equity release
made for you

Equity Release Guide

Learn more about releasing tax-free money from your home

www.integrityequityrelease.co.uk

0116 239 5000

Looking for ways to release some tax-free funds in later life?

If you're aged 55 or older, you may be considering releasing some cash from the value of your home.

Find out if equity release is right for you
Talk to us today to discuss your options

Call Integrity Mortgage Solutions on 0116 239 5000 or email jemmasheasby @integrityms.co.uk

You can visit our website at integrityequityrelease.co.uk

THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME. YOUR MORTGAGE IS SECURED ON YOUR HOME, WHICH YOU COULD LOSE IF YOU DO NOT KEEP UP YOUR MORTGAGE PAYMENTS.

A LIFETIME MORTGAGE WILL REDUCE THE VALUE OR YOUR ESTATE AND MAY AFFECT YOUR ENTITLEMENT TO MEANS-TESTED BENEFITS AND TAX STATUS. THE IMPACT OF NOT SERVICING MONTHLY INTEREST PAYMENTS ON A LIFETIME MORTGAGE IS THAT THE OUTSTANDING DEBT CAN GROW RAPIDLY, THUS REDUCING THE VALUE OF YOUR ESTATE. FOR EXAMPLE, IF THE INTEREST RATE WAS 7% A YEAR, A £50000 WOULD DOUBLE TO £100000 AFTER 10 YEARS ASSUMING NO PAYMENTS ARE MADE.THIS IS AN EXAMPLE FOR ILLUSTRATIVE PURPOSES ONLY AND PERSONALISED ADVICE AND RECOMMENDATIONS SHOULD BE SOUGH FROM A QUALIFIED PROFESSIONAL. YOU ARE STRONGLY ADVISED TO REGISTER A LASTING POWER OF ATTORNEY. THIS WILL ALLOW YOUR AFFAIRS TO BE MANAGED BY SOMEBODY ELSE IF YOUR MENTAL ABILITIES SIGNIFICANTLY DECLINE.'

EQUITY RELEASE REQUIRES PAYING OFF ANY OUTSTANDING MORTGAGE. EQUITY RELEASED, PLUS ACCRUED INTEREST, TO BE REPAID UPON DEATH OR MOVING INTO LONG-TERM CARE. EQUITY RELEASE WILL AFFECT THE AMOUNT OF INHERITANCE YOU CAN LEAVE AND MAY AFFECT YOUR ENTITLEMENT TO MEANS-TESTED BENEFITS NOW OR IN THE FUTURE.

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Guide to Equity Release

Unlock Your Home's Hidden Value

Considering unlocking some of the value tied up in your home? You're not alone. In recent years, equity release has surged in popularity among UK homeowners, offering a financial lifeline or simply a way to make the most out of retirement.

If you're pondering whether equity release is right for you, getting the facts straight is vital. Our guide is here to help, providing you with the most current insights and figures to consider.

Overview of Equity Release in the UK

Equity release is a financial product that allows homeowners, especially retirees, to access the equity tied up in their property without the need to sell it.

Key Statistics on Equity Release

Over the last decade, releasing equity from the family home to boost finances in later life has grown significantly, equating to total annual lending of £2.6bn in 2023 followed a record-breaking £6.2bn in 2022,[1]. The year as a whole saw 64,448 active customers either taking out new plans, making use of drawdown reserves or agreeing extensions to existing plans.The average amount borrowed by new customers in Q4 2023 was £79,484, compared to £106,917 a year prior.

Equity Release Council

Integrity Mortgage Solutions Ltd is a member of The Equity Release Council, they set stringent standards for its member firms to uphold the highest levels of professionalism and integrity. These standards encompass various aspects of equity release transactions, ensuring transparency and consumer protection. Member firms are committed to providing clear information, fair treatment, and impartial advice to potential customers. By adhering to these standards, member firms offer consumers peace of mind and confidence in their equity release decisions.

Next Steps

By considering equity release, individuals can access a lump sum or regular income to support their retirement lifestyle or address financial needs. Take the time to delve deeper into the details and consult with financial advisors to make an informed decision that suits your individual circumstances.

