

# What is equity release?

Mercer Financial Planning

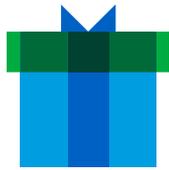


Equity release is a financial product for people aged 55 to 95 which allows you to release some of the equity tied up in the value of your home. The money released, which bar some restrictions around avoiding inheritance tax, can be spent however you like, can be taken as a single lump sum or more than once in smaller amounts, following an initial lump sum. To release equity from your home, you need to get expert advice from a qualified equity-release adviser, which is where we can help.

You can use the money released from your home to help finance a better, more rewarding retirement.



**Better quality of life**



**Gifting to loved ones**



**Clear debt**



**Stay in the home you love**

## How equity release works

Equity can be released from your home with either a lifetime mortgage or a home reversion scheme. The most popular type of equity release is a lifetime mortgage, which is a loan secured against your home where you retain full ownership of your property.

## See how much equity you could release

The amount you can release depends on your age, how much your house is worth and your health and lifestyle. If you're aged 55 to 95 and own a home of standard construction worth at least £70,000, this could be available to you. Please feel free to contact us to find out more.

Generally, the older you are and the higher the value of your home, the more equity you can release.

## Equity-release interest

Instead of making monthly repayments, the interest is usually added to the loan (although this need not be the case); this is known as compound interest. The loan plus interest is then repaid when the plan comes to an end, usually when you (and any other applicant) either pass away or move into long-term care. Typically your house will then be sold and the equity-release provider will take their money from the sale proceeds. The remainder goes to you or your estate.

## Finding a suitable plan

In recent years, equity release has become increasingly popular and much more accessible, with a growing number of plans and features which can be tailored to meet customer needs.

Equity-release plans can vary quite significantly, however, so we work with you to understand what's important to you if you're considering this option, and then help you find the most suitable plan for your circumstances. We recommend Equity Release Council-approved plans, which come with a no negative equity guarantee. This means you can never owe more than the value of your home, and therefore won't risk leaving your loved ones with additional debt to repay.

There are also plans available that allow you to protect a percentage of your home's future value so that you can guarantee an inheritance. Other features include paying monthly interest so the debt need never increase, as well as drawdown facilities.



## Equity-release plans

There are different types of equity release to choose from: one of our advisers can help you understand which would be most suited to your needs.

<b>Lump-sum lifetime mortgage</b>	A lump-sum lifetime mortgage secured against your home, gives you access to a one-off lump sum but still allows you to own your own home.
<b>Drawdown lifetime mortgage</b>	A drawdown lifetime mortgage lets you draw down more cash in stages after an initial lump sum, though you'll only pay interest on the money released.
<b>Home-reversion plan</b>	A home-reversion plan involves selling all or part of your home for a tax-free cash lump sum, though you still have the right to stay there for life.

## Equity release next steps

You must seek advice before taking out equity release. The Financial Conduct Authority (FCA) insists on this because the equity-release market is so varied and the decision to take this step is such a big one.

## Independent, expert advice

This is where we come in. We're fully independent and will help identify whether equity release really is right for you. The first step is to give us a call on the number below: we'll answer any initial questions you might have and arrange a full consultation with our independent equity-release advisers. This will be on a day and at a time that suits you and in the comfort of your own home, or over the phone if you prefer.

## We compare the whole market

We will discuss your needs to understand what matters most to you and explore all relevant options. We will then compare the whole equity-release market to find the most suitable plan for you.

The initial consultation with us is free, with no obligation or pressure to proceed. If equity release is not the best option for you, we'll tell you. If you decide to go ahead, we'll support you every step of the way, dealing with all of the paperwork through to completion.

## Involve your loved ones

It's important to involve your family in any financial decision that will reduce the value of the inheritance left to them. We actively encourage all our customers to invite as many family members or friends as they wish to their equity-release consultation. That way, everyone can get a full picture of equity release before any decisions are made.

We find that most families are incredibly supportive of their loved ones' decision to take out an equity-release plan to boost their retirement finances.

Arranging an equity-release plan will typically take eight to 12 weeks. This timescale is not guaranteed, though; in some circumstances it may be completed sooner, or it could take longer.



## Risks and things to consider

When comparing the whole equity-release market, our independent specialist advisers will explain that:

- You have to get advice before releasing equity.
- The plans we recommend have a no negative equity guarantee, so you'll never owe more than your home's value.
- Equity release reduces your estate's value and may affect any means-tested benefits you're eligible for.
- Consolidating existing debts using equity release could end up costing more in the long term.
- The initial consultation is free, with no obligation. If you proceed with an equity-release plan, however, our advice fee of £995 is payable on completion.
- A lifetime mortgage, which is a loan secured against your home, is the most popular form of equity release. You will still own your home.
- Have you considered alternative arrangements, such as downsizing or personal loans?

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