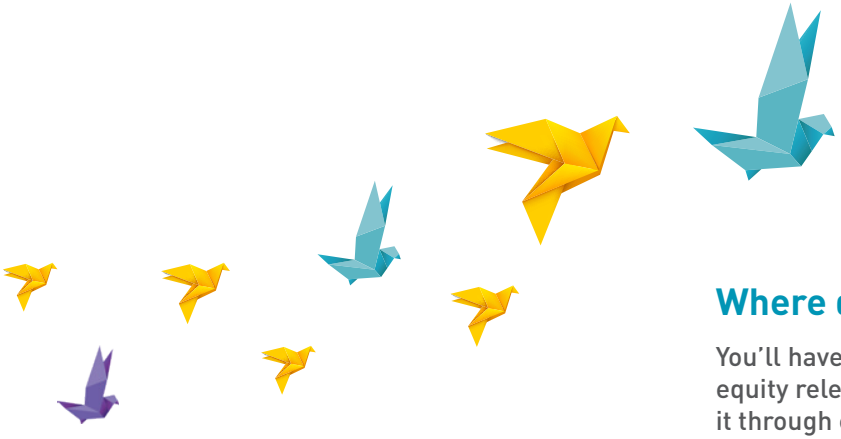
EQUITYSELECT

Live life your way

When you are heading towards or starting your retirement, you may find yourself wanting a little extra money for any number of reasons: people are living longer, you may have unexpected demands on your finances from family, or your pensions may not be not living up to expectations. This can feel as though you have no freedom to achieve any further life goals. It's often forgotten that a large proportion of your wealth is locked up in your property.

You've paid into this investment for most of your life; now is the time for it to work for you.

You may have looked at downsizing, but this may be an emotional upheaval and it may not suit all circumstances. Equity release enables you to unlock some of the wealth tied up in your property – in a flexible and safe way – to spend how you wish, without having to sell your home. It can help put you back in charge of your life.



What is equity release?

Individuals aged 55 and over can release some of the wealth tied up in their property without having to sell it.

If you, as a homeowner, decide to use equity release, you can draw a lump sum or regular smaller sums from the value of your home whilst still residing there. There are plans through which you can take as little as £10,000 tax free and leave further funds on reserve for when you need them.

The two equity release product types available are the lifetime mortgage and the home reversion plan, both of which are regulated by the Financial Conduct Authority (FCA). In the modern equity release market, there are various different features that go with these products. With providers coming up with new features all the time, there is bound to be an equity release plan to suit your particular requirements.

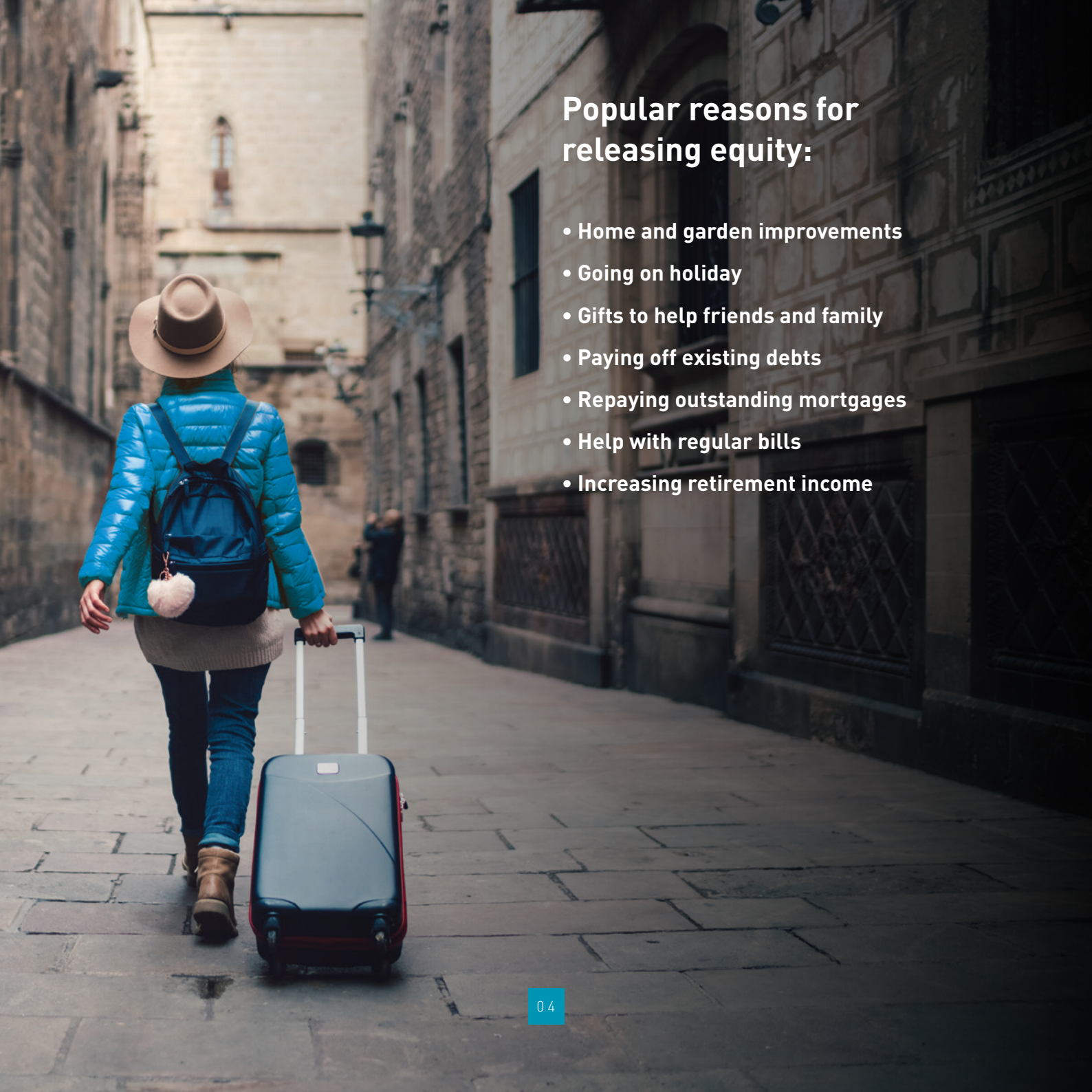
Am I eligible?

