

## The Myths Surrounding Equity Release

### "I won't be able to move"

Fortunately, taking out an Equity Release plan doesn't mean that you won't be able to move in the future; and in most cases you will be able to take your Equity Release plan with you to your new home, as plans approved by the Equity Release Council will guarantee you the right to move your plan to a new property. Of course, the property that you want to move to will have to be acceptable to your lender, and this is something which you will discuss with your lender before going ahead.

With plans that offer "downsizing protection" you would be able to repay the outstanding loan without paying an early repayment charge. Downsizing protection ensures that if for any reason you need to move to a smaller home, typically after five years of taking out a Lifetime Mortgage, you can pay the loan back early without penalty. Without downsizing protection, you may still be able to move, however you may incur an early repayment charge if you choose to repay your loan early.

One of our Equity Release advisers at AV Trinity will be happy to discuss the different options before going ahead to ensure your peace of mind, safe in the knowledge that if your circumstances change for health or family reasons, you will be able to alter your housing plans accordingly.

### "My monthly outgoings will rise"

If it's the thought of incurring extra monthly outgoings that is concerning you, there's no need to worry; you do not have to make monthly repayments as within a Lifetime Mortgage, which is the most popular type of Equity Release plan, the loan plus the interest which rolls-up will typically be repaid at the end of the plan.

It means that the loan plus the accrued interest is repaid after you and your partner have both either passed away or moved into long-term care, using funds from the sale of your home. Any remaining proceeds from the property sale will form part of your residual estate.

As there are no monthly repayments, Equity Release can actually be less of a burden than other types of loan – and remember, it can be used to repay existing debts and therefore will reduce the household's monthly expenditure.

There are Lifetime Mortgage plans available for those who would like to make either regular interest or partial repayments. Interest payment plans allow you to choose, subject to a minimum amount, how much you want to pay, and for how long. If because of circumstances you can't maintain the payments, the plan can be converted to a standard Lifetime Mortgage, and the interest will simply "roll-up" - although charges may apply.

A recent development is the option to make voluntary, ad-hoc repayments each year of normally up to 15% of the initial amount that was borrowed, without incurring an early repayment charge (subject of course to a minimum amount)

### "My home will be owned by somebody else"

Equity Release does not mean that you give up your home ownership! With a Lifetime Mortgage which is the most popular type of Equity Release plan, you are still the owner of your home!

A Lifetime Mortgage is secured against your home; it doesn't involve giving up home ownership.

There is another type of Equity Release plan called a Home Reversion Scheme, and this does involve transferring ownership of your property to the home reversion company. So, if home ownership is important to you then make sure you discuss it with your AV Trinity Equity Release adviser and they will find the right plan for you.

With both types of Equity Release plan, you are guaranteed the right to stay in your home for the rest of your life. The plan usually ends once you and, if applicable, your partner have either moved into long-term care or passed away.

Cont...

# The Myths Surrounding Equity Release - cont

## "I'm going to be scammed or ripped off"

There are several different ways in which Equity Release customers are protected. At AV Trinity we always make sure that our customers are well-informed and well-protected: you'll be given all of the facts about equity release before deciding whether or not to go ahead. Our Equity Release advisers also find out whether an equity release plan is right for you, and if it's not, they will tell you.

For many people, Equity Release will alleviate financial concerns and become a route to an improved and positive solution to financial concerns in retirement. Your adviser will also provide you with an illustration showing the costs for the plan recommended. There absolutely no obligation to proceed with our recommendation.

Equity Release isn't the right solution for everyone, and advice from a specialist Equity Release adviser such as AV Trinity is an important step to take as our Equity Release advisers have much experience and can give you with all the information needed to make the right decision for you.

As whole of market Chartered Financial Planners, we are regulated by the Financial Conduct Authority. In addition, plans we recommend are approved by the Equity Release Council and offer important guarantees, including a no negative equity guarantee, the right to stay in your home for life, and the right to move home should you wish to, subject to lender criteria.

## "I can't leave an inheritance"

An inheritance for your children can still be achieved after releasing equity from your home. Some people think that Equity Release stops you from leaving an inheritance, but there are plans available to help you protect your children's future with an inheritance protection guarantee. So how does it work? An inheritance protection guarantee allows you to protect a % of your home's future value which can be given as an inheritance after you pass away.

The proportion that you have chosen to protect can then pass to your beneficiaries when the house is sold, regardless of how much loan is outstanding.

Equity release could also help you to give an inheritance before you pass away - allowing you to support your family sooner rather than later.

## "My children will inherit my debt"

If you choose to take out an Equity Release plan, then you will be protected against this thanks to safeguards from the Equity Release Council.

Plans approved by the Equity Release Council offer a 'no negative equity' guarantee. This means that you'll never owe more than the value of your home, and no debt will pass to your beneficiaries.

Taken directly from the Equity Release Council's website, your protection is as follows: "When your property is sold, and agents' and solicitors' fees have been paid, even if the amount left is not enough to repay the outstanding loan to your provider, neither you nor your estate will be liable to pay any more."

So, hopefully we have "busted a few of the myths" that surround Equity Release.

**An initial meeting and conversation about your situation will be at our cost and without obligation, so please make contact and come in for a cup of coffee to see how we can help**



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*To understand the features and risks of a Lifetime Mortgage, ask for a personalised illustration. If you may be considering a Home Reversion Plan, check that this type of mortgage will meet your needs if you want to move or sell your home or you want your family to inherit it. If you are in any doubt, seek independent advice*

*All information has been prepared with care to ensure accuracy and is based upon our understanding of legislation and HMRC practice, which can be subject to change. This is intended to provide information only and should not be considered as advice.*