We hope you find our Guide to Equity Release informative and if you would like to review your options please contact

Jemma Sheasby at Integrity Mortgage Solutions
on 0116 239 5000
or jemmasheasby@integrityms.co.uk

SOURCE DATA:
1. Equity Release Council FY 2023 equity release market statistics

"Equity release can be a powerful tool to unlock the wealth tied up in your home and improve your retirement lifestyle. Despite the various economic headwinds and general uncertainty over the past year, property prices have remained firm, and even edged up in some areas. This resilience in the property market continues to create significant housing equity, which can be released by homeowners looking to improve their retirement prospects."

Sadna Zaman, Proposition Development Manager at Canada Life Home Finance

What is equity release?

Equity release is an invaluable source of cash for some over-55s. It enables homeowners to unlock the the value locked up in their home as a tax-free lump sum without having to sell it, downsize or relocate.

Your home must have a minimum value of £70,000 and be your permanent main residence in the UK, which you live in for more than six months of the year.

With equity release you don't have to make monthly payments, unless you choose to. It's usually repaid when the last borrower moves into long-term care or dies.

You can unlock the value in your home by taking out a Lifetime Mortgage – a long-term loan secured against your home.

A Lifetime Mortgage lets you borrow money against the value of your home and is paid back when the property is sold, usually after you die or move into long-term care.

You can protect some of the value of your home as inheritance for your family if you want to. This is known as 'ring-fencing'.

When considering equity release, you must be able to clear any secured debt on your home, such as a traditional mortgage. However, you can use your released equity towards this. Clearing an existing mortgage is one reason people use a Lifetime Mortgage.

There are eligibility criteria and conditions to meet before you can take out an equity release product.

There are also alternatives to equity release and we will look at all the options for you to ensure you make the right choice for you!

Why has equity release come about?

People today are enjoying longer retirements and homeowners are looking for ways to unlock money tied up in their property. Some people, once they reach retirement, are finding themselves asset-rich and cash-poor.

Yet they don't usually want to downsize to free up capital. Equity release enables you to stay in your home and to release the money you need if you have sufficient equity in your home.

Taking out an equity release mortgage also provides an alternative option to having to dip into your pension, if at some point you require access to additional cash.

Some of the reasons why equity release has increased in popularity:

People are living longer and require access to more cash to maintain their lifestyle

Increased pressure on public services, has led to the greater provision and increased costs to fund private later life care

Retirement periods are stretching over more decades and higher costs of living in retirement require more funding

Due to inter-generational financial imbalances, parents are accessing cash to give to family members

People looking to make large purchases are turning to unlocking wealth tied up in their property to achieve this

What are some of the reasons why people turn to equity release?

Some people use equity release to help them en- joy a comfortable retirement, pay down debts, boost their income or plan capital expenditure.

The tax-free money you release from your property can be used as you wish; there are no restrictions. You could use the proceeds to help a family member to get onto the property ladder, to make home improvements or to boost your disposable income in retirement.

Equity release won't be right for everyone. But, for some people, unlocking money tied up in their property can make a real difference to their lives.

Some of the ways people use the tax-free cash unlocked from equity release:

To pay off outstanding debts or mortgages

Provide help to a family member to buy their first property, pay for.education costs or a wedding

Paying for repairs, improvements or adaptations to their home

Having access to an emergency fund to pay for unexpected repairs and bills to take some of life's worries away

Supplementing their income, giving them money to live on

Paying for later life care or support services

Making a major purchase, such as a new car, and taking the holiday of a lifetime

To pay for medical care or operations

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What is a Lifetime Mortgage?

Lifetime Mortgage involves taking a type of mortgage that does not require monthly repayments, although, with some plans, rather than roll up the interest you can opt to make monthly repayments if you wish.

It enables you to release a tax-free cash lump sum from the value of your home. You will still own your home and can continue to live there for as long as you like.

Much like a traditional mortgage, a Lifetime Mortgage is a loan secured against your home, which accrues interest each month. Compound interest is added to the loan amount to be repaid from the proceeds of the sale of your property when the last person named on the agreement and living there dies or moves permanently into long-term care. This means that both you and your partner are free to live in your home for the rest of your lives.

