Flexible choices, better support

How equity release can support independent living

David's scenario

The thought of moving into a care home is unappealing for many homeowners who want to retain the independence that comes with living in their own home. However, this can become tricky to negotiate as we age.

David was a 84-year-old partially-sighted customer who had insufficient savings to afford personal care. Neither he nor his family felt comfortable with the idea of David moving into an unfamiliar setting. They needed to find a suitable financial solution to allow him to stay in his home.

With support from his family, David considered his financial options and got in touch with an expert equity release adviser. They explained what equity release was and how it could apply to his situation.



Name: David

Age: 84

Property value: £250,000

Amount released: £60,000

Supporting David in his later years

David decided to move forward with releasing equity, choosing to access a loan of £60,000. This loan helped him fund carers for his final years and gave his family peace of mind. His Lifetime Mortgage did not substitute his income, instead supplementing it.



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 is a loan secured against your home. It will reduce the value of your estate and could affect your entitlement to means-tested benefits.
- You must be a UK resident and homeowner over 55 years old. If there are multiple homeowners, the youngest borrower must also be over 55.
- 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.
- A Lifetime Mortgage is usually paid back in full with the sale of the property when the last borrower dies or enters long-term care.

David 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.

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