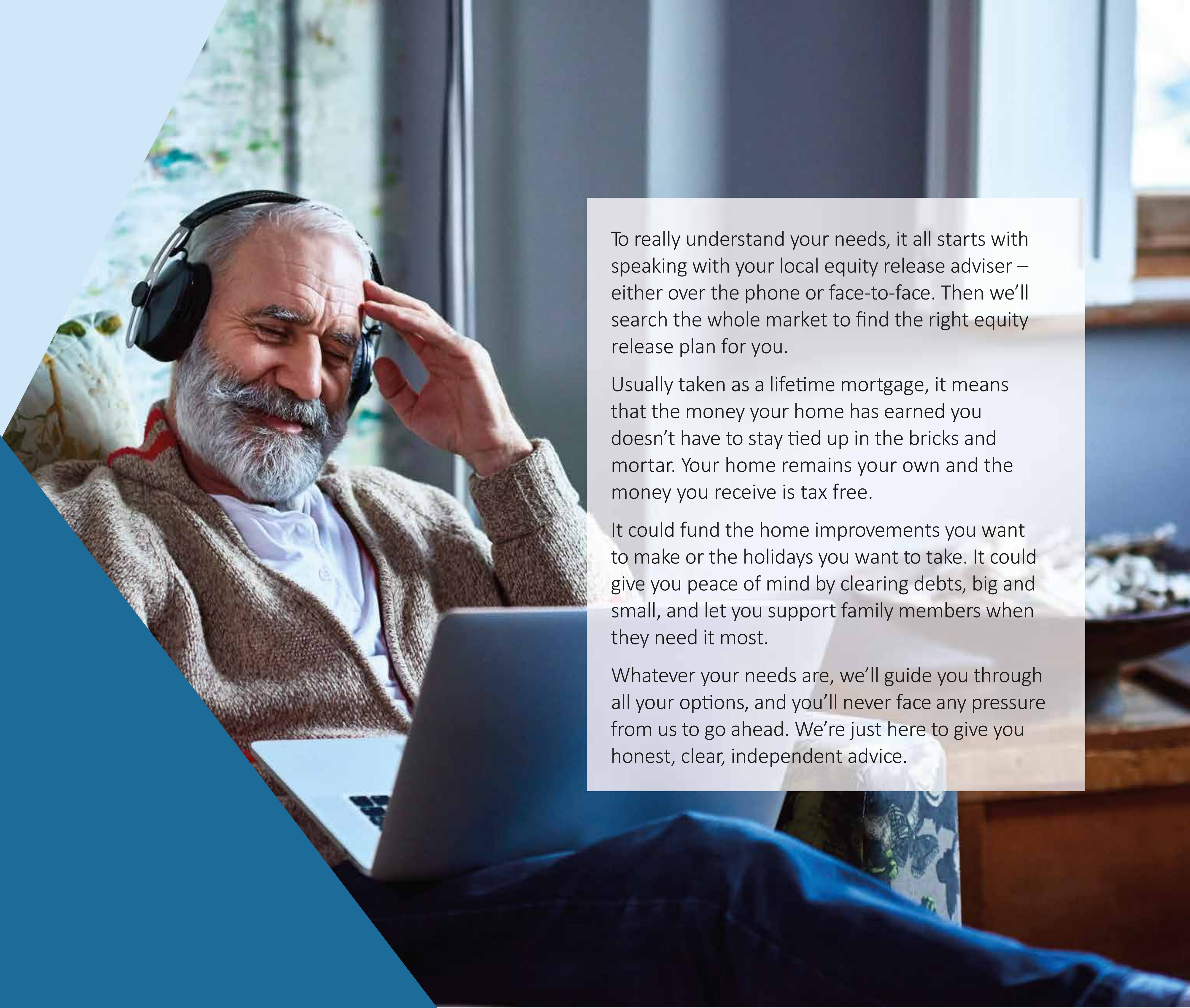
The complete guide
to releasing funds from your home

EDWARD mellor

At Edward Mellor we believe **everyone should have the freedom** to do what matters to them. And we want you to enjoy the fulfilling, worry-free later life you deserve.



To really understand your needs, it all starts with speaking with your local equity release adviser – either over the phone or face-to-face. Then we'll search the whole market to find the right equity release plan for you.

Usually taken as a lifetime mortgage, it means that the money your home has earned you doesn't have to stay tied up in the bricks and mortar. Your home remains your own and the money you receive is tax free.

