



# Equity Release mortgages



Our expert guide to releasing tax-free cash from your home

The retirement years should be filled with freedom to enjoy great times with your loved ones



Retirement comes at a cost and equity release mortgages can be a great way to release tax-free cash from your home to enjoy these years. This money can be spent on holidays, home improvements, helping your children or even your grandchildren. The fun is, you can spend as you so wish!

However, equity release mortgages need specialist advice and guidance; these mortgages are not right for everyone, and therefore independent expert help will guide you to the best solutions the market place has to offer.

It starts with a conversation with one of our equity release experts to help you fully understand if there are alternatives.

“We are proud to be members of the Equity Release Council, giving extra protection to consumers by setting high standards to adhere to. Always use an Equity Release Council Member.”





# Equity Release in a nutshell

The equity in your property is the value of your home minus any outstanding mortgage or other loans secured against it.

Historically, the equity of one's home is passed on as an inheritance upon death, but nowadays, many retirees wish to do something with their equity at a time which suits them rather than wait for the inevitable!

We specialise in Lifetime Mortgages which is the most popular equity release product. There are a few options with this type of mortgage which we will cover in this brochure.

## Are you eligible?

We stated earlier that a Lifetime mortgage is not for everyone. Ultimately, there are three main criteria for this type of mortgage;



You are aged  
55- 95



You own your  
property



The property is  
mortgageable



## You choose how you wish to spend the money

The most popular reasons for equity release mortgages are;



HOME IMPROVEMENTS



GRANDCHILDREN'S  
SCHOOL FEES



HELPING YOUR CHILDREN  
MOVE HOME



HOLIDAYS



REPLACE THE CAR



PAYING OFF THE  
EXISTING MORTGAGE



CLEARING DEBT



OVERSEAS  
PROPERTY

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



## Lifetime mortgage options

Equity release mortgages have evolved in recent times. The great news is that these, once expensive products, have become much more competitively priced as new entrants join the market. This has made them a popular choice in recent years. There are two types of lifetime mortgage;



### Lump sum Lifetime mortgage

This type of Lifetime mortgage will release an initial tax-free lump sum for you to use however you wish. The agreed interest is compounded and added onto the mortgage capital otherwise known as 'rolled-up interest'. The mortgage generally comes to an end upon death of the second mortgage applicant (if it is a joint mortgage) or the second mortgage applicant enters long-term care.



### Drawdown Lifetime mortgage

This works similarly to the lump sum option whereby you receive the initial lump sum, but also you agree to a drawdown facility with the mortgage lender. You can then 'drawdown' the remaining cash in stages as and when suitable for your needs. The main benefit this option gives is that you only pay interest once you have drawn the cash meaning that the interest adds up more slowly ensuring there will be more equity left in your property for family.



### Equity Release Council

The Equity Release plans we recommend are typically approved by the Equity Release Council. All Equity Release Council Approved Lenders must follow strict Product Standards. Such as;

- Fixed-rate for the life of the mortgage. If a variable rate, there must be a maximum cap on the interest rate charged.
- The right to remain in your property for life or until you need to move into long-term care.
- The right to move to another property subject to the property being an acceptable form of security.
- No negative equity guarantee.
- Option to make penalty-free payments, subject to lending criteria.
- Legal Advice. A condition of securing the mortgage is that you must take independent legal advice to ensure that a solicitor explains all rights and obligations of the mortgage to protect you.



### Downsizing Protection

Circumstances change, whether it be due to health or family reasons. Having this feature gives you the flexibility to move to a smaller home. Typically, you would repay the loan without penalty subject to the lender's criteria, then take a new mortgage on the new property. This should give you full peace of mind!



### Inheritance protection

For many, leaving a cash legacy to their loved ones is paramount. This feature allows you to ring-fence a percentage of your property to ensure that, when your property is sold, a percentage of the property will go to your family and will not be affected by the interest which accrues. **EXAMPLE:** A couple who can take a Lifetime mortgage of £100,000 wish to ensure their family is left with 40%. They take £60,000, meaning that 40% of the property is 'protected'.



