



Your Guide to Equity Release

B Brancaster House
Financial Planning



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Release money tied up in your home to give an income or a cash lump sum in retirement

At Brancaster House Financial Planning, our team of experienced financial planners are devoted to providing personalised and comprehensive financial advice to all.

Our team is committed to providing exceptional service and advice tailored to your individual needs. We believe that financial advice should be accessible to everyone, not just the wealthy.

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Your Guide to Equity Release

Is Equity Release Right for Me?

Equity release is not suitable for everyone. We have created this guide to give you some basic information.

Equity Release Can Give you Freedom in Later Life

As we live longer, many of us want to enjoy life while we can.

If you are a homeowner, equity release can be a great solution if:

- You do not have an income to make mortgage repayments
- You are concerned about the amount of inheritance tax your loved ones might pay
- You want to supplement your pension
- You want to fulfil a life's ambition by releasing money tied up in your home

equity release products are designed for those who are retired so they are only available if you are over 55 and own your own home.

You can use the money you release as you like, so you can use it to make home improvements, take holidays, provide early inheritance for your children and grandchildren or even pay off a traditional mortgage so you no longer have to make repayments.

Equity Release is Growing in Popularity

As equity release becomes increasingly popular more providers have entered the market so there are many attractive and flexible products. With so much choice there may well be a product that suits you and your circumstances. There are also more protections and guarantees for you when taking advantage of equity release. You partner can continue to live in your home if you die or go into long-term care, you can still leave a legacy and you no longer pass on debt to your family.

There Are Other Options

equity release isn't the only option for releasing money from your property. A traditional mortgage (or a remortgage to more favourable terms) may still be an option. Downsizing may also be worth considering as it can reduce your other outgoings too – although the costs and stress of moving also need to be taken into account. If you are looking to release smaller amounts, a personal loan or borrowing from within the family should also be considered.

Advantages of Equity Release

You still own your home

Your home remains legally yours until it is sold when you or your partner pass away or move into long-term care.

Options for how you take the money

It is possible to either take a one-off cash sum or draw down money when you need it. You only pay interest on the money withdrawn.

Tailored interest rate

The interest rate is tailored to your specific circumstances and there are a variety of fixed and variable rates available.

Inheritance guarantee

If you want to make sure there is something to pass on to your loved ones you can protect a minimum value of your property (this may reduce the amount you can borrow).

Estate planning

equity release reduces the value of your estate which can reduce or eliminate any inheritance tax.

No credit scoring You do not need to have a good credit rating or an income to get equity release as there is no requirement for you to repay the loan in your lifetime.

Tax

The cash released from your property is tax free.

No negative equity guarantee

Providing your house is sold for the best price you will not pass any debt onto your estate or family when you pass away or move into long-term care.

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Brancaster House helped us look into all aspects of equity release, helping us achieve the outcome we were hoping for. We don't think that they could have done anything better.

Drawbacks of Equity Release

Reduced inheritance

The proceeds of the sale will pay off the equity release, reducing the inheritance you pass on to your loved ones.

Potential impact to tax and welfare benefits

equity release can change your tax status and potentially affect eligibility to tax allowances, welfare benefits and council tax reduction. The right product and payment structure can minimise this.

Added interest

Interest is added to both your loan and interest which increase the amount you owe. Some products allow you to repay the interest so the overall debt remains the same.

Commitment equity release is designed as a long-term solution, if you require short-term cash there may be better options available to you.

What options do I have?

There are 2 main types of equity release: a *Lifetime Mortgage* which allow you to borrow money against your home and *Home Reversion* where you sell a percentage share in your home.

Lifetime mortgages

A lifetime mortgage allows you to borrow a proportion of your home's value with interest charged on that amount. Your home is yours until you die, move into long-term care or sell your home. You do not have to make any repayments, or you can pay some or all of the interest. If interest is not paid it will be added to the amount borrowed.

Home reversion schemes

A Home Reversion scheme is only available if you are 65 or over. It allows you to sell a share of your property to a provider at less than market value (e.g. sell half of your £200,000 house for £50,000). You have the right to stay in your home for the rest of your life if you wish. When you die or sell your home, the provider gets full market value from their share of the house.

