

Our Equity Release Service Proposition

There's no place like home

Your home is where you've shared many special times and where you enjoy spending time with your family and friends...

...so make your home work for you.

Money seems to be tighter for families these days, and when retirement comes, pensions aren't always enough to rely on alone. Depending on your circumstances, a Lifetime Mortgage could be something to consider. Speak to us now to book a free, no obligation meeting to discuss your options.



CHADWICK
FINANCIAL MANAGEMENT

www.chadwickfinancial.uk.com

Introduction

There’s plenty to think about if you are approaching retirement or are already retired. Money can be a key consideration at this time, with pensions and savings requiring careful review. However, for some people additional funds may be required and this is where equity release is a consideration.

Chadwick are here to help you understand your needs, your options and whether equity release is suitable for you.

This guide will outline the eligibility criteria, explain the different options and help you to make the best decision.



Contents

What is
Equity Release?4

Lifetime Mortgage
and Home
Reversion5

Who can apply?6

Why equity
release?7

Frequently Asked
Questions8

The Process10

Welfare Benefits.....11

Points to consider...12

Solicitors & LPAs.....14

What Else We Do15

What is Equity Release?

Equity Release is a way in which homeowners aged over 55 can raise tax-free money using the value of their home.

This can give eligible homeowners aged 55 or older access to some of the money tied up in their property. You are able to draw cash from the value of your home, without having to move out.

Every case is personal and is based on the current property value and the individual circumstances of the homeowner.

You can either borrow against the value of your home or sell all or part of it in exchange for a lump sum or a regular monthly income. Some plans give you the option to “drawdown” further equity (cash) at a later date, based on your requirements.

Inheritance protection is also a feature some clients like to ensure they pass on some inheritance to their children.

www.chadwickfinancial.uk.com/our-services/equity-release/

Chadwick Financial Management is a member of the Equity Release Council. The Equity Release Council is a not for profit organisation which oversees the industry and ensures all providers and advisers follow strict standards and principles. To protect people who take out equity release plans, it has put safeguards and guarantees in place such as:

- No negative equity guarantee – you will never owe more than the value of your home, even if property values fall
- Right to live in your home for life or until moving into long-term care
- Legal work carried out by solicitor of your choice
- Have the right to move your plan to another suitable property (subject to conditions)

www.equityreleasecouncil.com

Lifetime Mortgage and Home Reversion

There are two main types of equity release scheme:

Lifetime mortgage

This is a type of mortgage where you can release a lump sum of tax-free cash from your property or, with ‘drawdown schemes’, take smaller lump sums over time. The property remains yours for the duration of your lifetime and is sold upon death or when you move into long-term care. You can choose to make repayments or let the interest roll-up. Under certain lifetime mortgages you can retain a certain amount of the property as an inheritance for your family.

Home Reversion

A Home Reversion Plan allows you to sell all or a part percentage of your home while retaining the right to remain in it, rent free. The percentage you retain in your property will always remain the same regardless of the change in property values, unless you decide to take further cash releases. At the end of the plan your property is sold and the sale proceeds are shared according to the remaining proportions of ownership.

Quick Comparison Chart

Feature	Lifetime Mortgage Interest Only	Lifetime Mortgage Interest Payments	Drawdown Lifetime Mortgage	Home Reversion
Take Smaller Amounts of Money when you need them			✓	✓
You own your own home	✓	✓	✓	
You sell a share of your home				✓
Interest accrues on the loan	✓	Optional	✓	
Secure a pot of money for the future			✓	
Future Property Value	✓	✓	✓	

A lifetime mortgage may not be right for you. To understand the features and risks, ask for a personalised illustration.

What difference could a lifetime mortgage make to you?



Improvements

Many people use a lifetime mortgage to improve their home or make it more manageable so they can stay in it for longer by creating a debt against their home.



Debt

You could relieve the pressure of monthly payments and pay off any outstanding debts, although it's important to think carefully about securing a debt against your home.



Retirement

Day to day, you could enjoy a better quality of retirement.



A holiday

The holiday of a lifetime for the whole family.



Income

It could supplement your pension income and make life easier.



Everyday things

It could help you improve your general standard of living.



Family

You could give family members their inheritance now - for example, the deposit for their first home - reducing the value of any future inheritance you may leave.



Estate Planning

A lifetime mortgage will be deemed a debt when calculating Inheritance Tax.

Frequently Asked Questions

Do I need professional Advice?

