

Your Guide to Equity Release

UNDERSTANDING EQUITY RELEASE



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Welcome

Equity release allows homeowners aged 55 and over to access the wealth tied up in their property without having to move. It's a way to unlock the value of your home while continuing to live there, giving you the financial freedom to enjoy your retirement years.

At Friends Capital, we understand that equity release is a significant decision. This guide explains how it works, the options available, and what you need to consider before proceeding.



Contents

- What is Equity Release?
- Types of Equity Release
- Why Consider Equity Release?
- Important Considerations
- Safeguards and Protections
- How Much Can I Release?
- The Equity Release Process
- Is Equity Release Right For You?
- How Friends Capital Can Help
- Ready to Learn More?



What is Equity Release?

Equity release is a financial product that lets you access some of the value in your home while you continue to live there. The money you release can be taken as a lump sum, in smaller amounts over time, or a combination of both.

Here's how it works:

- You must be aged 55 or over and own your home in the UK
- The amount you can release depends on your age and property value
- You continue to own and live in your home
- The loan, plus any interest, is repaid when you pass away or move into long-term care
- Your home is sold to repay the loan, with any remaining value going to your estate

Curious to see how much you could borrow
or how much stamp duty you owe?
Use our Calculators!
They are just a click away!

How much can I borrow?

Stamp Duty Calculator



Types of Equity Release

There are two main types of equity release available in the UK.

Lifetime Mortgage

This is the most popular form of equity release. You take out a loan secured against your home while retaining ownership. Interest is charged on the loan, and both the loan and interest are repaid when your home is eventually sold.

Key features:

- You remain the homeowner
- No monthly repayments required (though you can make voluntary payments with some plans)
- Interest rolls up over time
- Most plans include no negative equity guarantee, meaning you'll never owe more than your home is worth

Home Reversion Plan

With a home reversion plan, you sell all or part of your property to a provider in exchange for a tax-free lump sum or regular payments. You can continue living in your home rent-free until you pass away or move into care.

Key features:

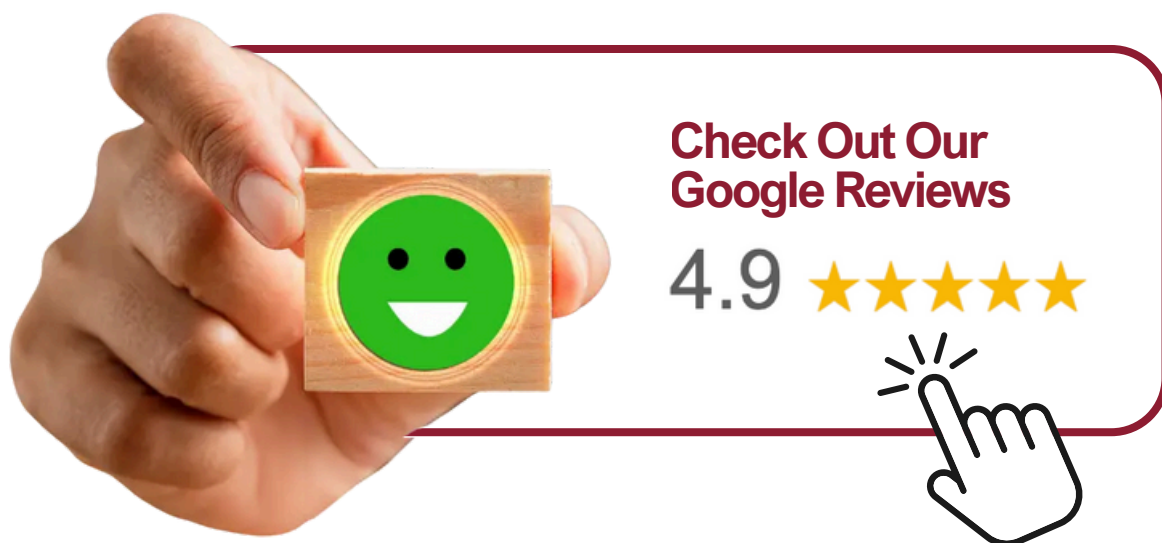
- You sell a percentage of your home at below market value
- No interest charges or monthly repayments
- The provider receives their share when the property is sold
- You retain the right to live in your home for life

Why Consider Equity Release?

