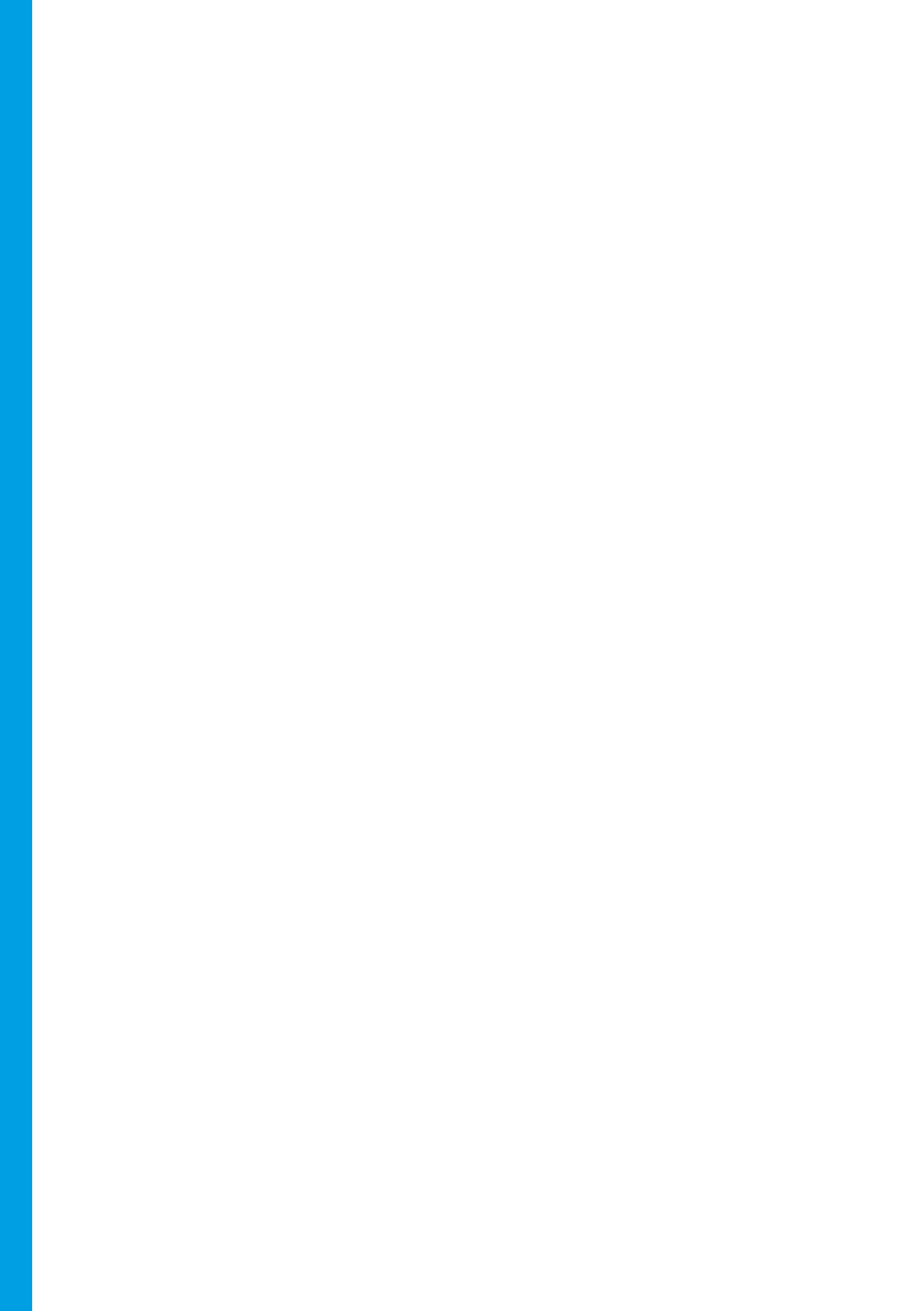


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Equity release can be complicated, so it's important to get your head around it before making any decisions. This section explains what equity release is, who it's available to, and where you can get advice.

