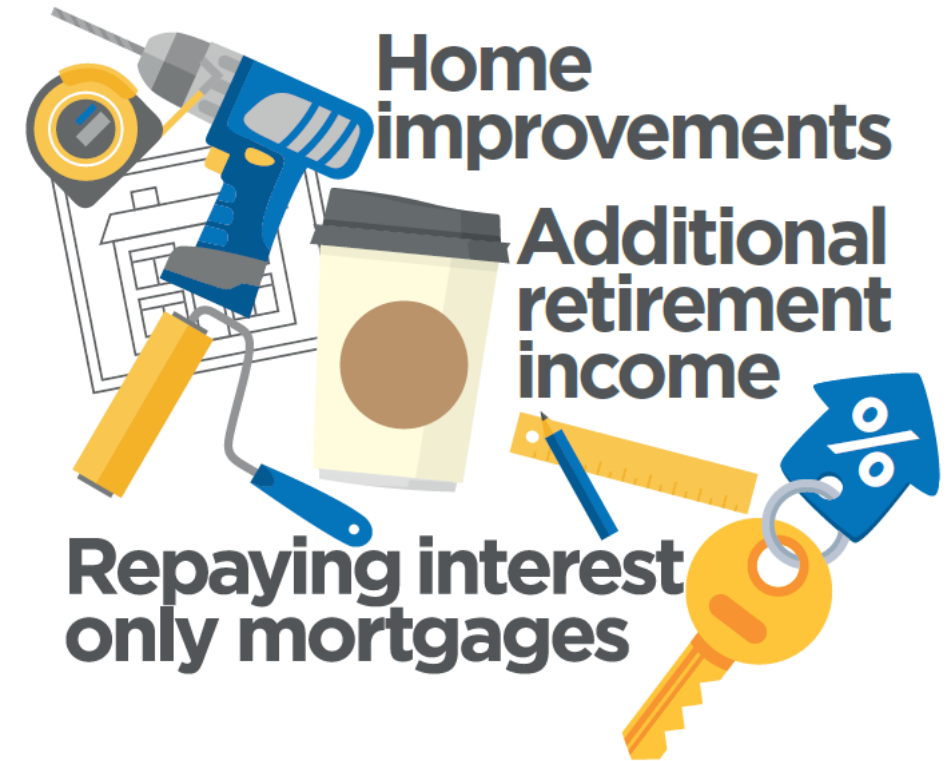


- ✓ **‘Equity’ is the term given to the value of your home, once any mortgages or loans secured against the property have been deducted.**
- ✓ **A lifetime mortgage allows you to access this equity. The funds can be used for a variety of reasons. Please note:**
  - You must be aged 55+.
  - The property 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 partial or full interest repayments.
  - The loan is repaid when your home is sold, usually following your move into long-term care or upon your death.

# WHY CONSIDER EQUITY RELEASE ?



- ✓ **Home improvements or adaptations**
- ✓ **Paying off existing loans and debts**
- ✓ **Additional retirement income**
- ✓ **Later life care at home**
- ✓ **Financing the progression of family or friends onto the property ladder**



# USES OF EQUITY RELEASE



Releasing equity from your property can be an option to finance your goals for 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 potentially less money.
- Many are finding that state and occupational pensions alone are not enough to allow them to live the life they want.
- Although equity release is not suitable for everyone, it can be an effective means of using the funds tied up in your home to make a real difference to your 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 do not 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



Making the most of retirement is an increasingly popular reason for choosing equity release. You have worked hard to buy your home, and its value can provide you with the finances needed to enjoy your retirement.

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

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

By taking out a lifetime mortgage they were able to borrow the amount they needed to achieve their goals.





# CUSTOMER CASE STUDIES



Many people want to help younger family members get on to the property ladder. Equity release can help them do that.

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

The couple wanted to financially support their daughter to purchase her first property, for which she needed a total of £93,000.

They had £40,000 towards this but wanted to release an additional £53,000.

By taking out a lifetime mortgage, they were able to access the additional funds needed to help their daughter buy her first home. The family were delighted with the outcome.



# 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 do not want to move but 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 before completing an equity release mortgage.

*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. This would potentially decrease 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 impact your entitlement to 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 the 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. You can live there until you move into long-term care or die.

### ✓ **Can I move?**

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

### ✓ **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 the plan chosen.

### ✓ **Can I leave an inheritance?**

Although equity release reduces the value of your home, any money remaining when it is sold, and the equity release plan repaid, will belong to your estate.

### ✓ **Who sells the house?**

Your house can be sold by you or your legal advisor if you go into long-term care. If you die, it will be sold by the person who is dealing with the administration of 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**



Get in touch at: [enquiries@oceanequityrelease.co.uk](mailto:enquiries@oceanequityrelease.co.uk)

Telephone: Plymouth 01752 658906  
Mobile: 07773 422220