People choose equity release for various reasons, and it can provide valuable financial support during retirement.

Common reasons include:

- Supplementing retirement income
- Paying off existing mortgages or debts
- Home improvements or adaptations
- Helping family members financially, such as with house deposits
- Funding holidays or enjoying experiences in retirement
- Covering care costs



Important Considerations

Equity release isn't suitable for everyone, and it's essential to understand the implications before proceeding.

Impact on Inheritance

Releasing equity will reduce the value of your estate and the inheritance you can leave to your family. It's important to discuss your plans with loved ones so they understand your decision.

Effect on Benefits

Releasing a lump sum from your property could affect your entitlement to means-tested benefits. We recommend checking how equity release might impact any benefits you currently receive.

Interest Accumulation

With a lifetime mortgage, interest compounds over time, which means the amount you owe can grow significantly. However, many modern plans offer features to manage this, such as the option to make voluntary repayments.

Early Repayment Charges

If you decide to repay your equity release plan early, you may face early repayment charges. Make sure you understand these costs before committing.

Alternative Options

Before proceeding with equity release, it's worth considering alternatives such as downsizing to a smaller property, taking out a retirement interest-only mortgage, or applying for pension credit or other benefits.



Safeguards and Protections

All equity release plans we recommend are regulated by the Financial Conduct Authority (FCA) and must meet the standards set by the Equity Release Council.

These standards include:

- A no negative equity guarantee, ensuring you never owe more than your home is worth
- The right to remain in your home for life, or until you move into long-term care
- A fixed interest rate on lifetime mortgages (in most cases)
- The right to move to another suitable property, subject to lender approval
- Clear information about all costs and charges



The Equity Release Process

Understanding the process can help you feel more confident about your decision. Here's what to expect:

Initial consultation:

We'll discuss your circumstances, financial goals, and whether equity release is right for you.

Recommendation:

If equity release is suitable, we'll recommend the best plan for your needs from our panel of providers.

Legal advice:

You'll need to instruct a solicitor who will handle the legal work and ensure you understand the terms.

Property valuation:

The lender will arrange for your property to be valued

Offer:

Once approved, you'll receive a formal offer outlining the terms.

Completion:

After signing the paperwork, the funds are released to you.

The entire process typically takes between 6 to 8 weeks, though this can vary depending on individual circumstances.



Is Equity Release Right for You?

