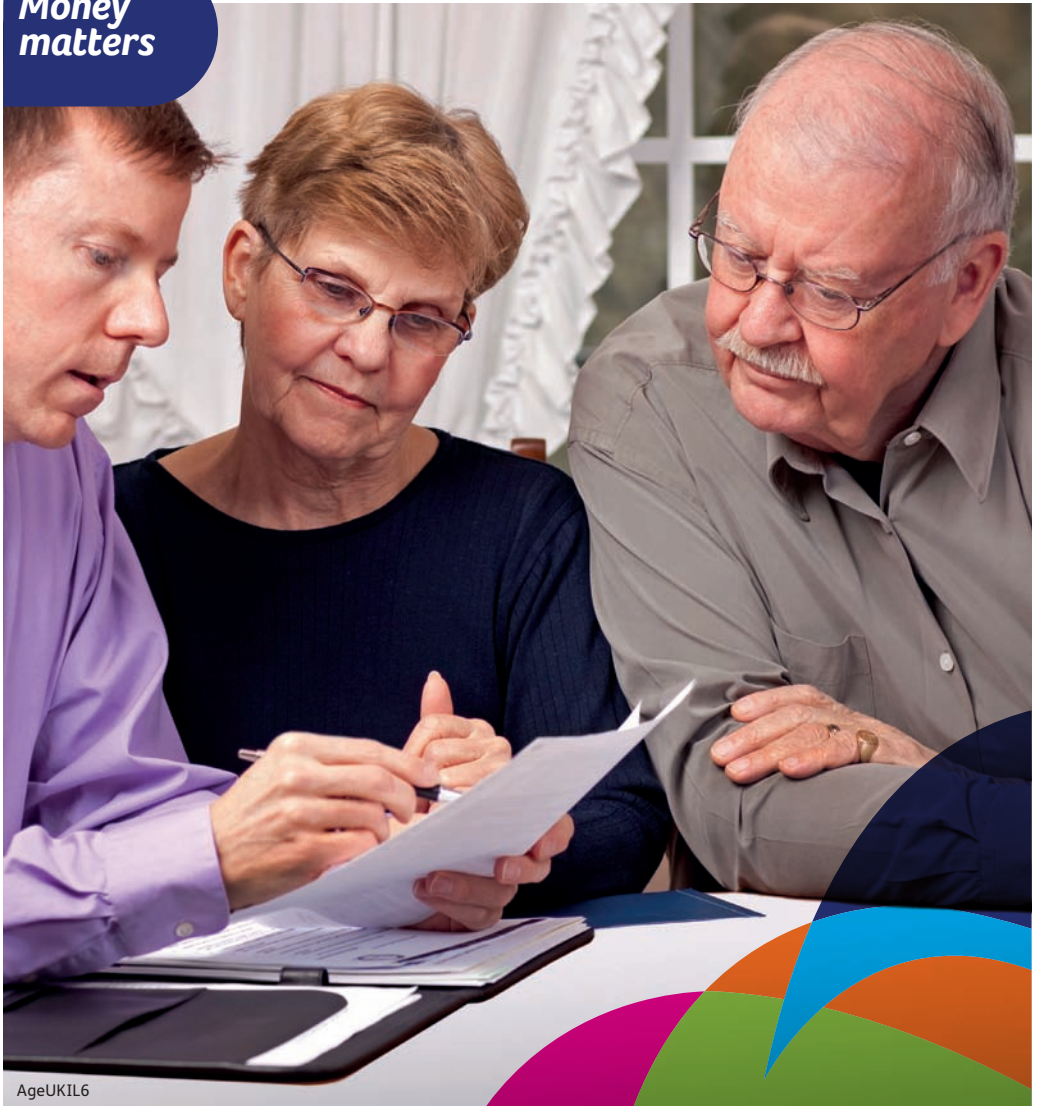


Equity release

Help with deciding whether
equity release is right for you



**Money
matters**



***Age UK is the new force combining
Age Concern and Help the Aged.***

***With almost 120 years of combined
history to draw on, we are bringing
together our talents, services
and solutions to do more to enrich
the lives of people in later life.***

***The Age UK family includes
Age Cymru, Age NI and Age Scotland.***

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Every effort has been made to ensure that the information contained in this leaflet is correct. However, things do change, so it is always a good idea to seek expert advice on your personal situation.