### Partial capital repayments

When you have a rolled-up interest Lifetime mortgage the compounded interest accrues meaning the loan size increases. For example, if your interest rate were at 3% then the loan would double in just over 23 years. While this is an excellent option for someone who was asset-rich and cash-poor their preference, given a choice, could be to leave more equity for their family. A partial capital repayment option could be suitable if there were say an inheritance or a future investment matures. This option would typically allow a capital repayment up to a maximum of 15%.



### Interest-only payment

This feature will allow you to make monthly interest payments to ensure the interest does not compound at the rate it otherwise would do on a rolled-up basis. Providers enable you to repay the full interest payment each month or a partial amount with the option to convert into a fully rolled-up scheme (known as a hybrid plan). This solution is only available to those who have expendable income. For example if someone aged 60 was working for another five years then it could be prudent for an interest-only Lifetime mortgage which converts to a fully rolled-up plan in five years when the income is reduced upon retirement.



### Enhanced

If you, or your partner, have health conditions or are a smoker then it could be possible to release a higher percentage loan-to-value. Qualifying health issues include Heart issues, diabetes or high blood pressure. It is possible that the interest rate charged by the provider could be less too. **Example:** if you were 55 years old and the maximum LTV was 25% if you had high blood pressure and previously suffered from cancer, the maximum you could borrow could rise to 28.5%.



## What our customers say?

I consulted Simon Hughes the MD regarding Equity Release and Lifetime mortgages as I needed professional advice on how best to raise additional capital from the equity in my property. This process also involved the potential redemption of an existing mortgage from my bank.

At all times during our discussions Simon acted with the highest level of professionalism, ensuring that all possible alternative avenues were explored and that the timing of any new arrangement was right for me.

He was patient at all times during our discussions and never pressured me to make my decision whilst keeping me periodically updated on changes in the economy at large and the market to ensure I found the best option to meet my needs.

Simon brings a wealth of experience into the advice process and I have now completed the re-mortgaging exercise.

I would have no hesitation whatever in recommending Conran Mortgages to anyone in my position.

★★★★★ **David Norton**

Great advice from Simon for Equity Release and Lifetime Mortgages for my family. These guys really know their Later Life mortgages and I highly recommend Simon and his team of experts for honest and transparent advice!

★★★★★ **Justin Boland**

Thank you Jeff & Valerie for all your help with setting up my mortgage. I appreciate all the time you spent going through everything with me, always promptly answering my questions and offering your advice with my best interests at heart. If you're looking for mortgage advice, I would highly recommend Conran Mortgages!

★★★★★ **Andrea Sivani**



### How much cash can I release?

The amount you can release is based on the value of your house, your age(s), and your health. The older you are, the more cash a provider will allow you to borrow. As part of our initial conversation we can tell you exactly how much you can expect to borrow.

### Is negative equity possible?

As experts in this field we would typically recommend products which are 'Equity Release Council (ERC) Approved'. The key benefit of ERC is that there is a no negative equity guarantee meaning that once the property needs to be sold there will not be a debt left for your estate to pay. This gives you peace of mind!



Conran will expertly navigate you through the process, step by step





020 8528 2251  
conranmortgages.co.uk  
hello@conranmortgages.co.uk

Conran Mortgages offer Lifetime mortgages, which is a loan secured against your home. Equity release will reduce the value of your estate and may affect your entitlement to means-tested benefits. You should always think carefully before securing a loan against your home.

Initial consultations are completely free of charge. There's no obligation to proceed, and our broker fee of £799 will only become payable if we proceed to a full application.

Your home may be repossessed if you do not keep up repayments on a mortgage or any debt secured on it.

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We offer independent advice on Lifetime Mortgage products for Equity Release. We do not advise, nor hold permissions, to advise on Home Reversion Plans.