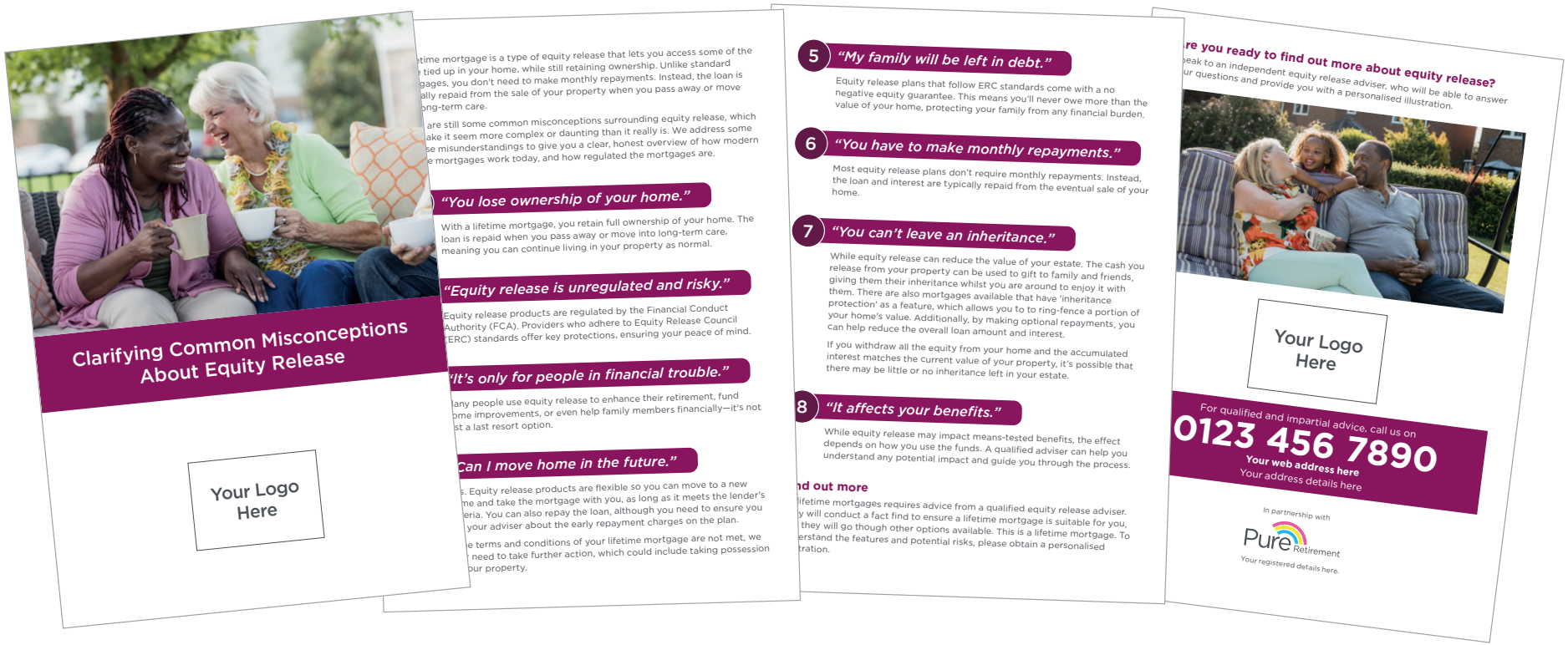
Clarifying Common Misconceptions About Equity Release

4 page Adviser leaflet



Clarifying Common Misconceptions About Equity Release

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time mortgage is a type of equity release that lets you access some of the tied up in your home, while still retaining ownership. Unlike standard gages, you don't need to make monthly repayments. Instead, the loan is ally repaid from the sale of your property when you pass away or move ong-term care.

are still some common misconceptions surrounding equity release, which ake it seem more complex or daunting than it really is. We address some se misunderstandings to give you a clear, honest overview of how modern e mortgages work today, and how regulated the mortgages are.

"You lose ownership of your home."

With a lifetime mortgage, you retain full ownership of your home. The loan is repaid when you pass away or move into long-term care, meaning you can continue living in your property as normal.

"Equity release is unregulated and risky."

Equity release products are regulated by the Financial Conduct Authority (FCA). Providers who adhere to Equity Release Council (ERC) standards offer key protections, ensuring your peace of mind.

"It's only for people in financial trouble."

any people use equity release to enhance their retirement, fund ome improvements, or even help family members financially—it's not st a last resort option.

Can I move home in the future."

s. Equity release products are flexible so you can move to a new me and take the mortgage with you, as long as it meets the lender's eria. You can also repay the loan, although you need to ensure you your adviser about the early repayment charges on the plan.

e terms and conditions of your lifetime mortgage are not met, we need to take further action, which could include taking possession our property.

5 "My family will be left in debt."

Equity release plans that follow ERC standards come with a no negative equity guarantee. This means you'll never owe more than the value of your home, protecting your family from any financial burden.

6 "You have to make monthly repayments."

Most equity release plans don't require monthly repayments. Instead, the loan and interest are typically repaid from the eventual sale of your home.

7 "You can't leave an inheritance."

While equity release can reduce the value of your estate. The cash you release from your property can be used to gift to family and friends, giving them their inheritance whilst you are around to enjoy it with them. There are also mortgages available that have 'inheritance protection' as a feature, which allows you to to ring-fence a portion of your home's value. Additionally, by making optional repayments, you can help reduce the overall loan amount and interest.

If you withdraw all the equity from your home and the accumulated interest matches the current value of your property, it's possible that there may be little or no inheritance left in your estate.

8 "It affects your benefits."

While equity release may impact means-tested benefits, the effect depends on how you use the funds. A qualified adviser can help you understand any potential impact and guide you through the process.

nd out more

lifetime mortgages requires advice from a qualified equity release adviser. y will conduct a fact find to ensure a lifetime mortgage is suitable for you, they will go though other options available. This is a lifetime mortgage. To erstand the features and potential risks, please obtain a personalised tration.

re you ready to find out more about equity release?

peak to an independent equity release adviser, who will be able to answer ur questions and provide you with a personalised illustration.

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