If you take out a Lifetime Mortgage, you can choose to receive your funds in a lump sum or in smaller, regular amounts. There is also an option available to increase the amount you have borrowed as and when you want to, up to the maximum limit agreed with the mortgage provider.

You can also elect to protect some of the value of your property as an inheritance for your family, meaning that you can benefit from releasing equity while still retaining something to pass on to your children.

Some people may be able to release larger lump sums due to impaired health or may prefer to make monthly repayments in part, or in full, with an option to roll up at a later date if the monthly repayments became unaffordable.

With some Lifetime Mortgages, it may also be possible to ring-fence an element of equity.

What are RIO and TIO mortgages?

If you're close to retirement or considering changing your mortgage, it's vital to understand the distinction between a Retirement Interest-Only (RIO) and a Term Interest-Only (TIO) mortgage. Each one caters to different financial needs and life stages, so it's crucial to determine which one aligns with your future plans. RIO and TIO mortgages are both alternatives to equity release and are more mainstream products we'll always consider before the equity release route. The main difference between RIO or TIO and equity release is that affordability is not assessed for lifetime mortgages.

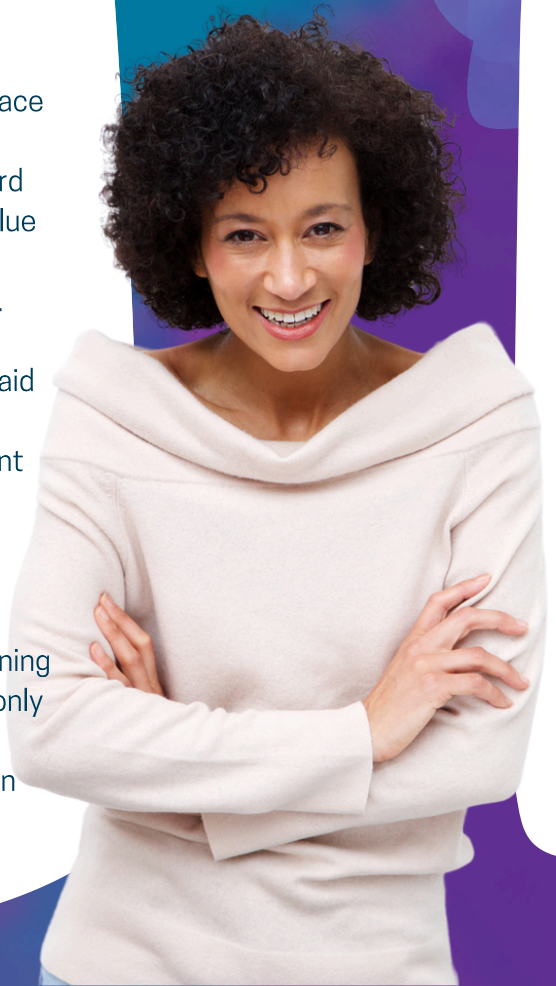
RIO MORTGAGE

Retirement interest-only mortgages, also known as RIO mortgages, serve two primary purposes.

Firstly, they can be utilised by older borrowers who may face challenges in meeting lending criteria for other types of mortgages. The underlying principle is similar to a standard interest-only mortgage. You secure a loan against the value of your property, making monthly payments towards the interest accrued, but not the principal loan amount itself.

The key distinction is that a RIO mortgage is typically repaid when your property is sold, which could occur upon your passing or when you move into long-term care. If it's a joint mortgage, the terms apply to both borrowers, so the property need not be sold if one partner passes away or moves into care.

Due to the repayment structure of a RIO mortgage, obtaining one is generally easier compared to a standard interest-only mortgage. All you need to demonstrate is your ability to afford the monthly interest payments that accumulate on the loan.



TIO MORTGAGE

Opposite to RIO, a TIO (Term Interest Only) mortgage is defined by a fixed term that can range from as few as five to as many as 30 years. It's tailored for individuals who need short to medium-term financial flexibility, with a clear endpoint in sight.

A TIO mortgage is straightforward: you choose the term, and you stick to it. Whether it's 10, 20, or 30 years, the end date is predetermined from the get-go. This clarity is perfect for those who plan to repay their mortgage from specific future finances, such as a maturing investment or pension commencement.

