Supporting customers with difficult situations

Maintaining financial resilience after losing your partner

Julia's story

Losing a loved one is a painful experience for anyone to go through, and for couples who were financially dependent on each other, it can be a time of fear and uncertainty as well as grief. This was the case for Julia when her partner passed away suddenly, leaving her in a difficult situation both emotionally and financially.

Before Julia's partner died, the couple were undergoing renovations on their home to make it more accessible for her disability. Julia's partner had a defined benefit pension and when he passed away, she no longer had a dependable income to complete the home improvements. Now widowed, Julia began searching for a long-term financial solution that would allow her to finish the renovations and remain in her home.

Julia decided to talk with an expert equity release adviser, who recommended proceeding with an application based on her circumstances.

Name: Julia

Age: 76

Property value: £550,000

Amount released: £150,000

Staying in her forever home

By choosing equity release, Julia was able to access an initial lump sum of £60,000 to complete the renovations, retaining a further facility of £90,000 to fund a personal carer. She was happy that she could continue to live independently in her home and avoid the hassle of moving in later life.

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.

Julia chose to release equity after discussing with a qualified financial adviser and understanding how it would affect her 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.