It could fund the home improvements you want to make or the holidays you want to take. It could give you peace of mind by clearing debts, big and small, and let you support family members when they need it most.

Whatever your needs are, we'll guide you through all your options, and you'll never face any pressure from us to go ahead. We're just here to give you honest, clear, independent advice.

Equity release explained

An equity release plan allows homeowners over 55 to access some of the cash locked in the value of their home.

The value of your home, minus any outstanding mortgage and any other loans secured against it, is the equity you have in your property. This equity is often passed on as an inheritance, however, an increasing number of people are tapping into some of this wealth to help boost their retirement finances.

After years of working hard to make monthly repayments, your home is likely to be your biggest asset, patricularly if you have benefitted from an increase in house prices over the last few decades.

An alternative way to release the equity in your home would be to sell and downsize, however, leaving the family home and neighbourhood can be an emotional upheaval.

With people living longer and pensions not being what they once were, for many, savings have to stretch a lot further to last throughout retirement. That's where equity release could help.

Are you eligible?

Tens of thousands of people are already enjoying the benefits of unlocking the cash from their home. However, it's not suitable for everyone, which is why it's important to get independent advice before you make a decision.

You may be eligible for a lifetime mortgage if:

- You're over 55
- You're a homeowner with a property worth at least £70,000 and wanting a minimum of £10,000

How would you spend your tax-free cash?

If you are considering releasing a tax-free cash lump sum then you've probably got an idea in mind of how you want to spend it.

Some of the most popular reasons for releasing cash include:

You should always think carefully before securing a loan against your property.

A wide range of equity release plans to fit around your needs

Equity release has evolved in recent years. It has become increasingly flexible with a wide choice of plans tailored to fit your requirements. There are two types of lifetime mortgage:

Lump sum
Lifetime mortgage

A lifetime mortgage is a form of equity release plan where a loan is secured against your property to provide you with a tax-free cash lump sum, with typically no monthly repayments to meet.

Compound interest is added to the lifetime mortgage until the plan comes to an end. The loan plus interest is eventually paid back when the home is sold, usually when you move into long-term care, or when you and your partner die. You can typically release between 5-56.5% of the value of your property with a lifetime mortgage, depending on your age, health and lifestyle.

Drawdown
Lifetime mortgage

Drawdown lifetime mortgages work in the same way as lump sum lifetime mortgages but with added flexibility.

Once you know the maximum amount of money you can release, after an initial release amount you can then choose to 'drawdown' the cash in stages as and when you want to. The interest is only added on the amount released so it adds up more slowly than it would if you released the full amount at the outset. Drawndown plans are a flexible option and can form an essential part of planning your future finances.

Features

A combination of these lifetime mortgage plan features is available to find a plan that works for you.

Downsizing protection

If for any reason you need to move to a smaller home, typically after five years of taking out a lifetime mortgage, you can pay the loan back early without incurring an early repayment charge, subject to lender criteria. If acceptable, you can take the loan to the new property. This added flexibility gives you the peace of mind that, should your circumstances change for health or family reasons, you'll be able to adjust your housing plans accordingly.

Partial capital repayments

One of the newer features is the option to make voluntary, ad hoc repayments of up to 10-15% depending on the plan, of the initial amount you've borrowed each year, without any early repayment charges. This becomes a very useful option if, for example, you receive a windfall from an inheritance. Paying off some of the debt means your reduce the size of the loan on which interest is charged - and that means a lower monthly accrual of interest.

Inheritance protection

If you want to be able to guarantee an inheritance for your loved ones, you can ring-fence a portion of your property value with a protected lifetime mortgage. This allows you to guarantee that a percentage of the future value of your home will be left to your family when the property is sold, regardless of how much interest accrues.

EXAMPLE

A couple who are able to release £50,000 and want to ensure their grandchildren are left with an inheritance could take £30,000 (60% of the maximum available) leaving 40% of the property 'protected'.

Enhanced terms

If you or your partner have any health conditions or make certain lifestyle choices, you may be able to release more money, get a better interest rate or both.

Health issues such as diabetes, heart problems or high blood pressure are typical examples where you could qualify for an enhanced lifetime mortgage. The same also applies to lifestyle choices such as smoking.

EXAMPLE

If you are aged 65 and in good health, you could expect to borrow, under a lifetime mortgage plan, a maximum of 37.5% of the value of your home. But, if you had high blood pressure and previously suffered from cancer, the maximum you could. borrow would rise to 41.3%.