If you are a homeowner age 55 or over with a property worth at least £70,000, then you may qualify for equity release.

Where do you start?

You'll have a lot of questions when approaching equity release planning, and you'll need to think it through carefully, with all your options laid out in front of you, but where do you start?

It's important to have an experienced and independent adviser to help you throughout the process. I'll make certain that I give you the best advice from the current market, as well as from my own knowledge and experience, and in a clear and completely understandable way.



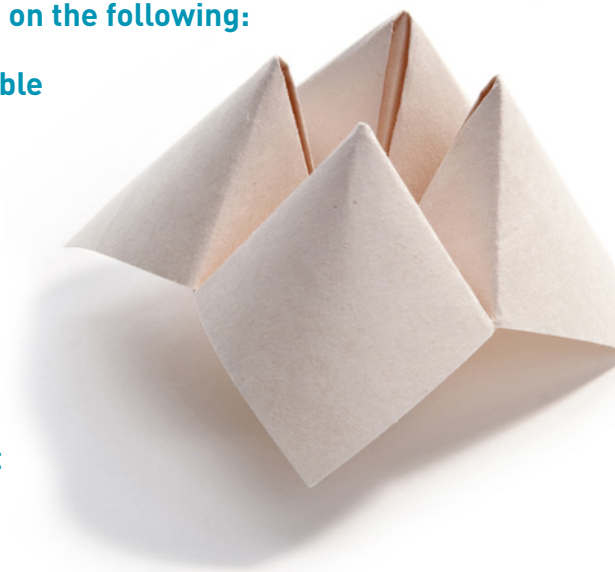
Popular reasons for releasing equity:

- Home and garden improvements
- Going on holiday
- Gifts to help friends and family
- Paying off existing debts
- Repaying outstanding mortgages
- Help with regular bills
- Increasing retirement income

Choosing the right plan for you

It's important to have the advice of a knowledgeable adviser at this stage, as choosing the right type of equity release plan depends on the following:

- **The market value of your home and the equity available**
- **Your age**
- **Your health**
- **What your retirement goals are**
- **Inheritance-protection options**
- **Fixed or variable early repayment charges**
- **Downsizing protection**
- **Whether you'd like to make interest payments or not**
- **What other options are available to you**



As your adviser, I'll be able to fully explain the different options open to you and why certain plans will suit your needs better.

Lifetime mortgage

This type of mortgage is secured on your property whilst you still own it. You can make monthly or partial repayments, or you can opt not to make any repayments; for both partial and no repayments, the loan amount plus any interest is repaid when the last applicant passes away or moves into long-term care. Usually, this is achieved through the sale of the property.

A Home Reversion plan

This means that part or all of your home is sold to the reversion provider in return for a lump sum, and you have the right to live in your property until the last applicant passes away or moves into long-term care. At that point, your property is sold, the reversion provider receives their share of the sales proceeds, and the leftover proceeds become part of your estate.