Date of publication: March 2011 © Age UK 2011

Age UK is the new force combining

AGE
Concern

and

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Introduction

As retirement approaches, we often start to think about how we'll manage financially, especially if we have a small pension and limited savings. If you own your home and have little or no mortgage, you might be considering equity release. If so, this guide will provide you with some basic information on how it works and whether it is right for you.

Throughout this leaflet you will find suggestions for organisations that can give further information and advice about your options. Their contact details can be found in the 'Useful organisations' section (see pages 10–12). Contact details for local organisations can usually be found in your local phone book. If you have difficulty finding them, your local Age UK/Age Concern* should be able to help (see page 10).

As far as possible, the information in this leaflet is applicable across the UK.

Key



This symbol indicates where information differs for Scotland, Wales and Northern Ireland.



This symbol indicates who to contact for the next steps you need to take.

*Many of our local partners will remain Age Concern for a while yet.

What is equity release?

Equity release is a way that homeowners in later life can release cash from their home without having to move. You borrow money against the value of your home, but pay nothing back until the debt is repaid from the sale of your home – either after your death or if you go into a care home. Alternatively, you can raise money by selling your home, or part of it, but continue to live in it until you die or go into a care home.

But first, there are quite a few things to consider. Equity release is a big decision and might not be the best or the only solution. If you receive state benefits, what will the impact be? If your circumstances change, will it affect your ability to move? If you have children, how will they feel about it? You may want to discuss it with them first. Most importantly, you should get specialist independent financial and legal advice before signing up for equity release.

Start by thinking about other ways to raise money – perhaps by moving to a smaller property, claiming any state benefits you may be entitled to, or following some of the tips in our free guide *Managing your money*. If you are having difficulty paying off debts, contact the National Debtline for advice (see page 11). You can also drop into your local Age UK/Age Concern* to arrange a benefits check. Read our free guide *More money in your pocket: a guide to claiming benefits for people over pension age* or *Claiming benefits: a guide for people of working age*.

**what
next?**

For more detailed information, see our free factsheet *Equity release*.

*Many of our local partners will remain Age Concern for a while yet.

Who can choose equity release?

You usually need to:

- be at least 55 years old (but the older you are, the more money you are likely to raise from the scheme)
- have paid off your mortgage (or have very little left to pay off)
- own a property in reasonable condition.

There are quite a few things to consider. Equity release is a big decision and might not be the best or the only solution.



Why choose equity release?

There are advantages and disadvantages to choosing equity release.

Advantages include:

- You can get a lump sum, regular income, or both and you don't have to move house.
- Reputable plans guarantee you'll be able to continue living in your home until you die or go into a care home.

Disadvantages include:

- With a lifetime mortgage (see page 6), the interest is added to the amount you owe – because you pay interest on interest, the amount you owe can grow very quickly.
- You will get much less than full market value if you sell some or all of your property through a home reversion scheme (see page 6).
- If you get married, or decide to live with someone in your property after you take out the scheme, the plan may come to an end on your death and your partner may have to move out.
- If you want to move to a new property, you may not be able to transfer the scheme to your new home – it depends on the scheme and the new property.
- If you die soon after taking out a scheme, you could have effectively sold off your home (or a part of it) cheaply – but some schemes give families a rebate if you die within the first few years of signing up.

Different types of equity release plans

There are three main types of equity release plan.

Lifetime mortgage

- You take out a loan secured on your home.
- You keep full ownership of your home, although you will have to pay back the mortgage on it, together with the accumulated interest.
- You repay the mortgage from the sale of your home, either when you die or move out. Reputable schemes guarantee that the repayment will never exceed the value of your property.
- Many providers offer a 'drawdown' facility, which means that instead of borrowing all you need as a lump sum at the start, you can take smaller cash amounts either when you need or on a regular basis.

Home reversion

- You sell your home or part of it to a reversion company.
- You no longer own your home, or you only own a part of it. You receive a lease giving you the right to live there rent-free (or sometimes for a token rent) for your lifetime or until you have to move to a care home. Check the terms of the lease to make sure you know what to expect.
- The reversion company will get its payout when the property is sold.
- The reversion company will only pay you a percentage of the current market value of your property because it may have to wait years for its return.