Equity release is a way of accessing some of the money tied up in your home without having to move.

But it's not as straightforward as it might first seem. Before you take out equity release, it's important to know exactly what it involves, what the risks are, and what other options you have.

There are two main types of equity release:

A **lifetime mortgage** is the most common type. Like a

Whether equity release is an option for you depends on a few different things.

For a lifetime mortgage, you (or both of you if you're borrowing jointly) need to be at least 55 years old.

For a home reversion plan, you (or both of you) need to be at least 60 years old. Your age also affects the maximum amount you can borrow or the share you can sell.

Equity release can be complicated if you live with any dependants. To stay living in the property with you, they might need to sign a waiver confirming they understand they don't have the right to continue living in the property if you die or move into permanent care. It's a good idea for any dependants to get legal advice of their own too.

Equity release could also affect someone coming to live with you in the future. If a family member or friend moves in, they'll need to sign a waiver releasing any rights to the property. They should get legal advice before doing this.

Similarly, if a partner moves in after you take out equity release, you might not be able to transfer the product into your joint names.

If you and your partner take out equity release together, your partner might end up having to pay off the lifetime mortgage or home reversion if you die or move into permanent care – which could mean selling or giving up the home.

You must own your home, and it must be your main residence. There are specific criteria that tend to vary between equity release providers – but in general, the property must be in a reasonable condition and over a certain value. Certain types of property may not be accepted, so it's worth checking this.