8 steps to responsible equity release

STEP 1:

Getting expert advice

After your initial enquiry, I'll arrange to visit you at your home. I'll take some time to get to know you and find out what your goals are. Then I'll explain the product features of each of the different types of equity release and review your situation to assess the best option for you.

STEP 2:

Research and planning

The next step is for me to research the whole market to find the plans that best match up to what you have told me. Once I have identified the most suitable plan, I'll arrange to come back to see you to talk you through the details in full.

STEP 3:

Thinking things over

Once we have discussed the plan, I always advise that you speak with your family, so that everyone understands the arrangement. It's a good idea to write down any questions that come up during these discussions. There will be no pressure from me to go any further or make any decisions at this stage; take your time and prepare as many questions as you can before our next meeting.

STEP 4:

Taking care of the paperwork

At our next meeting, we'll go over the details again to make sure that you fully understand the arrangement, and I'll answer all the questions you have gathered since we last met. If you are happy to, I'll then start arranging the relevant paperwork.

STEP 5:
Working with the lenders

Once I have submitted your application to your chosen provider, they will arrange for a Royal Institute of Chartered Surveyors (RICS) property survey to confirm how much your property is worth, and, in turn, the amount of equity you are able to release and whether the provider is comfortable with lending against your property.

STEP 6:
Making a personal offer

Once the property valuation survey has been completed, the provider will issue your personal offer to you. This will include all the terms and conditions, and full details of your plan. We'll arrange to meet again and go through your personal offer together. If there are any questions at this stage, I'll address them, so that you fully understand and are happy with your plan.

STEP 7:
Appointing solicitors

Once you are comfortable with your personal offer, the next stage is to appoint a solicitor to take care of the legal work. You may want the legal work to be carried out by your own solicitor, or I can arrange for an independent solicitor to visit you at home at your convenience. When everything is ready to be signed, a meeting will be arranged, which I'll be happy to attend, for reassurance, should you wish me to.

STEP 8:
Releasing the equity

When everything has been completed by the solicitor, you'll receive the money into your chosen bank account to spend how you wish. This usually takes between four and eight weeks.

About Allan Robertson | CeMAP, CeRER

I set up Equity Select in order to deliver high-quality equity release advice. The market has changed significantly, and more and more people are seeing their property as a way to help fund their retirement. With those in the baby-boom generation approaching retirement, it's likely that equity release will become more mainstream over the coming years.

Yes, equity release has suffered a bad name in the past – nobody would deny that; however, with the new regulations and safeguards that are in place, it's easy to see why it's grown in popularity and why I receive regular enquiries about it.

As this is a personal decision for a family, getting the right advice and information is very important. All my clients know I'm passionate about helping them and even more so about discussing all their options face to face. We'll meet for a coffee and a chat; I'll go through how equity release works, what their options are, and the benefits and drawbacks of each option; and then I'll leave them to decide what's right for them. There isn't a charge for this service; I'm happy to just talk this through as a starting point. If my clients decide it's the right decision for them, then I'll assist them with releasing some equity from their property. If it's not right for them, it's no problem at all. In fact, if I don't think it's right for a client, I'll actively advise against it. There are a lot of misconceptions around equity release, and I want to educate people on how it really works.

By being able to offer equity release advice (and mortgage advice too), I'm confident I'll be able to help my clients when it comes to property finance.

My promises to you

- I promise to give you the very best advice available from the current market, my knowledge and my expertise. My main goal is always to get a clear picture of your needs as my client and to find a solution that best fits your situation.
- One of the elements of my job that gives me a great deal of personal satisfaction is helping you to achieve your property goals, so I'll aim to build a strong relationship with you to allow me to do that.
- I'll make myself available to meet you at your home, your workplace or a neutral location that suits you, at a time and date that works for you.
- My advice is totally unbiased. I'm not associated with any third-party lenders or products, so my focus is always on your objectives and no one else's.

FAQs

1. **Will I be able to release equity even if I still have a mortgage?**

   Yes, though you'll have to use the funds released to repay your outstanding secured loans. Any money left over will be for you to spend as you wish.

2. **Will I still own my own home?**

   With a lifetime mortgage, yes, you are in control and may live in your home as long as you want to. With a reversion home plan, the reversion company will own all or part of the property, although you may live in it for the rest of your life.

3. **Will I be able to move house?**

   Subject to the lender's criteria, you may transfer your existing plan to a new property.