Some enhanced products offer more favourable terms if you're a smoker or have health problems that could decrease your life expectancy.

Retirement Interest-Only Mortgage

Retirement Interest-Only Mortgages are a cross-between an Interest-Only Mortgage and equity release.

Most of them require you to pay the interest every month until you die, go into long-term care or sell the house, at which point the mortgage is repaid.

With Retirement Interest Only Mortgages you will need to pass affordability checks to prove you can meet the monthly repayments.



Examples of how equity release can work

Mr & Mrs B, aged 60 & 62...

... borrowed £106,950 against their property valued at £345,000. With no children to provide for, they used this money to carry out extensive renovations and provide an income for them via an annuity. The lifetime mortgage had a no negative equity guarantee and fixed rate of 5.37%. The funds were released within 4 weeks from the offer being made.

Mr & Mrs G, aged 74 and 82...

... wanted to buy a new car, boiler and go on holiday. Having spoken to their children, who were happy with their choice, they borrowed £30,000 against a property worth £285,000 with additional draw down available of £60,345. The lifetime mortgage had a 'no negative equity' guarantee and fixed rate of 3.64%.

Mr & Mrs W, aged 71 and 79...

... wanted to move to a new property, as the running cost of their existing period property was proving to be too much. They sold their existing home and borrowed £229,250 to buy a property worth £655,000. With the money they release from the sale and the mortgage, they were able to provide an additional income for their retirement.

Mr & Mrs G, aged 74 and 71...

... borrowed £60,000 on their home worth £200,000 to repay their existing mortgage, pay off a car loan and have a new bathroom fitted. Because there were no more monthly mortgage and finance repayments, this meant that the couple could both retire and still enjoy a comfortable lifestyle.

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The team made regular contact to make sure everything was on track for our equity release and gave us peace of mind that we would complete on our purchase.

There was a delay and during this time they maintained constant contact with solicitors, estate agents and lenders on our behalf. We are more than happy with Brancaster House and would not hesitate to recommend them.

Frequently Asked Questions

I have a poor credit rating. Will I be able to get equity release?

Yes, equity release and Lifetime Mortgages are not subject to a credit score.

What can I spend the money on?

You may spend the money as you wish

What happens if my partner or I die?

If the equity release is in joint names you will be allowed to remain in the property until you die or go into long term care. When we arrange your equity release we will make sure your partner is protected.

What happens if my circumstances change?

If your circumstances change you should speak to us. We can look at your new circumstances and give you advice on the best course of action.

What happens if I need to move home after taking equity release?

All providers who are members of the equity release Council give you the right to move to another property, subject to the new property being acceptable to them as continuing security for your equity release loan. If you are already considering a move, let us know. There may be other options which suit you better.

Is there a minimum and maximum I can take?

Different providers offer various amounts depending on your circumstances. As a guide, the minimum loan is £15,000 and the maximum is 65% of your property value. As an example if your home is worth £250,000 you may be able to release up to £162,500.

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Brancaster House helped us to organise things and as we were in a time sensitive situation they dug deep and resolved our quandary in double quick time. They always called promptly, returned calls and emails with speed

and took the time to visit mum-in-law to sign paperwork in her own home. We cannot fault the service we received and cannot thank Brancaster House enough... mum-in-law is happy to know she has the home she has always known to live out her days in. Our whole family owes Brancaster House a huge debt.

Who is responsible for the maintenance of my home?

You are responsible for keeping your home in a good state of repair.

What happens if my partner or I require long-term care?

In the first instance speak to us. We can review your circumstances and advise you on the best course of action.

It seems complicated, how do I ensure I get advice?

You should get advice from a qualified Independent Financial Adviser who is a member of the equity release Council. Brancaster House are independent and members of the equity release Council.

Where can I get advice?

If you're considering equity release contact us at the number below. We have access to a wide panel of providers who offer a range of rates and options which will suit your specific circumstances.

Call us on 01603 633344 to speak to us about equity release.

Brancaster House provides Independent Financial Advice and is a member of the equity release Council and can be contacted on 01603 633344.

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We're here for your
whole journey.

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