



## **Equity Release – An introduction**

Until we can re-arrange the Life Is for Living Event and meet you all in person, we've put together some of our most regularly asked questions and answers on Equity Release Mortgages. Please feel free to get in touch if you have any questions.

### **What is equity release?**

This is a financial tool available to homeowners aged over 55. Most people who release equity from their home do so with a lifetime mortgage, which is a loan against their home, reducing the wealth in their property without having to sell it.

It is a complicated and regulated financial product requiring expert financial advice.

### **Are there any restrictions on how I can spend the money?**

No, there are no restrictions – you can borrow money for any legal purpose. Most commonly we have clients who are paying off existing mortgages, doing home improvements, moving house and gifting to younger generations to help them onto the property ladder.

### **What happens when I die or go into care?**

Equity release is a mortgage against the property that gets paid back on death or if you go into care. If you are a sole owner the property usually needs to be sold within 12 months of one of these events taking place. In the case of joint owners this is when one of these events happens to the second person.

### **What gets paid back?**

When equity is released from a property using a Lifetime Mortgage, the loan, plus any accrued interest, is normally repaid from the sale of the property after the owners have passed away or go into care. Any remaining equity left following this sale will go to beneficiaries.

### What rights do we retain over our property?

With a lifetime mortgage you continue to own your home, albeit with a mortgage secured on the property. You have the right to remain in your property for as long as you are able to live there.

### Can I gift money to family?

Some people actually choose to use equity release as a sort of “living inheritance,” gifting money now rather than after they die. You may need to seek advice from an independent tax adviser if this is the case. Equity release can be used as financial support for children or even grandchildren. In fact, it is one of the most popular reasons for equity release.

Please get in touch by email [amanda@aapfinancialsolutions.co.uk](mailto:amanda@aapfinancialsolutions.co.uk) or phone 07973 421446.

This is a lifetime mortgage. To understand the features and risks, ask for a personalised illustration. Check that this mortgage will meet your needs if you want to move or sell your home or you want your family to inherit it. If you are in any doubt, seek independent advice

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