Sale and rent back schemes

- You sell your home, in return for a right to rent it back for a fixed term.
- You do not have the right to stay there for life, so get advice and check the tenancy agreement carefully.
- Check that the provider is authorised by the Financial Services Authority. All equity release providers must be authorised, but if you take a plan from a provider that is not, it is operating illegally and you will not be protected.

what next?

It is vital to take financial advice from an equity release specialist when considering equity release. They will look at your overall finances to see if equity release is really your best option and help you find the right type of scheme. Find one from www.unbiased.co.uk, www.thepfs.org.uk, or the Society of Later Life Advisers (see page 12).

The Age UK Group offers access to the Age UK Equity Release Advice Service provided by Just Retirement Solutions Limited.* Call Just Retirement Solutions on 0845 600 9276 to find out more.

*Age UK Enterprises Limited receives commission from Just Retirement Solutions Limited of up to 1.5 per cent of the amount advanced under each equity release plan sold, plus a contribution towards marketing support. Your local trading Age UK/Age Concern receives up to 30 per cent of the commission that Age UK Enterprises Limited receives for each equity release plan sold (i.e. up to 0.45 per cent of the amount advanced). Surplus net profits raised by Age UK Enterprises Limited from commission are donated to Age UK.

How will it affect my benefits and income tax position?

If you receive any means-tested benefits, such as Pension Credit, Council Tax Benefit or Housing Benefit, they could be reduced or lost entirely. You may find you have to pay more tax on any income raised from investing the money you received from equity release.

An independent financial adviser will be able to work out what might happen to your benefits if you take out an equity release plan. Consider this information carefully. Taking out a drawdown lifetime mortgage may greatly reduce the risk of your benefits being affected.

Avoiding risk

Lifetime mortgages, home reversion schemes and sale and rent back schemes are regulated by the FSA (Financial Services Authority). Make sure the firm you buy the equity release plan with is authorised by the FSA.

You may want to choose a product from a company that is a member of SHIP (Safe Home Income Plans, see page 12). This is an industry body and its members agree to abide by a voluntary code of conduct. Members guarantee that you can live in your property for life, move your plan to an alternative property without penalties and never owe more than the value of your home. If you use a company that is not a member of SHIP, check whether it offers similar benefits.

Seeking legal and financial advice

Always get independent financial and legal advice from an adviser who specialises in equity release before taking out an equity release plan. Check with the FSA that your financial adviser is authorised. Speak to an Independent Financial Adviser (IFA). You can find a local IFA by visiting www.unbiased.co.uk, www.thepfs.org.uk or contacting the Society of Later Life Advisers (see page 12).

Before you sign up to an equity release plan, speak to an independent solicitor. Solicitors with good knowledge of equity release may be members of the Equity Release Solicitors' Alliance or Solicitors for the Elderly – see the 'Useful organisations' section for their contact details on pages 11 and 12. The Law Society can provide you with a list of local solicitors in England and Wales (see page 11). In Scotland, contact the Law Society of Scotland and in Northern Ireland, contact the Law Society of Northern Ireland (see page 11). You could also obtain legal advice through Age UK Legal Services, which is a service provided by the law firm Irwin Mitchell. For more information, call Irwin Mitchell on 0845 685 1076.



If something goes wrong with your plan, contact the provider first. It will have a complaints procedure to follow. If you're not satisfied with the response, call the Financial Ombudsman Service to see if it can help (see page 11).

Useful organisations

Age UK

Age UK is the new force combining Age Concern and Help the Aged. We provide advice and information for people in later life through our Age UK Advice line, publications and online.