Interest payment

This allows you to choose how much interest (subject to a minimum) you want to pay and how long you want to pay the interest charged each month.

The advantage of this option is by paying some interest payments during the plan term, the amount your provider takes at the end of the plan will be less, as you have already paid off some or all of the interest charged. Also, if for any reason you are unable to make repayments, the plan can be converted so interest is added as with a standard lifetime mortgage, although charges may apply.

Mrs Woodward, a retired restaurant owner from Cornwall, and her husband, had toyed with the idea of equity release for a few years.

The couple did their research and they booked a free no-obligation consultation with their local independent adviser.

"The whole process was extremely easy and we received very good advice from our adviser. It was so simple. The first thing we did was give our granddaughter the deposit for her own little house.

"The money we gifted allowed her to buy a house close to where she's been living. We have never seen her so happy! It's wonderful to have the pleasure of seeing this happen whilst we are still here.

"We've also bought a property in Spain. We spend our winters over there and our family use it over the summer holidays. As well as our holiday home in Spain, we treated ourselves to a lovely river cruise down the Panama Canal in South America.

"Equity release has made our dreams come true, especially seeing our granddaughter so happy and content.

"Why wait until you've gone! You can't take the money with you but you can spend it while you're here, it seemed stupid not to.

"Doing equity release is one of the best things we've ever done."

"We wanted to help our granddaughter get onto the property ladder"

The facts about unlocking cash from your home

Receive a tax-free cash lump sum

With a lifetime mortgage you still own your own home

You can stay in your home for as long as you choose – for the remainder of your life

Typically no monthly repayments to make (unless you want to)

You will never owe more than the value of your home with Equity Release Council approved plans

You can spend your tax-free cash in a wide variety of ways

You can move house with Equity Release Council approved plans (subject to criteria)

Option to guarantee an inheritance for your family with some plans

It will reduce the value of your estate and may affect your entitlement to means-teasted benefits.

We will guide you through the process, step by step

Speak to an expert

A specialist will answer initial questions you might have and arrange a consultation with an independent adviser

Talk to your family

We encourage you to discuss equity release with your family and invite them along to appointments

First appointment

Your local adviser will discuss the options available and find out more about your particular circumstances and requirements

Finding the right plan

Should you decide to proceed, your adviser will search the whole of the market to find the most suitable plan for you

Second appointment

Your adviser will present their recommendation and answer any questions you may have. Your adviser will also provide a personalised illustration

Starting the paperwork

Should you decide to proceed, the paperwork will be submitted to the plan provider and your property will be valued by an independent surveyor

Offer issued

The provider will issue an offer including full terms and conditions of your plan for your approval

Legalities

Independent solicitors acting on your behalf will cover the legal aspect.

Complete in 8-12 weeks

Although a timescale cannot be guaranteed, this is the typical time it takes from application to completion

Money released

Time to start enjoying the money released!

FAQs

Can I leave an inheritance for my family?

Yes. With some plans you can guarantee a percentage of your home's future value as an inheritance.

Can I do equity release if I still have a mortgage?

Yes, however, you will need to repay the mortgage using the money released. Any funds left over are for you to enjoy.

Will I still own my home?

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

Can I move house?

Yes. With Equity Release Council approved plans your plan can be transferred to a new home (subject to criteria).

Will I ever fall into negative equity?

With plans approved by the Equity Release Council, you will never owe more than the value of your home.

What about repairs and maintenance?

You will be responsible for all repairs and maintenance.

Can equity release be paid back?

Yes. You have the right to repay your equity release plan early if you wish, however early repayment charges may apply. These will be outlined prior to you taking out your equity release plan by your adviser.

How can I spend my money?

Typically you can spend your cash on whatever is important to you, the most popular ways to spend the money released include paying off existing debts, holidays, gifting to loved ones and home improvements.

What happens when I die?

Your home will be sold once you and your partner have died. The sale proceeds will be used to repay the amount you owe and any money left will go to your estate.

What happens if my partner or I need long-term care?

If one of you needs care in your home, this is not likely to affect the terms of your plan. Similarly, if one of your leaves to go into a care home, the other can continue to live in the property and your plan is not normally affected. However, the plan will usually end if both of you have to leave to go into long-term care. You will not have to pay early repayment charges, as the plan will just end when the property is sold.

" It allowed us to stay in our home and pay off our existing debts"

Mrs Fitzgerald, a nurse, and her husband, Paul, a self-employed carpenter bought their London home 22 years ago for £76,000. It has been their biggest investment, increasing in value by £349,000 since.

