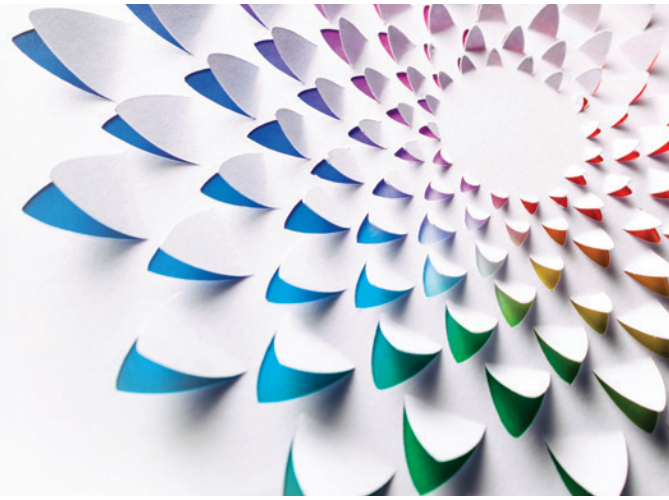


# Home Reversion Plan Fact Sheet



**Home Reversion Plans account for a very small percentage of the equity release market. However, that doesn't mean they should be ignored. They work in essence by the home owner selling part or all of their property to the provider. This is in exchange for a lump sum and a lifetime lease which guarantees them the right to live in the property until moving into long term care or passing away.**

When calculating how much the provider will give you in exchange for a percentage share of your property, they will take your age, health and property value into consideration. Each provider is different however the key point here is that, whatever percentage of your property you sell, will be at a discounted value.

Example Mrs Fletcher is age 70 and her home is worth £100,000. If she were to sell 50% of her property to a Home Reversion provider she is likely to receive a lump sum of around £30,000. If she was to sell 100% of her property she is likely to receive around £60,000. Upon moving into long term care or passing away, the property is sold on the open market. The sales proceeds are then divided between the provider and Mrs Fletcher's estate based on the percentages agreed at the start of the plan. If Mrs Fletcher sold 50% of her property to the provider, her estate would receive 50% of the sales proceeds. A proportionate deduction will be made for the sales costs associated to the property.

All providers will also complete a lifetime lease agreement between you and them. Some of these leases have a monthly rental figure attached to them, others are rent free. This lifetime lease gives you a beneficial right to live in the property until you move

into long term care or pass away. Please bear in mind that Home Reversion plans are based on the youngest applicant's age, and both applicants have to be over the age of 60. There is also a minimum property value of £80,000 to qualify.

## Advantages

- No monthly payments are required
- Whatever percentage of the property not sold to the provider forms part of your estate
- The future position is certain as there is no interest charged

## Disadvantages

- The former legal owner of the property now becomes a beneficial owner, this can have an emotional impact
- The discounted lump sum received will not represent the true value of the part of the property sold