

Inheritance Protection

Fact Sheet



Also known as “Protected Equity” Inheritance protection is a feature designed within Lifetime mortgages that allows you to guarantee a proportion of your properties sales proceeds to be left as part of your estate. A common concern many clients have, is the ability to leave their family a guaranteed inheritance, whilst still being able to access equity from their property that will allow them to enjoy their retirement. Many would rather go without, so that they can leave it all to their families. Inheritance protection can help with this.

Example: Mr & Mrs Fisher would like to release some of the equity from their property to spend on holidays. They love going on cruises around the Mediterranean and exploring different cities. Based on their current ages they can release 30% equity from their £300,000 home (£90,000). They have estimated that they will need around £9,000 a year to cover the costs of their travel plans. They would like to arrange a Drawdown plan which will let them access £9,000 now, and a further £9,000 each year for the next 5 years. This would mean that whilst they are able to release 30% of the equity from their home, they only need to access 50% of this figure (15%). Mrs Fisher is concerned that if they take all of the equity available from their property there might not be any inheritance left for the 3 children and 6 grandchildren.

Solution: Mr & Mrs Fisher can take 50% of the equity currently available to them (£90,000) and using the Inheritance Protection facility offered by their Lifetime mortgage lender, ringfence the remainder. This means that when their Lifetime mortgage ends either through moving into long term care or passing away. 15% of the properties sales proceeds automatically form part of their estate to be left to the children and grandchildren. Along with any other equity that is left in the property.

This feature is popular as it gives peace of mind to those who want to ensure that some of the family wealth is passed on to future generations

Tel: 01283 752597 Mobile: 07970687062 Email: hello@equityselect.co.uk Website: equityselect.co.uk

Address: 26 Upton Drive, Stretton, Burton Upon Trent, Staffordshire, DE14 2FB

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