



YOUR GUIDE TO EQUITY RELEASE



**An impartial overview of the process of unlocking equity from
your home through a lifetime mortgage.**

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INTRODUCTION



Let's explore equity release

Equity release is the term used for a group of financial products that allows homeowners to access the equity they have built up in their property, without having to move out. This can be an attractive option for people who want to access cash for retirement, home improvements, or to pay off debts.

It's important to understand the risks and drawbacks associated with this product, as well as the alternatives available.

That's why we've put together this guide to help you navigate the world of equity release. We'll cover the different types of equity release, how it works, eligibility criteria, choosing a provider, and the regulations and safeguards in place to protect you.

At East London Equity Release, we believe in providing impartial and independent information to help people make informed decisions about their financial future. So, whether you're considering equity release for yourself or a loved one, we hope this guide will be a valuable resource in your journey.



TYPES OF EQUITY RELEASE

Lifetime mortgages & home reversion

Equity release comes in two main forms: lifetime mortgages and home reversion plans. Each has its own features, benefits, and drawbacks, and it's important to understand these before making a decision.

Lifetime mortgage

A lifetime mortgage is a type of equity release that allows you to borrow money against the value of your home. This is usually done as a lump sum or as a series of smaller payments, with interest accruing on the amount borrowed. The loan and interest are repaid when you die, sell your property, or move into long-term care.

To be eligible for a lifetime mortgage, you must be at least 55 years old and own a property worth at least £70,000. The amount you can borrow depends on your age, the value of your property, and your health. Lifetime mortgages offer various features and benefits, such as the ability to access tax-free cash, no negative equity guarantee, and the option to make voluntary interest payments. These benefits can make a lifetime mortgage an attractive option for those who want to access cash without having to sell their property.

However, there are also several drawbacks and risks to consider, such as the impact on inheritance, the possibility of reduced state benefits, and the possibility of negative equity.



TYPES OF EQUITY RELEASE

Home reversion

Home reversion plans are another type of equity release that involves selling a portion or all of your home to a provider in exchange for a lump sum or regular payments. This allows you to access cash without having to move out of your home, as you can continue to live in it rent-free until you die or move out.

To be eligible for a home reversion plan, you must be at least 65 years old and own a property worth at least £70,000. The amount you can receive for the share of your property you sell depends on your age, the value of your property, and your health. Home reversion plans offer various features and benefits, such as the ability to access tax-free cash, no negative equity guarantee, and the option to sell a portion or all of your property. This can be attractive for those who want to release equity from their property while still maintaining a portion of ownership.

However, it's important to consider the drawbacks and risks of home reversion plans, such as the impact on inheritance, the possibility of reduced state benefits, and the possibility of losing out on future increases in property value. Additionally, as with lifetime mortgages, there are fees and charges associated with home reversion plans, such as advice fees, application fees, valuation fees, and legal fees.



THE PROCESS

Equity release involves

Initial consultation with a qualified equity release adviser, who will explain the different equity release options available to you and assess your eligibility.

- **Property valuation** to determine the current market value of your property. This is necessary to determine the maximum amount of equity you can release.
- **Legal advice** to ensure that you fully understand the terms and conditions of the equity release plan and any potential impact on inheritance. A solicitor will also need to complete the legal paperwork required to set up the plan.
- **Completion** of the equity release plan, which involves receiving the funds and setting up any required payments, such as voluntary interest payments.

The process of obtaining equity release can take several weeks to several months, depending on factors such as the complexity of your situation, the provider's requirements, and the time needed to complete the legal paperwork. It is important to be patient and work closely with your adviser to ensure a smooth and successful process. By taking the time to research and compare different options, and working with a professional adviser, you can find the equity release plan that's best suited to your circumstances.