Yes. You can only get lifetime mortgage advice from an expert adviser who has passed detailed, professional exams. Independent Advisers will review the whole of the market to find the most suitable product for you. We are fully qualified and Independent and have been for over 30 years.

Will I have to make repayments?

No - but some schemes offer interest free interest payments and overpayments or you can opt to roll up interest.

Will a lifetime mortgage affect any inheritance?

Yes. The property will be sold on your death or earlier move in long term care and the sale proceeds will first be used to pay off the equity release mortgage. Any remaining funds will be used to fund the care and/or paid to the beneficiaries of your estate. How much they receive will depend on the outstanding mortgage balance and property values at the time of the sale.

Can I be forced to leave my home?

Lifetime mortgages enable you to stay in your home until you die or move into long-term care, as long as you continue to meet the Terms and Conditions of the mortgage contract. Joint applications protect the second applicant until death or until long-term care is required. We will explain any terms to you before application.

How is interest calculated?

Unpaid interest is added each month or year (different schemes).

Ask to see our Mythbuster Guide.

Should I borrow the maximum amount?

- Borrow the amount that is right for you – don't get yourself into heavy debt or draw money out and leave it unspent in your bank incurring interest.
- Drawdown gives much more flexibility with a lower initial amount taken. You can then drawdown ad hoc amount if/when required.

But Equity Release has such a bad reputation

- More safeguards and stricter legal advice - FCA regulation.
- Since 2016 the equity release market has been growing at 7.1% per quarter with over £1billion released from property in the final quarter of 2018 alone.
- More competition in equity release market, low interest rates and flexibility in schemes
- This is more than one option to borrow – not the only option. We will look at all your options and recommend the best scheme for you.



Who can apply?

- Are you (and your joint homeowner) aged over 55?
- Is the property your main residence and in England, mainland Scotland or Wales?
- Is the property valued over at least £100,000 and in a good state of repair?
- Do you own the property outright, or is your mortgage small enough to be paid off by some of the proceeds of the new scheme?

Additional Considerations

- The older you are, the more you can apply to borrow. Many lenders have a minimum age limit of 60, but some from 55
- Flexible drawdown schemes are available when you don't need to borrow the full available amount straight away
- The maximum amount you can borrow is typically between 18% - 50% of the property value based on the youngest borrowers age
- You will have to borrow a minimum amount, typically £10,000
- There will be additional requirements if anyone else lives in the property
- Some providers may offer larger sums to those with certain past or present medical conditions, or even 'lifestyle factors' such as smoking
- You will require a solicitor and will incur the associated costs
- Second-Home Schemes are available
- Inheritance Protection

IF YOU HAVE FAMILY, YOU MAY WISH TO INVOLVE THEM IN DISCUSSIONS.

Family members are welcome to come to meetings with you. There is a lot to consider.



The Process

At your initial meeting we will discuss your requirements and review your circumstances, at no cost or obligation to you. Equity Release is not right for everyone, so we need to get to know you, your property and your objectives before going any further. We will discuss your requirements and produce Whole of Market research to demonstrate the schemes which could be available to you.

If you decide to proceed, we will invite you back into the office to complete the application. A £595 fee is due at this time. We may ask you to bring certain relevant documents to this meeting, including ID and bank statements.

Once the application has been submitted, we will stay in contact with the lender until the application process is complete. We will help with any queries that may arise from the valuation survey and answer any questions that the lender may have. We will also complete a 'Suitability Report' to confirm our recommendation.

When the application process is complete, the lender will send an 'Offer' to you with a copy to us. The remaining fee of £700 is due at this point and our job is complete. From this point your Solicitor will take over the case and process the legal requirements and ultimate drawdown of your funds.



Solicitors and LPAs

Solicitor Requirements

Equity release is a specialist, product and both financial advisers and lawyers must complete additional qualifications to be able to give appropriate advice. We will help you to find a qualified lawyer to guide you through the process – they can't always be found at the big name companies on the high street.

The Importance of a Lasting Power of Attorney

We all know that we should write a will, but too few of us know we should also consider something called Lasting Power of Attorney. This document gives another individual the legal authority to look after specific aspects of your financial affairs should you lose the capacity to do it for yourself. The odds of over 65s developing dementia are 1-in-3 and there are similar difficulties that can be faced by victims of stroke, serious accidents and more.

For someone in this condition, handling financial affairs becomes virtually impossible - which is why charities who care for the elderly recommend everyone plans ahead to ease the potential burden on relatives.