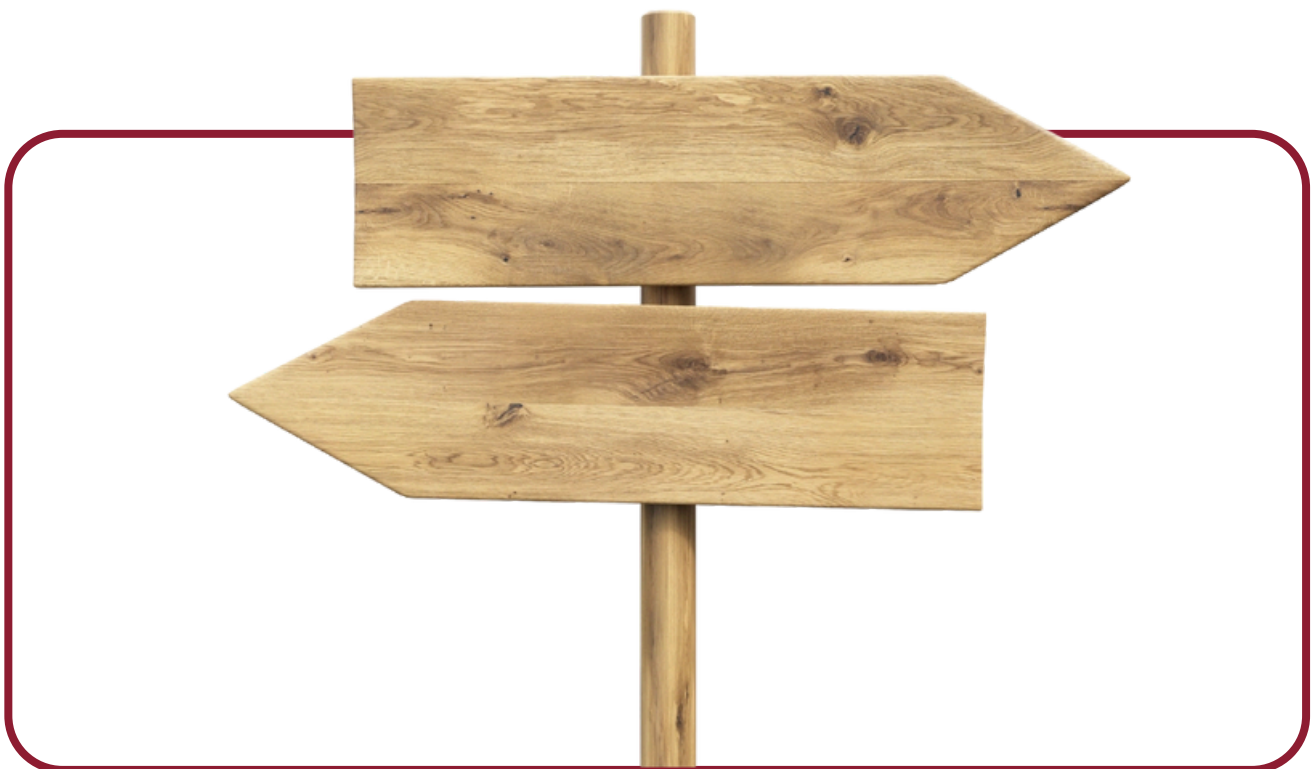
Equity release can be a valuable solution for the right person, but it's not suitable for everyone. It's important to carefully weigh up the benefits against the potential drawbacks.

Equity release might be right for you if:

- You're aged 55 or over and own your home
- You need to access funds for a specific purpose
- You want to remain in your home
- You've considered all the alternatives
- You understand the impact on your inheritance and benefits

You might want to consider alternatives if:

- You're comfortable downsizing to a smaller property
- You have other assets you could use
- You're concerned about reducing your family's inheritance
- You may need means-tested benefits in future



How Friends Capital Can Help

At Friends Capital, we're here to guide you through every step of the equity release journey. Our expert advisers will take the time to understand your situation and help you make an informed decision.

We offer:

- Free, no-obligation initial consultations
- Access to the whole market of equity release providers
- Clear, jargon-free advice tailored to your circumstances
- Support throughout the entire process
- Ongoing assistance even after your plan is in place

Equity release is a significant financial decision, and we're committed to ensuring you have all the information you need to decide if it's right for you.



Ready to Learn More?

If you're considering equity release and want to explore your options, we're here to help. Our friendly team of specialists can answer your questions and provide personalised advice based on your unique circumstances.

Get in touch today for a free, no-obligation consultation.

We'll take the time to understand your circumstances and explain your options clearly, so you can make informed decisions about your future.



Contact the friendly experts at Friends Capital Mortgage Specialists today

We are committed to finding the perfect mortgage solution for you.

Call Us: 0800 862 0811

Visit Us Online: www.friendscapital.co.uk

Our Office: Beehive Works, Milton Street, Sheffield S3 7WL

Your home may be repossessed if you do not keep up repayments on a mortgage or any other debt secured on it. There may be a fee for mortgage advice.

Equity release may involve a lifetime mortgage or a home reversion plan. To understand the features and risks, ask for a personalised illustration. Equity release may impact the size of your estate and it could affect your entitlement to current and future means-tested benefits.

The actual amount you pay will depend upon your circumstances. The fee is up to 1% but a typical fee is 0.3% of the amount borrowed.