Unlike the RIO which offers flexibility in repaying the capital a TIO has a set term and you will need a plan in place to settle the final bill, whether from savings, investments, or another source. It's a more structured approach with a clear finish line.

What is a 'no negative equity guarantee?

Lifetime Mortgage must come with a ‘no negative equity’ guarantee, which means that when the property is sold and solicitors and agents fees have been taken into account, if the amount left is not enough to pay the outstanding loan, neither you nor your estate will be liable to pay any more.

Is equity release safe?

Equity release is regulated by the Financial Conduct Authority (FCA) and overseen by the Equity Release Council (ERC). Their rules and safeguards ensure you always own your home and have flexibility to move. In addition, all FCA and ERC-governed lifetime mortgages come with a no negative equity guarantee. Interest rates must be fixed or, if variable, an upper limit or cap that is fixed must apply for the lifetime of the loan.

You will be able to stay in the property for life or until you move into care, just so long as you abide by the terms and conditions of your lifetime loan.

You have the right to move to another property as long as your provider is happy that the new property offers continued security on your equity loan.

Is it necessary to have a will in place?

Making a Will helps to protect your loved ones after you die, and ensures your estate is dealt with in the way you choose. If you are considering equity release it is important to have a Will in place or revisit the terms of your current Will.

Should I consider appointing a Lasting Power of Attorney (LPA)?

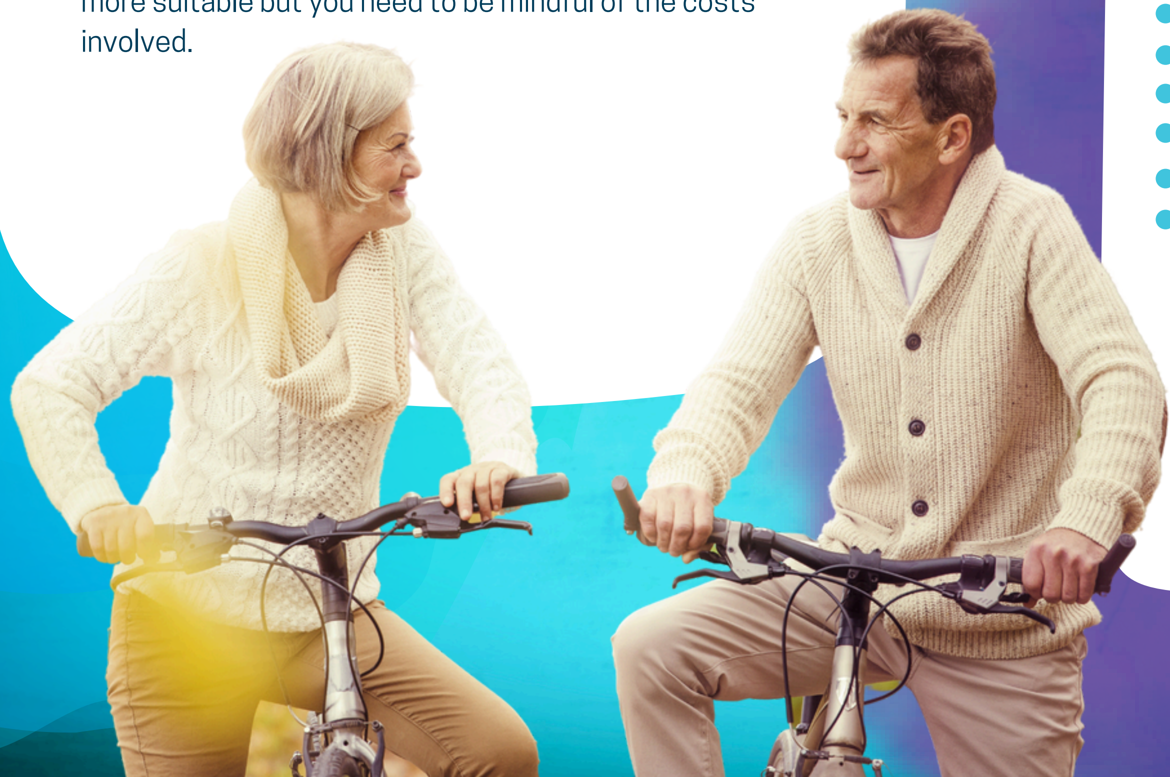
Lasting Power of Attorney (LPA) is a way of giving someone you trust, your attorney, the legal authority to make decisions on your behalf if you lose the mental capacity to do so in the future, or if you no longer want to make decisions for yourself.