Lifetime Mortgages

If you haven't taken all of the maximum available loan from your lifetime mortgage, should you have an accident or start to lose mental capacity, you may be unable to request further drawdown funds yourself.

For example, you might take out £10,000 initially and ring-fence a certain amount for the future. But to draw against that ring-fenced amount, you need to agree and sign the paperwork. If you have not set up an LPA and need someone else to request the remaining money for you, they will not be able to, even if it is your spouse, until they have applied to the Court of Protection to become a deputy for you. This is not only time-consuming, but costly and distressing to all involved at an already distressing time.

Don't assume

If you're married or in a civil partnership, you may have assumed that your spouse would automatically be able to deal with your bank account, mortgage and pensions if you lose the ability to do so. This is not the case. Without an LPA, they won't have the authority.

Welfare benefits

Before you sign up to an equity release scheme to pay off debts or cope with monthly expenditure, check whether you are receiving all the benefits you are entitled to using the Government website: www.gov.uk/benefits-calculators or via our website: www.chadwickfinancial.uk.com/our-calculators/

The money you receive as a result of Equity Release is tax free. Depending on what you do with this money, tax may become payable. Money received from equity release can also affect your entitlement to Pension credit, along with other means tested benefits such as Council Tax Support and help with health costs.

You need to consider whether the income you will receive through equity release will be greater than the possible impact on current and future state benefit entitlement.



Further Reading

www.chadwickfinancial.uk.com/our-services/equity-release

www.myequityreleasecalculator.co.uk

Points to consider

Nobody can predict what the future will bring, and retirement planning is made harder by not knowing our 'date of dispatch'. However, you can certainly plan ahead.

Here are some points for you to consider:

- How far will my savings need to stretch?
- How might this impact my monthly costs?
- Will I need to provide financial support to my loved ones during my retirement?
- How will my health change as I age? Are there any pre-existing health or family health conditions that may provide an indication?
- How would I like to spend my time and how will my lifestyle change as I get older?
- What is my life expectancy?

Once you have a clearer picture of what your retirement might look like, you're in a much stronger position to plan ahead.

Ask yourself:

- Do I want or need guaranteed income for the remainder of my life or would I prefer to pick and choose when to take income?
- Do I feel comfortable taking investment risk?
- Do I have sufficient pension money to support the kind of lifestyle I want to lead?
- Do I want to take a cash lump sum?
- Do I want to minimise tax by managing how and when I access money?
- Do I qualify for impaired health enhanced terms?
- Downsizing
- Borrow more money from family
- Other investments you could use

Our Team

Karen
Director, IFA and Equity
Release Specialist
karen@chadfinman.com

Tanith
IFA Admin Manager and
Equity Release Specialist
tanith@chadfinman.com

Lisa
Independent Insurance
Specialist
lisa@chadfinman.com

Sylvia
IFA and Equity Release
Specialist
sylvia@chadfinman.com

Callum
IFA and Equity Release
Specialist
callum@chadfinman.com



Need more help?

**Book a FREE
discussion now.**


The Money Advice Service
for free impartial money advice
www.moneyhelper.org.uk

What Else We Do... As well as Equity Release

 Investments

 Pensions

 Estate Planning

 Home and
Contents Insurance

 Financial Review
Service

 Ethical
Investments

 Life Insurance

 Critical Illness

 Private Health
Insurance

About Us

With offices in Dartmouth since 1983, we deal with all the things you would expect - pensions, investments, life assurance, mortgages and so on - but our priority is to get to know you and understand what makes you tick. Then we can really make a difference to your life. We use the latest independent software together with years of experience to provide local, trusted advice.

We just think of it as doing our professional utmost to exceed the standard of service you should expect, treating you in the way we'd like to be treated ourselves.



Risk Warnings

Please remember that a lifetime mortgage may not be right for you. To understand the features and risks, ask for a personalised illustration. You must be a homeowner and over 55 years old to qualify. A lifetime mortgage may affect your right to means tested state benefits and will reduce the value of your estate. Our advisers can help discover if a lifetime mortgage is right for you.

Local trusted advice

**Chadwick Financial Management, Independent Financial Advisers,
Chadwick House, Hauley Road, Dartmouth, TQ6 9AA**

Tel: 0800 833389 Email: discover@chadfinman.com

Website: www.chadwickfinancial.uk.com

Registered office : Chadwick House, Hauley Road, Dartmouth TQ6 9AA
Chadwick Financial Management is a trading style of Yorke Finance Ltd, which is authorised & regulated by the Financial Conduct Authority 756100 Company registered in England and Wales no. 06005593