

# Maintaining financial resilience

How equity release can help asset-rich customers

## John's story

John had a property worth £1,500,000, alongside significant additional investments. As he grew older, John found that much of his finances were tied up in investments, leaving him with little money to fund the lifestyle he had grown used to. John decided that he needed a financial solution to finance his retirement, without damaging the tax shield established in his investment portfolio. To achieve his goals, John considered the different financial solutions available to him, eventually choosing to release equity from his most valuable asset: his home.

## John's financial security

Before choosing to release equity, it is essential for you to discuss the options available to you with an expert adviser. They will help you consider how your decisions could affect your finances in the long-term.

Working with both an equity release adviser and his wealth manager, John was able to access an initial loan of £187,000 with a further drawdown of £568,000. John was delighted with the result, as it meant he could protect his previous investments, live his life to the fullest, and support his family.



**Name: John**

**Age: 87**

**Property value:  
£1,500,000**

**Amount released:  
£755,000**



# Benefits and drawbacks of equity release

The most common type of equity release is a Lifetime Mortgage. It's important to consider potential advantages and risks when exploring this financial option.

## Benefits:

- You'll receive a **tax-free lump sum** to spend however you choose.
- Providing you choose a Lifetime Mortgage from a member of the Equity Release Council, you will have a **no-negative equity guarantee**. This means you will never owe more than the value of your own home.
- Most lenders will allow you to make **optional repayments** to reduce the build up of interest on your loan. If you would like to make voluntary payments, speak with your adviser.
- You can choose between a **lump sum** and a **drawdown** product depending on your situation. With a lump sum, you will be able to access all the money you release at once, whereas a drawdown will allow you to leave a portion of your release in a reserve facility to access later.
- Unlike other equity release options, a Lifetime Mortgage will allow you to retain **full ownership** of your home.

## Factors to consider:

- A Lifetime Mortgage may affect your entitlement to means-tested benefits and will reduce the value of your estate.
- The interest on a Lifetime Mortgage will compound, meaning the amount you owe will increase over time. The interest rates will depend on your age, your home's value, the type of plan you choose, and the market rates at the time of your release.
- Be aware that you could incur additional costs in the equity release process, including advice, solicitor and lender fees.
- If you wish to move home, your new property will need to be approved by your lender.

John chose to release equity after discussing with a qualified financial adviser and understanding how it would affect his situation. It's essential to consider all available options and how different equity release products will affect you.

This is a fictional scenario based on a real customer experience, created for illustrative purposes only.