Age UK Advice: 0800 169 65 65

www.ageuk.org.uk

In Wales, contact

Age Cymru: 0800 169 65 65

www.agecymru.org.uk

In Northern Ireland, contact

Age NI: 0808 808 7575

www.ageni.org.uk

In Scotland, contact

Age Scotland: 0845 125 9732

www.agescotland.org.uk

The Age UK Group offers access to the Age UK Equity Release Advice Service provided by Just Retirement Solutions Limited. Call Just Retirement Solutions on 0845 600 9276 to find out more.*

***The Age UK Equity Release Advice Service is provided by Just Retirement Solutions Limited.**

Registered Office: Vale House, Roebuck Close, Bancroft Road, Reigate, Surrey, RH2 7RU. Registered in England number 5125701. Just Retirement Solutions Limited is authorised and regulated by the Financial Services Authority. If you call the 0845 number, you will be dealing with Just Retirement Solutions Limited, which provides the Age UK Equity Release Advice Service.

Age UK Enterprises Limited receives commission from Just Retirement Solutions Limited of up to 1.5 per cent of the amount advanced under each equity release plan sold, plus a contribution towards marketing support. Your local trading Age UK/Age Concern receives up to 30 per cent of the commission that Age UK Enterprises Limited receives for each equity release plan sold (i.e. up to 0.45 per cent of the amount advanced). Surplus net profits raised by Age UK Enterprises Limited from commission are donated to Age UK.

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Equity Release Solicitors' Alliance

A group of law firms in England and Wales that specialise in equity release. Contact them to find a specialist solicitor.

Tel: 0800 988 5102 (freephone)

www.ersalaw.co.uk

Financial Ombudsman Service

Helps settle disputes between consumers and financial organisations.

Tel: 0800 0 234 567 (freephone)

www.financial-ombudsman.org.uk

Financial Services Authority (FSA)

Regulates financial services in the UK.

Tel: 0845 606 1234 (consumer helpline)

www.fsa.gov.uk

Law Society of England and Wales

Tel: 020 7242 1222

www.lawsociety.org.uk

Law Society of Northern Ireland

Tel: 028 9023 1614

www.lawsoc-ni.org

Law Society of Scotland

Tel: 0131 226 7411

www.lawscot.org.uk

National Debtline

Provides free confidential and independent advice on how to deal with debt problems.

Tel: 0808 808 4000 (freephone)

www.nationaldebtline.co.uk

Personal Finance Society

Search online to find a local financial adviser.
Make sure you use one that specialises in equity release.

Tel: 020 8530 0852
www.thepfs.org.uk

SHIP (Safe Home Income Plans)

Trade association for most providers of equity release schemes, which must comply with a code of conduct. Provides a list of members and free written information about equity release.

Tel: 0844 669 7085
www.ship-ltd.org

Solicitors for the Elderly

Independent national organisation of solicitors who specialise in a wide range of legal issues affecting older people. Contact it for help in finding a solicitor.

Tel: 0844 567 6173
Email: admin@solicitorsfortheelderly.com
www.solicitorsfortheelderly.com

Society of Later Life Advisers

Helps you find a financial adviser who understands the financial needs of older people. Search online for a local adviser.

www.societyoflaterlifeadvisers.co.uk

Unbiased.co.uk

Search online for local independent financial advisers (IFAs).

www.unbiased.co.uk

***You should get specialist
independent financial and
legal advice before signing
up for equity release.***



What should I do now?

For more information on the issues covered in this leaflet, or to order any of our publications, please call Age UK Advice free on **0800 169 65 65** or visit **www.ageuk.org.uk/moneymatters**

Our publications are also available in large print and audio formats.

The following Age UK information guides may be useful:

- *Housing options*
- *Money matters*
- *More money in your pocket: a guide to claiming benefits for people over pension age*

The Age UK Group offers a wide range of products and services specially designed for people in later life. For more information, please call **0800 169 18 19**.

If contact details for your local Age UK/Age Concern* are not in the box below, call Age UK Advice free on **0800 169 65 65**.



*Many of our local partners will remain Age Concern for a while yet.

Age UK is a charitable company limited by guarantee and registered in England (registered charity number 1128267 and registered company number 6825798). The registered address is 207–221 Pentonville Road, London N1 9UZ. Age Concern England (registered charity number 261794) and Help the Aged (registered charity number 272786), and their trading and other associated companies merged on 1 April 2009. Together they have formed the Age UK Group, dedicated to improving the lives of people in later life. The three national Age Concerns in Scotland, Northern Ireland and Wales have also merged with Help the Aged in these nations to form three registered charities: Age Scotland, Age NI and Age Cymru. ID8815 03/11