

Equity Release Retirement Funding

YOUR FREE GUIDE

Contact:
info@blacktowerfm.com

October 2021



Is Equity Release right for you?

If you are over the age of 55 and own a property (or at least part of it), equity release can be a method for releasing a portion of your home's value while you remain living in it. If downsizing is not for you, equity release might be an option for generating funds.



Equity release is a big step with numerous implications for you and your family in the future. It is crucial that you seek specialist financial advice before you make any decision in this regard.

How do I release equity in my property?

The most commonly used equity release products are Lifetime Mortgages and Home Reversion.

Lifetime Mortgages

You borrow money secured against your home, provided it is your main residence, while retaining ownership. The interest on a lifetime mortgage is 'rolled up' and added to the loan amount. When the last borrower dies or moves into long-term care, the home is sold and the money from the sale is used to pay off the loan.

Retirement interest-only mortgages allow interest to be paid off during the lifetime of the loan to avoid the rapid growth of compound interest.

How do I release equity in my property?

The most commonly used equity release products are Lifetime Mortgages and Home Reversion.

Home Reversion

You sell all or part of your home to a home reversion provider at less than its market value – typically, between 30% and 60% below, with younger home owners receiving the lower end of the scale. You will receive a tax-free lump sum, or regular payments (an income), equal to the percentage value of your home that you have sold and you will be able to live in the property rent-free.

Your property will be sold on your death or when you need to go permanently into care. The proceeds of the house sale will be split between you or your estate and the home reversion provider, depending on the percentage of the property you own.

What do I need to be aware of when considering equity release?

A D V A N T A G E S

- Tax-free cash to spend as you like, when you choose.
- You can stay in your own home until you die or need to go into care permanently.
- No monthly repayments (unless you want to and are able to).
- Equity Release Council lifetime mortgages guarantee no negative equity.
- Can help with Inheritance Tax planning.

What do I need to be aware of when considering equity release?

DISADVANTAGES

- 'Roll up' interest can quickly accumulate. A 4.1% interest rate over ten years on a £100,000 lump sum would mean compound interest costs of £55,000.
- Your loved-ones' inheritance pot could be reduced to very little.
- Costs and fees: to the lender, solicitors, and for specialist equity release financial advice.
- Early repayment charges if you want to pay off the loan before you die.
- Means-tested benefits might be affected.

How can Blacktower UK help me with equity release?

We can help our existing clients with all the important aspects of retirement planning, including providing support for those who are considering equity release as an option.

If you have significant assets, pre or post retirement, and would like to discuss your broader wealth management and inheritance planning concerns, including Inheritance Tax Planning and mitigation of IHT, then please contact us for a discussion of your requirements.





BLACKTOWER
FINANCIAL MANAGEMENT GROUP

Our heritage protects your horizon