



KRD Equity Release Advisers

# Thinking About Equity Release?



George E. Davis, Equity Release Adviser

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## Expert advice, guidance & search

There are two generic types of Equity Release, Lifetime Mortgages and Home Reversion Plans.

Lifetime Mortgages now account for over 99% of Equity Release lending in the UK and there are now numerous variations of lifetime mortgages available. These include lump-sum, interest-serviced, and drawdown lifetime mortgages, among others, and there are also other types of mortgage based retirement lending to consider, and the market is growing.

There are a number of things that you should take into consideration if you are thinking about Equity Release, and it is vital that you take independent, fair and balanced advice so that you and your family are fully informed before you decide what is best for you.

[Watch Our Video Guide to Equity release](#)



# Thinking about Equity Release?

## Why Us?

As we outline above, if you are considering Equity Release as an option, then there are many things that you will need to consider.

This will include looking at all of the other options that might be open to you, everything from using any other investments that you may have, right through to 'downsizing', and you will also need to be aware of the potential impact on any state benefits to which you might be entitled, as well as the way in which interest and other charges apply to Equity Release products.

## Friendly, Helpful & Professional Advice

As a team we have many years experience in giving all types financial advice, and we employ fully qualified and experienced Equity Release specialists who use the latest internet based technology to source and find the right type of products to meet your circumstances and objectives, and which give you the guarantees and protection you need from across the whole of the UK Equity Release market.

But, we are not a comparison site, behind which sit algorithms and search engines. Behind our site sit helpful people. We are trained, and we are experienced, so that you can be assured that whilst your initial contact with us may be via this website, there will always be someone who you can talk to, someone who will meet you and find out exactly what you are looking to achieve and what your personal circumstances are. And, once we know these circumstances we will advise you on the best solution for you, be that Equity Release, or a different option.

Call us now on **0800 080 7653** and take advantage of our free consultation to see if we can help you to a better understand Equity Release.

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## Lifetime Mortgages

Whilst Lifetime Mortgages do now account for the vast majority of Equity Release lending in the UK (over 99%), in certain circumstances you may also wish to consider a Home Reversion Plan.

Again, there are numerous variations on lifetime mortgages, lump-sum, interest-serviced and drawdown lifetime mortgages etc., among others. The market is growing, and new products are being introduced all the time.

However, there are many things that you should be aware of if you are thinking about Equity Release, so it is vital that you take independent, fair and balanced advice, so that you and your family are fully informed, before you decide what is best for you.

We cover just the basics of the main product types below.



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## Roll-up

A Lifetime Mortgage normally involves taking out a type of mortgage that does not require monthly repayments and where the interest on the loan is compounded or 'rolled up' (with most plans you can make optional annual repayments if you wish, usually up to 12% of the initial amount borrowed).

You retain ownership of your home and the loan and the rolled up interest is repaid by your estate when you either die or move into long term care. If you are part of a couple, the repayment is not made until the last remaining person living in the home either dies or moves into care, meaning that both you and your partner are free to live in your home for the rest of your lives.

Given that all products covered by The Equity Release Council, carry a 'no negative equity' guarantee, your loan and interest can never be greater than the value of your property, so there would be nothing 'owing' from your estate when you die.

You can elect to protect some of the value of your property as an inheritance for your family, meaning that you can benefit from releasing equity while still retaining something to pass on to your children.

Some people may be able to release larger lump sums due to impaired health or may prefer to make monthly repayment in part, or in full, with an option to 'roll-up' at a later date if the monthly repayments became unaffordable.

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## Drawdown

If you take out a Lifetime Mortgage, you can choose to receive your funds in a lump sum or in smaller, regular amounts.

This may be helpful when, for example you have a short-term need for a capital lump sum, perhaps to make a purchase, or to help prepare your home for later life living, or where you are perhaps thinking of yours and your partners later life care costs.

With a draw down Lifetime Mortgage you will only pay interest from the point at which you access monies. There may also be an option available to increase the amount you have borrowed as and when you want to, up to the maximum limit agreed with the plan provider.

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## Serviced Borrowing

These days, there are many different types of Lifetime and retirement mortgages available, including those where the interest on the loan is fully serviced on a monthly basis, but where at some future point, for example at age 80, the mortgage could be converted into a 'roll-up' mortgage.

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## RiO's & Over-50 Mortgages

If you do not wish to specify a term, the Retirement Interest Only (RIO) Mortgage allows you to repay the mortgage from the sale of your property when entering into long term care or upon death.

Over 55's Residential Mortgages (and now some over 50's mortgages) are interest only mortgages available to borrowers aged 55 or over.

If you wish to repay the mortgage during your lifetime then this type allows you to specify the fixed term of the mortgage.

You'll have to pay the interest on the loan each month, and the amount you can borrow will be based on your level of income and outgoings.

If you wish to have a fixed term mortgage you can set the term over which you'll borrow the money according to your needs and your situation.

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# Thinking about Equity Release?

## Useful further Information

The Equity Release Council



KRD Financial Advisers.



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