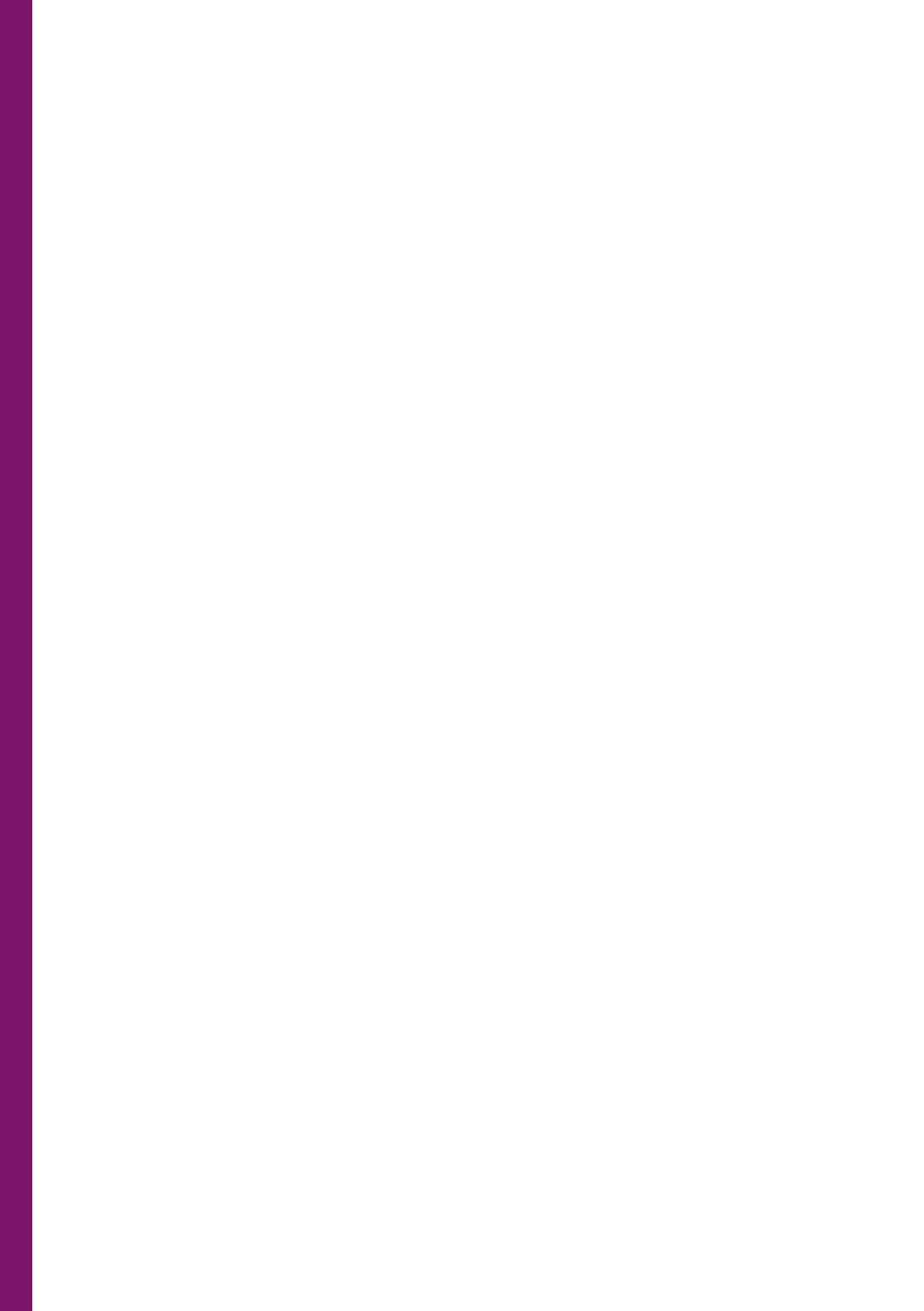
Different types

There are two main types of equity release: lifetime mortgages and home reversion plans.

A lifetime mortgage is the most common type of equity release. It's a kind of loan secured against your home. It allows you to release tax-free money from the value of your property.

The maximum loan depends on your age, the value of your property and, in some cases, your health. It means:

- you continue to live in and own your home

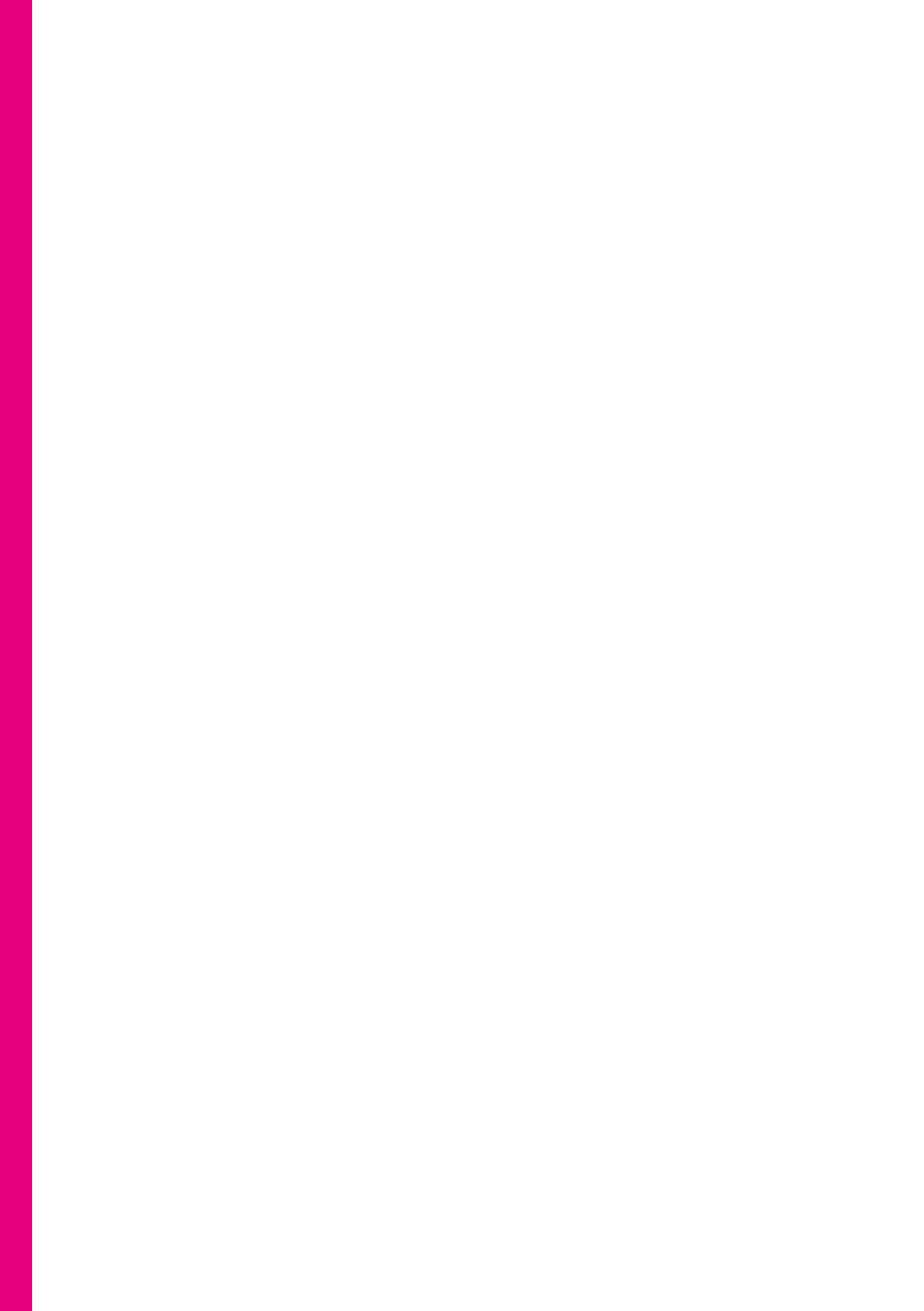


A Payment Term Lifetime Mortgage (PTLM) is a hybrid of traditional equity release and a capital and interest mortgage. It's a new kind of product for people aged 50 and over.

If you take out a PTLM, you borrow some of the value of your home while you're still living there as a tax-free cash sum. You must then pay off the interest in instalments for a set payment term – after this, the interest rolls up (see page 11) for the life

A home reversion plan involves selling all or part of your home to a reversion company in return for a tax-free lump sum or a smaller sum with following payments. Fr a t

It'll reduce the value of your estate and the amount that will go to the people named as beneficiaries in your will.



How it could affect your benefits

Equity release might seem like a good solution – but it's a big decision and you should consider all your options first.

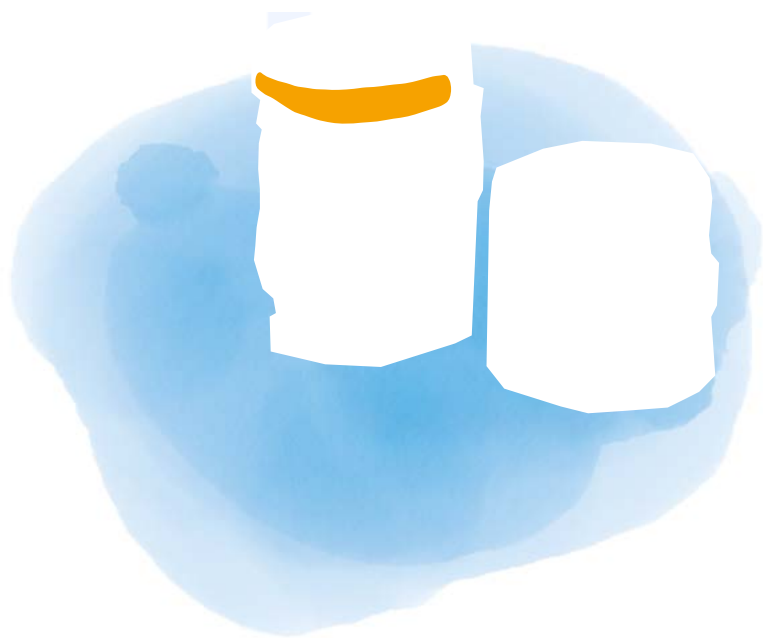
Here are some other options that could suit you better:

Do you have other investments or assets that could boost your income or give you a lump sum? A financial adviser should be able to help you look at all your options.

Could you move to a less expensive property?