4. **Will I ever fall into negative equity?**

   No. The providers I work with offer a "no negative equity" guarantee.

5. **What about repairs and maintenance?**

   You'll be responsible for having both the relevant insurance policies in place for your property, and for maintaining the property.

6. **Will I have to make monthly payments?**

   Depending on the equity release product, you can either make monthly interest payments, ad hoc partial interest payments or no monthly payments at all. We'll discuss this when deciding on the best plan for your needs.

7. **Will I be able to pay back released equity early?**

   Yes, you may pay the equity back early, although, this may be subject to early repayment charges. I'll explain these in full at our initial meeting, as there are different options associated with each equity release product.

8. **Are there any restrictions on what I may do with the money?**

   No, the equity release funds are tax free and may be spent in any way you wish.

9. **Will I be able to leave an inheritance for my family?**

   Yes, there are plans that allow you to leave a percentage of your property's value to your beneficiaries. In addition, any funds remaining after the plan has been paid in full will be left to your estate automatically.

10. **What happens if I go into long-term care?**

    Whether you are single or one of a couple, if you need care in your home, this is not likely to affect the terms of your plan. For couples, if one of you leaves to go into a care home, the other can continue to live in the property, and your plan is normally not affected. The plan will end if both of a couple or you as a single person have to move into a care home.

11. **What happens when I pass away?**

    The property will be sold once the last surviving spouse of a couple or you as a single person have either moved into long- term care or have passed away. The sales proceeds are used to repay the equity, and any money left over forms part of your estate.

Case studies that bloom

1. Smith

Mr and Mrs Smith own their home, and were looking to help their son and daughter-in-law get on the property ladder.

They decided that, rather than waiting until they were no longer with us, they'd like to give some of their son's inheritance to him now, to help him and his family.

Through a lifetime mortgage, Mr and Mrs Smith were able to unlock some of the equity tied up in their property, and their son used it as a deposit to buy his family home.

Mr and Mrs Smith were delighted to see the money put to good use, and they enjoy popping round for a coffee and seeing their grandchildren enjoying their new home.

2. Baily

Mrs Baily was struggling to pay her monthly bills and couldn't spend much on socialising due to a lack of disposable income.

By arranging a lifetime mortgage with a monthly income, she was able to top up her state pension, which has allowed her to join a few social groups, and she's become a social butterfly who attends coffee mornings and art classes.

She has the peace of mind of being able to pay her regular bills as well as being able to go out and meet people at social events. It's the retirement lifestyle she dreamt she'd have.

3. Jones

Mr and Mrs Jones had taken out an interest-only mortgage in the year 2000. The mortgage was coming to the end of the term, and they would soon need to pay the outstanding balance.

They didn't have the money to do so and were scared that they'd have to move out of their family home. Being born and bred in the village where they still lived, they couldn't imagine living anywhere else.

Even if they sold the property to repay the out-standing mortgage, property prices had increased over the previous 10 years, so they wouldn't have had enough money left to downsize and buy another property locally.

By arranging an equity release plan, they were able to access some of the money tied up in their property, and they used it to repay their existing mortgage.

Now, Mr and Mrs Jones no longer need to make monthly mortgage payments, and they can live out the rest of their retirement in the home and the village that mean so much to them.

To protect clients, privacy, pseudonyms have been used in the case studies above.

Why choose Equity Select:

Integrity

For your complete assurance, I'll always determine whether a course of action is right for you and your family before any equity release process is started.

Clarity

I'll provide jargon-free advice and explanations, so that you understand my recommendations fully and feel confident about the whole process.

No pressure

Equity release is a very personal decision, and my job is to help guide you through the process. I'll give you all the information you need to make a decision and I'll then leave you to decide what is best for you in your own time.

Peace of mind

I'll take away all the worry of having to deal with your solicitor and equity release provider. I'll work with you , and provide guidance and reassurance. Equity release is regulated by the Financial Conduct Authority (FCA) and by the Equity Release Council (ERC) for maximum consumer protection.

Ongoing care

My service doesn't stop after you receive your funds. I'll be available to provide advice and assistance thereafter, for years to come if needed.

Specialist advice

I'm completely focused on this form of financial planning, and I'm fully qualified to do so. I'm authorised and regulated by the FCA.

Only if you choose to go ahead and your case completes successfully will a fee become payable; this is currently up to a maximum of 2% of the loan amount. I'll talk through the associated costs of setting up an equity release plan before you make any decisions.

A lifetime mortgage may reduce the value of your estate and affect your ability to claim means-tested state benefits. I'll guide you through this in more detail before you decide to go ahead.

EQUITYSELECT

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