

Equity Release – Who could it suit and its possible uses

In brief

Equity Release is a way of accessing tax free cash that is tied up in your home without having to move or make interest payments. You use money now and a fixed rate of interest is attached to whatever you have taken. The interest is then added onto the amount your property owes and is paid back only when you have died or gone into long term care.

We only use providers who are members of the Equity Release Council which means that all the Equity Release plans that we recommend include 2 very important guarantees.....

- **A guaranteed right to remain living in the property** that you have released equity from, either for life or until you need to go into long term care.
- **No Negative Equity Guarantee** - which essentially guarantees that the amount to repay the equity release plan on death or entry into long term care can never exceed the value of the property itself.

How much can you borrow?

The amount you can borrow will depend on your property value (minimum £60,000) and your age (youngest must be over 55). You are never too old to benefit from an Equity Release scheme as some providers do not have a maximum age limit, but we will advise you on this. Every situation is unique, and we structure our advice according to your specific situation.

But it is very important that between us we consider all alternative options, before deciding if Equity Release might be the right thing for you. We treat you as we would treat our own family.

Equity Release to help buy a property?

An increasingly popular use of Equity Release is to use it to help purchase a second home – maybe a holiday home, a buy-to-let investment or a second property to leave to children. Let us guide you on this as expert advice is important

How can it be used?

Home improvements

If your home needs some TLC to get it into a condition which will reduce the amount of upkeep that will be needed in the future, help to maintain its value and make it easier to sell in the future if you need to move

Making retirement more comfortable

Retirement is much easier if you can afford more of the things that you enjoyed whilst working. Being able to have a great holiday or change your car, even keeping the house and garden in good order is not inexpensive.

An opportunity to pay off Your Mortgage?

Many of us are still paying off our biggest debt, the conventional mortgage, and the opportunity to reduce or cease the monthly payments on this can be attractive for several reasons. You may have an endowment mortgage which has a shortfall and Equity Release may enable you to clear the mortgage completely. Then you will not have to worry about being accepted for another mortgage in the future and the dread of future interest rate rises will no longer be there as once you have arranged your Equity Release the interest rate on the money accessed is fixed for life. According to a study completed by Prudential in January 2014, 44% of people retiring still have a mortgage, so if you are in this situation then you are not alone, and we can help.

Repaying Debt

Finding yourself in a situation of owing money on credit and store cards as well as the help that you have given to family members can become a huge burden. Equity Release could be a way of releasing you from the burden of making these monthly payments, often with eye-watering interest rates.

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Care Costs

Equity Release can, for some people, be the ideal way to either pay for care within their own home

Ideally most people would prefer to stay in their own homes for as long as possible and this is where Equity Release can help make this possible to pay for private home care or to renovate the home to cope with the difficulties of getting old and infirm. Maybe a walk-in bath, ground floor bedroom or a stair lift could be installed to make life a little easier?

If you are part of a couple and one of you must go into residential care, the value of your property is disregarded whilst your home is still occupied by your spouse. The local authority may well all or part of the cost, but only in a local authority, council run home, not most people's idea of a quality residence. If, however you choose to go into a privately-run care home you will almost certainly need to subsidise the cost of this and releasing some of the equity from your property can help to achieve this. Also, money would still be needed for the person remaining in the family home as their income may be reduced by the situation.

So, Equity Release can certainly be used to help you stay in the family home or to fund the cost of private residential care for your spouse or partner.

Helping your Family

It's quite understandable that many people would love to help their family while they are alive and to see them enjoy it when it is most needed. Younger people these days are finding that often the dream of living in their own home is just that – a dream, or possibly a nightmare when you consider the amount of deposit that is required to secure a mortgage. Equity Release may be a way in which you can help your loved ones when they really need it.

Over the years at AV Trinity we have helped people to help their families in several ways including -

- Help their loved ones on to the property ladder for the first time
- Help to support a family business
- Help their loved ones out of debt

- Contribute towards the cost of school and higher education for grandchildren
- Help loved ones to move or keep the family home when they sadly divorced

Mortgages for Retirees and older clients

For some, an Equity Release / Lifetime Mortgage could be the solution for you.

These mortgages for pensioners and retirees give choice by offering reserve pots, inheritance protection and cash-backs with the flexibility to move or repay the loan in part or in full if you want to.

But as in all Equity Release decisions the need for expert advice is critical as there is much to consider. And therefore lenders **do not accept applications directly from customers**, so you must seek independent financial advice before an application will be accepted.

So, lets recap on when Equity Release might be an option for you to consider –

- Do you want to help your loved ones onto the property ladder?
- Do you want to clear your debt once and for all?
- Taking a tax-free lump sum with no monthly payments based on your main property?
- A tax free lump sum while still paying an Interest Only mortgage with an option to convert to a Lifetime Mortgage at any time?
- Equity release now available on a second property.
- Help to maintain your current lifestyle in the future.
- A special once in a lifetime holiday
- Do you want a holiday home?
- Home renovations
- Minimise Inheritance Tax if appropriate and help family now
- Pay for care in the home

Cont ...

In conclusion

If you are over 55 then maybe a Lifetime Mortgage could be the answer. And remember, there are no maximum age at entry limits with some of the plans available today.

As its a Lifetime Mortgage, which is the most used type of Equity Release, you don't have to worry about re-mortgaging again in the future as the lenders only ask to be repaid when you have died or had to go into long term care.

In simple terms, a Lifetime Mortgage is a loan that is secured against a property, just like any other mortgage. Providers will generally assess how much they'll lend you based on criteria as simple as your age and the value of your property, not what you earn.

Is it a difficult process?

Stage 1. The Initial Consultation

We will arrange a face to face or telephone meeting to find out about your situation and to answer all your questions about Equity Release.

If it is face to face, then your family are welcome to join us. There is no fee for the initial consultation and you are under no obligation to proceed further. However, at the end you should know if Equity Release and AV Trinity are the right choice for you.

Stage2. Presenting the plans

Our recommendations of lender and product will now be presented either at our office or at your home. This is another opportunity to answer all your questions and give you the knowledge you need to make your decision. If you are happy to proceed we will guide you through the application process.

Stage 3 - Completion

We work on your behalf, processing the application and giving you a real person to speak to at AVT if you have any queries. Initially we submit your application to the lender. They will appoint a surveyor to value your property before making an official offer.

They then make a formal offer of a mortgage, which is processed by your own solicitor in much the same way as when you first bought your home.

When all the paperwork is completed the money is paid into your account. The whole process usually takes from just 4 – 6 weeks.



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

We have a team of Equity Release specialists covering Kent, London, the Home Counties and the West Country.

Please make contact on
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“Intelligent, independent financial advice”



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