ROUSE
INTELLIGENT FINANCIAL PLANNING

Unlock the value of your home

Your guide to Equity Release

Opening the door

For most people the family home is their biggest asset. However, it's not of much practical use if you find yourself needing a cash boost and your income isn't quite measuring up.

The basics

There are a number of ways you can access money tied up in your home and Equity Release is the over-arching term for those products that could allow you to do this.

However, releasing equity is a big step and there are specific criteria to meet so it's crucial to take qualified, independent advice in order to fully understand the risks and benefits before making any decision.

But set up properly, Equity Release products can provide the funding you need – how you spend the money is up to you.

- You must be a UK resident
- Age 55-95
- Your property must be worth minimum £70,000
- Property must be your main residence
- Typical release value is up to 55.5% of the property's value
- The amount you can borrow depends on your age, health, and the value of your home
- You can still own your home
- You can move home (subject to provider criteria)
- Health conditions, and certain lifestyle choices, could mean you can release even more cash
- Equity Release will affect the inheritance you leave your family. We recommend that you involve family in your decision to take out an Equity Release contract.
- Equity Release advice and lending is now fully regulated by the Financial Conduct Authority (FCA). Further safeguards are provided by the Equity Release Council (ERC)

What are the options?

This route isn't an alternative to rainy day savings but a wide range of options come under the Equity Release umbrella. Having once lurked in the shadows, these products are now very firmly part of the mortgage family.

Lifetime Mortgages

Currently the most popular Equity Release product. These allow you to continue to own your own home and to borrow money against it. There is interest to pay on the loan and you can either pay all or part of this interest every month, or choose to pay nothing and have the interest (compounded) added to the loan. The loan amount plus any interest is normally repaid to the lender upon death or when you need to move into long-term care. The amount you're able to borrow depends on your age, health and the value of your home.

Key fact: you must be aged over 55 years to qualify.

Home Reversion plan

Allows you to release capital by selling all or a part share of your property to a provider who then grants a lifetime tenancy allowing you to remain in your home until death (or for a couple, the death of the remaining partner), or move into long-term care. Generally, the older you are, the more you're able to release or the smaller the share of the property you need to sell.

Key fact: you must be aged over 65 years to qualify.

Drawdown plans

Linked to Lifetime Mortgages, they generally work in the same way but with added flexibility. After an initial release of cash you can then choose to drawdown further amounts in stages, as and when needed. The interest is only added to each amount as it's released so it adds up at a slower rate than if the full amount were released at the outset.

Enhanced Equity Release plans

If you have a health condition, or make certain lifestyle choices (ie you are a heavy smoker), you could release even more cash. Health issues such as diabetes, heart problems or high blood pressure are typical examples of qualifying conditions.

Flexible Repayment plans

Based on a Lifetime Mortgage plan, with this product it's possible to choose to make payments or repayments as and when you like, subject to lender criteria. The advantage is that by paying off some of the interest through the term of the plan the amount owed will be less than if no payments were made.

Protected plans

Based on a Lifetime Mortgage plan, this product helps you guarantee an inheritance for your family. An agreed percentage of the property's future value can be protected and kept for beneficiaries.

It may also be possible to combine some of these plans. For example, if you want to be able to take lump sums over a period of time but also ensure your offspring are left with an inheritance, you may be able to have a protected plan within a drawdown facility.

All these plans come with specific eligibility criteria and it is vital that you take qualified advice before making any decisions.

What to watch out for and why you need to take advice

Equity Release has changed – but it's still not always the right route to go. It's important to consider all these points before you make any decision:

- Make sure your lender is a member of the Equity Release Council (ERC). The market is now regulated by the FCA but Equity Release customers are further safe-guarded by the ERC.
- Always take qualified advice. It's vital you understand the costs and implications – and only borrow what you know you're going to spend.
- Choose a lender that offers a 'no negative equity' guarantee. All ERC members do this. It protects you from repaying more than your property is sold for. This is provided it is sold for the best price reasonably obtainable.
- Interest on your loan can mount up. The most popular type of Equity Release product is called a Lifetime Mortgage. These can be arranged to suit your circumstances but those with an interest roll-up option can get very expensive.
- There are fees payable and, potentially, repayment charges.
- Being in poor health could actually help you release more money – be honest about any health conditions.
- Always talk to family members about your plans for Equity Release. It can reduce the amount you pass on to beneficiaries when you die.
- Entitlement to means-tested benefits may be affected.
- It may also restrict the future amount available from your property should you need to fund long-term care.
- It may restrict your moving in the future.
- Consider all other options before deciding Equity Release is the route to go. Your adviser should ask you to do this at the outset.

Equity Release is an attractive option but whether it's right for you will depend on your circumstances. It's crucial to take qualified advice so that you fully understand the risks and benefits before making any decision. It's not for everyone and you should consider all other available options first.

It's also essential to involve any dependants or potential beneficiaries in the process so they are aware of the potential outcomes.

Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.

To understand the features and risks of a Lifetime Mortgage you should ask for a personalised illustration.

We’re with you every step of the way

If you’d like further advice on
Equity Release please contact us on

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