Are you entitled to any benefits? You can arrange a benefits check at your local Age UK or Age Cymru or use our online benefits calculator at www.ageuk.org.uk/benefits-check. You could be entitled to more than you think.

If you currently have a mortgage outstanding but you're having difficulty meeting your monthly payments, contact



Some developers allow you to part-exchange your existing property for a retirement home. This enables you to move without the hassle of selling your property – but the developer does take a percentage of its value.

This allows you to purchase the right to live in a property for the rest of your life. It isn't a mortgage, loan or equity release.

Instead, you buy a lifetime lease from a company, who would then have control of the property when you die or move into permanent care. It's a good idea to get independent legal advice if you're thinking about this.

This is when a firm buys your house for less than market value and rents it back to you. While this might sound similar to a home reversion plan (see page 14), there are key differences.

With home reversion, you continue to live in your property under a lease – which usually gives you the right to stay there for life. With sale and rent back, you're given a tenancy with little protection against eviction or rent increases.

Your rent is a market rent, which is usually much higher than the low (or no) rent charged by home reversion companies. There are also specific Housing Benefit rules about paying for a property that you used to own.

Be cautious before agreeing to this – and take independent legal advice if it's something you're considering. Make sure any provider is authorised and regulated by the Financial Conduct Authority.

Next steps

See our factsheet **Equity release** for more information.

For further guidance, contact Citizens Advice, StepChange Debt Charity or the National Debtline. In Northern Ireland, contact the Housing Rights Service. See pages 24-26 for contact details.

Will I lose out on state benefits if I release equity?

Any means-tested benefits you receive might be reduced or lost entirely. This will depend on your circumstances and the type of equity release you choose.

You might be able to transfer your equity release product to a different home – as long as it can act as acceptable security to the provider. Leasehold retirement housing might not be acceptable. If your new home is worth less than the old one, you might have to repay some of the outstanding mortgage.

It'll depend on the value of your home and the amount outstanding on the existing mortgage, which will have to be cleared at the same time as taking out equity release.

It depends on the product. With some you can 'protect' a part of your property for your beneficiaries.

Products that meet the Equity Release Council's standards assure that if you die or move into permanent care, you or your estate won't repay more than the money from the sale.

We provide information and advice for people in later life through our Age UK Advice Line, publications and website.

Age UK Advice: 0800 169 65 65

Lines are open seven days a week from 8am to 7pm.

www.ageuk.org.uk

In Wales, contact Age Cymru Advice: **0300 303 44 98**

www.agecymru.org.uk

In Northern Ireland, contact Age NI: **0808 808 7575**

www.ageni.org

In Scotland, contact Age Scotland: **0800 124 4222**

www.agescotland.org.uk

National network of centres offering free, confidential and independent advice, face-to-face or by telephone.

In England, call Adviceline: **0800 144 8848**

In Wales, call Advicelink: **0800 702 2020**

For online information and to find your local centre:

England: www.citizensadvice.org.uk

Wales:

Offers help and advice on housing issues to people in Northern Ireland.

Helpline: 028 9024 5640

www.housingrights.org.uk

Independent professional body for solicitors in England and Wales.

Tel: 020 7242 1222

www.lawsociety.org.uk/for-the-public

Independent professional body for solicitors in Northern Ireland.

Tel: 028 2021 1111 / P. Angén-BTEM 175.69646 / 01.5 0 8C 02815 08

www.lawsoc-ni.org

Website you can use to start your search for a qualified financial adviser.

We hope you found this guide helpful. When times are tough, it's so important to get some support. Did you know you could help us reach someone else who needs a little help? Here's how:

1

Our Readers' Panel helps make sure the information we produce is right for older people and their families. We'd love you to join. Go to www.ageuk.org.uk/readers-panel.

2

Every donation we receive helps us be there for someone when they need us. To make a donation, call us on **0800 169 8787** or go to www.ageuk.org.uk/donate.

3

Our volunteers make an incredible difference to

4

5

e

0800 169 65 65
www.ageuk.org.uk