Having taken out an interest-only mortgage, they thought they would be able to pay it off. However, as it got closer to maturing, they started to worry. On top of that, the couple had also amassed £25,000 of credit card debt.

"We used credit cards for things we needed, but didn't have the capital for. For example, when the car broke down, we had to pay for repairs.

"It was getting nearer to the end of our mortgage term and I was worrying about how we were going to pay off the £75,000 left as well as the credit card debt.

"We put our house on the market, but we couldn't find anything we liked. We liked our house and the local area. This is why we looked into equity release. It allowed us to stay in our home and pay off our existing debts.

"We were visited by an adviser who gave us all the information we needed. We told him what we wanted and he got back to us with some proposals.

"We discussed our options and agreed on a plan suitable for us. Within five weeks it was complete.

"For us, equity release was the answer. We even had money left over to redecorate the front room and we are able to enjoy nice meals out."

You’re in safe hands

Equity release is regulated by the Financial Conduct Authority (FCA), providing protection and security.

The FCA says that all promotions must be clear, fair, balanced and not misleading. This should make choosing between plans relatively easy, as information has to be given in such a way that you can compare details. These rules give further protection, security and, if need be, access to compensation schemes.

Edward Mellor recommend plans approved by the Equity Release Council, these come with the following guarantees:

EQUITY RELEASE COUNCIL
25 YEARS OF SAFE EQUITY RELEASE
SINCE 1991

- You have the right to remain in your home for as long as you choose
- You have the freedom to move to another property without financial penalty (subject to provider criteria)
- You will never owe more than the value of your home due to their ‘no negative equity’ guarantee

Mrs Gardner from Kent had worked in the private health care industry for over a decade when she decided it was time to start thinking about her retirement.

"Work was very stressful and had caused me a lot of health issues. I thought maybe it was time to retire but I wanted to be sure I could pay the bills and still do the things I love - like go on holidays."

After looking into equity release, Mrs Gardner made an appointment with her local independent expert who came to her house to discuss her options and answer any questions she had.

"My adviser, was absolutely brilliant. She was professional, friendly and put me at ease right away. I was worried the appointment would be very formal and confusing, but she was 'human' and I actually found it an enjoyable experience.

"She completely understood my reasons for looking into equity release and also how desperate I was to retire without financial stress. After some questions and research, she found a plan out there that was right for me."

Mrs Gardner is enjoying her retirement knowing all her bills are covered.

"I've been able to pay my bills, make some changes to the garden and I'll soon be on holiday in Melbourne, Australia visiting my nephew."

Why choose Edward Mellor?

We're the whole of market equity release expert and we search the entire market to find the right deal for you.

As we're whole of market we're not tied to any lenders. We'll compare all of the plans available in the market to find the most suitable one for you.

Being part of Openwork, we're able to offer you award-winning customer service that's second to none. From our UK-based contact centre to our fully-qualify advisers, you'll deal with industry experts throughout your entire equity release journey.

Why not find out for yourself what makes Edward Mellor so unique? Meet with a qualified adviser at home or speak to us over the phone for a free no-obligation consultation to find out more about unlocking the cash from your home and ask us any questions you may have.

Unless you decide to go ahead, Edward Mellor's service is completely free of charge as our usual advice fee of £1,250 or 2% of the loan amount, whichever is the greater, is usually payable on completion.

We put your needs first

During the appointment process your local adviser will ensure you have considered all the alternatives.

These may include:

- Downsizing your house
- Assistance from family
- Using any savings you have to fund your plans
- Other forms of borrowing

And remember, if equity release is not right for you, we'll tell you!

100%

Whole of market impartial advice

A face-to-face appointment in your home or over the phone if you'd prefer

A personal case handler who will take care of all the paperwork for you

Your local expert is there when you need them

Why choose Edward Mellor?

We search the whole of the market to find the right plan for you, including

Legal & General

more2life

AVIVA

LV= LIVERPOOL VICTORIA

canada life

HODGE

MORTGAGE STRATEGY AWARDS '19
Best Network 300+ARs
WINNER

MORTGAGE STRATEGY AWARDS '18
Best Network 300+ARs
WINNER

mortgage strategy AWARDS '17
Best Network: 300+ ARs
WINNER

WINNER
THREE TIMES
Moneyfacts Awards 2017-2019
Mortgage Network of the Year

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