

# EQUITY RELEASE

Need to unlock some of the wealth you've accumulated in your property?

If you're facing a pension shortfall or need to meet an unexpected expense, talk to one of Mansion Park's professional financial advisers about how equity release could be an option to consider. It allows you to unlock some of the wealth you've accumulated in your property without having to move. But before you consider taking this option, there are key aspects of it that you need to know.

The equity or value you have within your home is its open market value less any mortgage or other debt held against it. You are more likely to be able to make use of an equity release scheme if you have no current mortgage, or if any mortgage you have is relatively small.

## MAIN TYPES OF EQUITY RELEASE SCHEME

There are two main types of equity release scheme: a Lifetime mortgage where a loan is secured on your home and is repaid by selling your home when you die or go into long-term care. The second is a Home reversion scheme, where you sell all or part of your home to a scheme provider in return for regular income or a cash lump sum, or both, and continue to live in your home for as long as you wish.

With an equity release scheme, you have to be over a certain age (usually over 55) and own your own home, and receive either a tax-free cash lump sum, a regular income or both to use as you wish. You can continue to live in your own home and are still responsible for maintaining your home.

## GENERATING ADDITIONAL CASH

When it comes to generating additional cash, some people may feel they have no option but to sell their home and downsize to obtain the money they need. With equity release, you can generate additional cash without incurring the cost and upheaval of moving. If you do have an outstanding mortgage and want to take out equity release, you will need to settle your mortgage first, which will affect the amount you then have access to for other purposes.

## USING THE MONEY RELEASED

Some people use the tax-free cash they receive from equity release to make improvements to their home, installing a new kitchen or bathroom, or just updating the property. Others may choose to help their families, whether it is helping children and grandchildren onto the housing ladder, helping with education, assisting in times of need, or simply allowing them to see their family enjoy their inheritance early.

The tax-free cash obtained from releasing equity can also be used to pay off existing debts, which can be one way of reducing your monthly outgoings, meaning that you could have more money available to live on.

## IF YOU OR YOUR PARTNER WERE TO DIE

In the event of your or your partner's death, the arrangements will continue if the scheme is in both your names. If you are using equity release to improve your income, make sure you consider what the situation would be if you or your partner were to die. If the property and scheme were in your sole name, the property would have to be sold and your partner would have to find somewhere else to live (unless, for example, they could repay the lifetime mortgage in full).

There may be a minimum amount you have to take. This, for example, could be £15,000 or £25,000 – it will depend on the scheme and provider. But you may not have to take it all at once; drawdown loans can be taken in smaller amounts over time.

## PART OF YOUR PLANNING FOR INHERITANCE TAX

An equity release scheme may reduce the value of the estate you leave when you die, so this may reduce a potential Inheritance Tax (IHT) liability. But if you are thinking of using an equity release scheme as part of your planning for IHT, you should obtain professional financial advice.

Your equity release scheme will usually carry on unchanged if long-term care is provided in

your own home or just one of you moves to a residential or nursing home. If you both move into a care home, the scheme will usually end and the property will be sold.

## TIME TO DISCUSS YOUR EQUITY RELEASE OPTIONS WITH MANSION PARK?

Taking out equity release is an important decision, so it's vital that you have obtained as much information as possible to be in a position to make an informed decision. At Mansion Park, we can help you look at your options and establish whether equity release could be right for you. Please contact one of our professional financial advisers for further information – we look forward to hearing from you.

**THERE WILL BE A FEE FOR MORTGAGE ADVICE. THE PRECISE AMOUNT WILL DEPEND UPON YOUR CIRCUMSTANCES BUT WE ESTIMATE THAT IT WILL BE £1000.**

**THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAX ADVICE OR ESTATE PLANNING.**

**RELEASING EQUITY FROM YOUR HOME IS A LIFETIME COMMITMENT, SO IT'S WORTH INCLUDING YOUR FAMILY IN ANY DECISION YOU MAKE.**

**THIS IS A LIFE MORTGAGE OR HOME REVERSION PLAN. TO UNDERSTAND THE FEATURES AND RISKS, ASK FOR A PERSONALISED ILLUSTRATION.**

**EQUITY RELEASE IS NOT RIGHT FOR EVERYONE. IT MAY AFFECT YOUR ENTITLEMENT TO STATE BENEFITS AND WILL REDUCE THE VALUE OF YOUR ESTATE.**

**CHECK THAT THIS 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.**