While having a LPA is not required by law, it is highly desired and should be included in your equity release planning process.

Can I switch my existing equity release plan to another provider?

Yes, some older schemes charge higher rates of interest than are currently available in today's market. It is always worth looking to see if you can reduce costs. However, this needs to be done after immense care has been taken as it may not be feasible.

The terms and conditions on a newer plan may appear more suitable but you need to be mindful of the costs involved.



Is borrowing in later life right for you?

Borrowing in later life could impact on the inheritance you leave and any state benefits or local authority grants you receive.

These are some of the alternative options to equity release that might work better for you:

- Use available savings
- Move and downsize to a smaller home
- Ask for help from family members
- Check if you are eligible for any state benefits and
- Enquire if you qualify for a local authority grant
- Apply for a personal loan or credit card

Before deciding whether to borrow, it's a good idea to speak with family members or trusted friends. They could give you support or suggest other ways to raise the money you need.

What other things should I consider before proceeding with equity release?

You should consider these factors before deciding if equity release is right for you:

Impact on inheritance

Tax and inheritance, or some state benefits, may be affected. A lump sum is considered as capital and a regular payment is considered as income. This may impact on tax and reduce the inheritance you leave.

Claiming benefits

If you are considering taking out a Lifetime Mortgage, this could affect your ability to claim means-tested benefits, including support for long-term care. Disability benefits, such as Attendance Allowance, are not affected.

Costs involved

A Lifetime Mortgage can be more expensive than a standard mortgage – for many Lifetime Mortgages, the interest is added to the amount you owe. You'll have to pay interest on the interest (compound).

What is the process?

ADVICE & RECOMMENDATION

The first part in the equity release process is to have a free initial consultation with one of our advisers. They will provide you with a personalised suitability report based on your circumstances and products currently available in the market.

DECISION MAKING

Take the time to consider our advice and talk to family before making your decision to proceed. We want to make sure you are completely happy before submitting an application on your behalf. You may have additional questions at this time which we will be happy to answer

APPLICATION

Following acceptance of our recommendation, your equity release adviser will complete an application form, collecting supporting documentation and identification. We will then forward your file onto the equity release provider.

VALUATION REPORT

Upon receipt of your application, the lender will instruct a local independent surveyor to contact you and arrange a mutually convenient valuation of your property. The surveyor will conduct a market appraisal, advising its current value and condition for security purposes. The outcome of this report will determine how much equity can be released.

SOLICITOR

Your appointed equity release solicitor will be responsible for dealing with the legal process. They will liaise with the lenders' solicitor and fill out an initial questionnaire about you and your property. You will then receive an offer from the lender, along with a Solicitor's Certificate.

EQUITY RELEASE OFFER

Once the lender deems the surveyor's valuation report satisfactory, you will be sent an equity release offer. This confirms the terms and conditions of the mortgage, including the rate, charges and amount borrowed. The original offer is sent to your solicitor, requiring a signature in the presence of your solicitor during a face-to-face meeting.

COMPLETION

Finally, when the lender's solicitors have completed their final checks of all the legal paperwork, they will set a completion date. The funds released are sent to your solicitor initially with any charges deducted. Dependent upon your preferences, the net amount will then be forwarded to your nominated bank account or posted via cheque.

Enjoy the proceeds!

With the funds released, you are now free to spend the equity release proceeds in whatever way you wish. We pride ourself on service, so we will always try to check-in on an annual basis to make sure your plan remains competitive.

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Looking for ways to release some tax-free funds in later life?

How much tax-free cash could you release from your property?

Over 55 and require cash or are looking for a more stable retirement, and own your home?

The steps you take today could help you enjoy financial independence, let us show you what we're talking about

Unlock the value of your home
To find out how we can help get in touch

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