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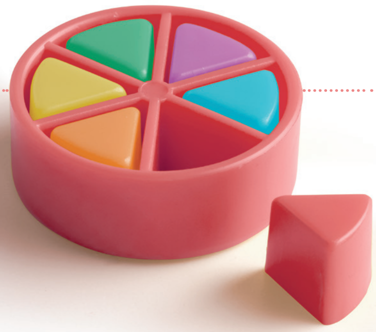
10 TOP TIPS TO CONSIDERING EQUITY RELEASE



With equity release, you can use some of the money tied up in your home to get a tax-free lump sum. And you can spend this on almost whatever you like. Used wisely, it can help create a more comfortable retirement for you and your family.

If you're considering equity release, read our 10 top tips below.

Do you need it?

1. **Consider all your options**

   Make sure you're claiming all the state benefits you're eligible for, and that you've explored other options, such as downsizing or renting out a room.

2. **Do your sums**

   Fill out a budget planner. Work out what your income requirements are and how this might change in the future.

3. **Check with your lender**

   If you're considering equity release to pay off a mortgage, speak with your existing mortgage lender. They'll discuss all the options they can offer you.

   Using equity release to repay an existing mortgage may cost more in the long-term.

4. **Weigh up spending on home improvements**

   Check to see if your local authority offers any grants for work you might be planning on your home.

Is it the right solution for you?

5. **Talk to your family**

   Discuss your plans with them. They may be able to help or support your decision to take equity release.

6. **Do your homework**

   You can find unbiased information about different financial products online. Find out more by visiting moneyhelper.org.uk/en/tools-and-calculators#free-printed-guides. And you can get more information via the Equity Release Council's website equityreleasecouncil.com/home/

7. **Get expert advice**

   Proud to be a Member of the Equity Release Council

   Make sure you speak with a qualified financial adviser. Check they are a member of the Equity Release Council (the industry body for the equity release sector). This organisation makes sure that all members abide by an overarching set of principles.

8. **Take independent legal advice**

   It's important that you receive independent legal advice from an experienced solicitor who can provide you with the necessary guidance, given equity release is a specialist area.

Which is the best plan for you?

9. **Understand the differences**

   An adviser will help you understand the difference between home reversion plans and lifetime mortgages and any other options open to you.

10. **Find out which features work best for you**

    Different products have different features, some of which will fit you better than others. For instance, some lifetime mortgages allow you to make full monthly interest payments to avoid the interest building up.

Contact your financial adviser to find out more.

What's equity release?

The 'equity' in your home is the difference between its value and any outstanding debts secured against it, such as a mortgage.

Equity release lets you access some of the money that's tied up in your home. You can take this money as one lump sum or a series of withdrawals. You can do this without the hassle of moving house or downsizing.

What can I use equity release for?

The money released can be used for lots of different things. Some common uses include:

- home improvements
- buying a car, or
- The holiday of a lifetime.

What are the main types of equity release?

There are two main types of equity release:

- **Lifetime mortgages** involve you taking out a loan against the value of your home. You keep full ownership of your property but it's important to remember that the loan you take out is secured against your home.
- **Home reversion plans** involve selling all or part of your property in exchange for a lump sum or regular income (although you will receive less than the market value for the portion that you sell). You have the right to live in your home for the rest of your life.

Are there repayments to make?

With most lifetime mortgages, you don't have to make any repayments. Instead, interest owed is added to the initial sum you borrowed and any money you'll borrow in the future. Interest is also applied to the rolled-up interest. This is known as compound interest.

The loan plus the interest is usually repaid when your home is sold when you (or both of you, if you are borrowing jointly) die or move into permanent long-term care. There are products you can choose which provide the option to pay all or some of the monthly interest, which could reduce the overall cost of the loan.

For a home reversion plan, you don't make repayments because it isn't a loan. With this plan, you sell a share or all of your property to the home reversion company. When your home is sold, usually upon death or entering permanent long-term care, the home reversion company receives their share of the property sale price.

Equity release is not right for everyone. It may affect your entitlement to state benefits and will reduce the value of your estate. Always ask a retirement specialist to assess the potential effects.

FOR MORE INFORMATION

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