

Equity Release – An Introduction

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Unlocking the value in your home...

**...and how it can help towards the
retirement you deserve**

Agenda

- Challenges in retirement
- What is equity release?
- What can it be used for?
- “Is it right for me?”
- Different types of equity release
- Summary and what happens next
- Questions

Retirement Challenges

- **Changes in Lifestyle**
 - We're living longer
 - We're living healthier lifestyles
 - Changing Attitudes

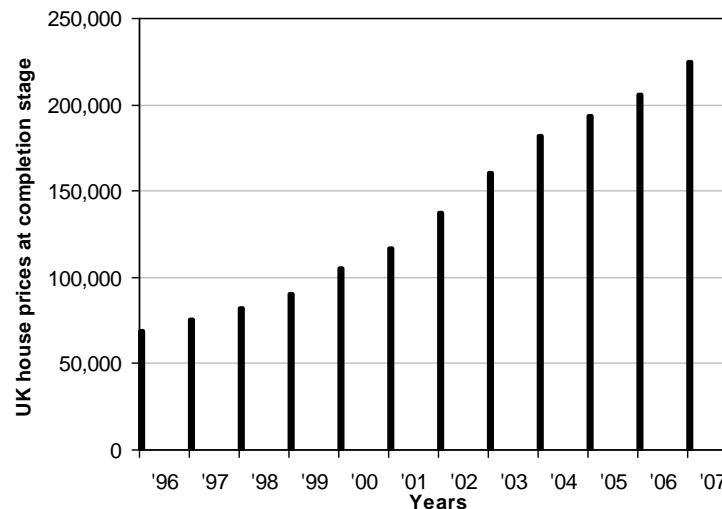
Retirement Challenges

Pressure on Finances

- Difficult to rely on state benefits alone
- Longer retirement places mounting pressure on finances
- Inflation

What's your single biggest asset?

The average house value in the UK has soared from £68,260 in 1996 to £224,597 in 2007¹



•1. Source : Council of Mortgage Lenders – average of full year, England & Wales

What is equity release?

- The release of cash from your home, while retaining the right to live in it for the rest of your life
- The money released can be spent as you wish
- Money can be released as a lump sum, regular income, or a combination

What is equity release?

- The amount you can borrow will depend on:
- The value of your home
- Your gender and age when you take the plan out
- The older you are, the more you will be able to borrow as your life expectancy will be shorter at age 75, than at age 60
- You can choose whether to make repayments or not

Is equity release safe?

- It is regulated by the Financial Services Authority (FSA)
- The majority of product providers are members of Safe Home Income Plans (SHIP)
- SHIP members follow a code of practice:
a 'no negative equity' guarantee'
i.e. you will never owe more than the value of your home

More and more people are choosing to release equity in their home

- There are over 150,000 equity release plans in force
- During the last 12 months, over 29,000 people have taken out equity release plans
- The value of new equity released in 2007 was £1.2billion

Who may be interested?

• Struggling to get by?

- Own their own property but struggle to meet day to day needs
 - Low income and no savings
- Looking to improve their standard of living but not sure where to begin

• Improving Lifestyle?

- Have a comfortable lifestyle but no spare capital or savings
 - May express a desire to make a specific purchase
- Want to enjoy life while they can – less concerned about leaving an inheritance

• Want to help family or friends?

- Comfortably off and financially aware
- Have some savings but not large amounts
- Want to make gifts to family or reduce IHT burden
- Likely to be well organised and researched – know what they are looking for

How are people using their released money?

Customers release equity in their homes for a variety of reasons

•Home Improvement

•Increase Income

•Clearing Debt

•Gifts

•Leisure & Holiday

•Home Buying

Do I qualify for equity release?

- You need to own your own property
- All those on the mortgage deeds must be aged 55-60 or over
- Single or joint applications are fine
- Any outstanding mortgage has to be paid off first

What do I need to consider?

- Do I have enough income to sustain my lifestyle?
- Could my income change over the next 10 years?
- How will inflation affect my income and savings?
- What would happen if my partner died or become ill?
- Is my estate likely to be liable to IHT?
- How would any means tested state benefits be affected?

What are the alternatives?

- Equity Release is not right for everyone and all alternatives should be considered:-
- Sell up and move to a smaller property / move in with family
- State Benefits/Grants – Our team can check for you
- Help from family
- Use existing assets (e.g. investments)
- Rent-a-room
- Re-mortgage
- Re-structure finances (budgeting)
- Continue working
- Do nothing!

Different types of equity release

- 2 Main Types of Scheme;*
- Lifetime Mortgage
- Home Reversion Plan

•* Each scheme has a number of variations – we will fully discuss these with you

Lifetime Mortgage

- **Can provide an income for life, or a lump sum payment**
- **Fixed rate, interest only, mortgage against the value of their property**
- **Interest either rolls up or is paid on a monthly basis always at a fixed**
- **Rate - the debt is repaid on death or moving into long term care.**
- **Release a % of your home's value - the older you are, the more you can borrow**
- **Continue to benefit from any house price growth**
- **If no or limited house price growth, accumulated interest and original loan will reduce or remove any potential inheritance**

Home Reversion Plan

- All or part of your property is sold in exchange for a lump sum and/or income
- Can continue to live in your property for the rest of your life
- The older you are, the more you can release
- No monthly repayments, and no interest is paid – the provider takes a pre-agreed fixed percentage of your property on death or moving into Long Term Care
- Your estate receives any remaining value
- You do not benefit from growth on the percentage of the property sold

Go IFA Ltd can help you;

Consider all the options, ensuring full understanding of pros and cons

Arrange the most suitable solution for your circumstances

To benefit from the value of your home without having to move out of it

Research the whole of the market place on your behalf.

What Happens Next?

- Take an information pack with you
- Take advice from a qualified experienced professional who is qualified in Equity Release.
- Go IFA Ltd's Adviser in this area is Colin Johnson
- Please complete the feedback form

In Summary...

- Releasing the equity in your home is not a commitment you should enter into lightly
- You need to fully understand the financial and legal obligations
- Equity release is growing in popularity
- Enables you to generate a valuable income / lump sum for future years
- Can help you to continue to live in your family home

Any Questions?

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