



What is Equity Release?

Equity Release is the process of raising money tied-up in the value of your home but without having to move out of it.

For most of us, our biggest asset is our home and when it comes to retirement many people struggle in adjusting to life on a smaller income. This raises the dilemma of potentially needing to sell one's home and downsize in order to release some of the value from the property. Whilst this is a valid option, it might be that you do not want to sell your home and downsize, or it might not be a good time to sell.

Equity Release schemes remove the need to move home by allowing you to raise money against it without having to leave. The money that you raise can be used to generate a regular income, provide you with a lump sum, or a combination of both. Essentially, the capital is yours to do with as you wish.

To qualify for an Equity Release scheme you will need to be a minimum of 55 years of age and, although you will remain in your home, you will be expected to maintain the property and deal with any repairs. The borrowing plus any interest will be repaid from the sale of the property on death or if you should move out e.g. to a nursing home.



What shall I do next?

Equity Release can be a complicated matter and there are many alternative providers and policies to choose from. It is important that you seek advice from a qualified financial adviser who can talk you through your options.

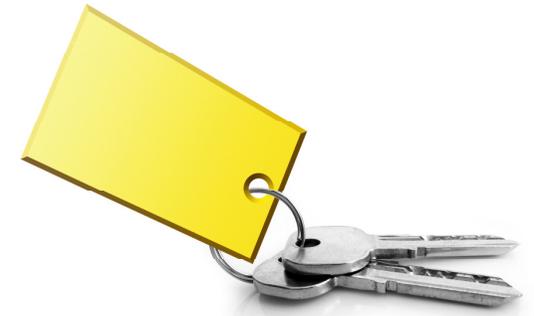
If you would like further advice and assistance without obligation why not contact one of our Equity Release specialists?

Contact us for a free initial consultation.

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Equity Release Advice

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What options are there?

There are two types of Equity Release schemes:

Lifetime Mortgages are a type of mortgage that you don't have to pay back each month, unlike a standard residential mortgage. You retain ownership of your home and hence the right to remain in it. The interest is rolled up into the loan, and is repaid in full upon death or if you move into long term care. The mortgage is not redeemed until there is nobody left in the property, which means your spouse is protected in the event you are moved into long term care.

You can choose to take the capital as a lump sum, as regular income or have a facility providing on demand borrowing up to a pre-agreed limit.

Home Reversion Plans allow you to sell a percentage of your property with the right to remain there, rent free, as a tenant for the rest of your life or until you move into long term care.

As you do not pay any monthly rent you will receive less than the full market value of your property and the amount you receive will vary depending on factors such as your age, health, and the value of your home.



What alternatives are there?

There are a number of other options you may want to consider before deciding upon an Equity Release scheme. These options include:

Switching your investments to produce income rather than capital growth in order to supplement your income.

Selling your investments or cashing-in savings to meet one-off expenses.

Selling and downsizing to a smaller property to release capital without the need to raise borrowing against it.

Contacting your Local Authority to see whether you may qualify for assistance with home modifications or repairs.

What is a 'Sale and Rent-Back' scheme?

A Sale and Rent-back scheme is not the same as an Equity Release plan although it is regulated by the Financial Services Authority. This kind of arrangement requires you to sell your home to a company or individual and you become a tenant. Your tenure in the property is not guaranteed and you may be told to leave after a fixed period of time. The rent is usually high and can be increased. These schemes are not recommended and should be considered only as an absolute last resort.



Safe Home Income Plans

Investment Solutions subscribe to the SHIP code of conduct. Anybody who arranges an Equity Release plan from a SHIP member can have peace of mind that they will always have:

- A right to live in their home until they either die or move into long term care.
- A guarantee that they will never owe more than the value of their property and therefore there will never be a debt left to their estate.
- For lifetime mortgages, the interest rate will either be fixed or capped so that they will know how much they owe at any one time and they will not have to worry about interest rates spiraling out of control.
- They can move from their main residence without financial penalty.
- They must take independent legal advice and their solicitor must sign the SHIP certificate to confirm complete client understanding.
- All applications must come from a specifically qualified adviser whom has followed a robust advice process, including the consideration of implications for you and your family.
- All members of SHIP agree to provide fair, simple and complete presentation of their plans.