

Busbys

Solicitors

Caring for our clients

Specialisation: As a result of our extensive experience of dealing with the concerns of private clients and their families, **Busbys** are able to give you the most up to date practical solutions to any questions and problems you may have.

Keeping in touch: We recognise the importance of keeping in touch. This is not only while we are dealing with any specific matter for you, but also more generally over the years. We see it as part of our service to make you aware of the developments that might affect or interest you as they arise by sending periodic newsletters free of charge.

Costs: There will be no hidden surprises for you when it comes to our charges. We always advise our clients of our charging methods at the outset and keep you updated as matters progress.

Technology: Our office is fully equipped with the very latest in modern technology. This enables **Busbys** to enhance our efficiency, accuracy and to respond to your needs as soon as possible.

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Getting in Touch

People often turn to us when it is too late. If you or your family have questions which are of concern, don't hesitate to contact us. Our experience means we are able to deal quickly and efficiently with any problems that may arise, ensuring that your best interests are taken care of at all times.

You should seek expert help if you are considering an Equity Release Scheme.

Contact **Sharon Piper, Trust and Estate Practitioner**, who heads our Wills, Probate and Private Client department. Sharon looks forward to helping you. Home and hospital visits can be arranged.

Opening Hours:

Mon-Fri: 9-1 & 2-5
(at other times by appointment)

Busbys Solicitors

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Equity Release Schemes



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EQUITY RELEASE SCHEMES

Equity Release Schemes differ but essentially most of them work by giving you a loan on the value of your Property. The arrangement is that you receive the Loan as cash, usually on a monthly basis, but sometimes as a lump sum, and continue to live in your home. The Company that loans you the money will recover it either by selling your property after your death, or if you sell your property – for example if you move into a care home.

Two types of Scheme are available :-

Home Reversion Scheme

In this Scheme you sell your home or a percentage of your home to a Plan Provider. In return you receive a cash lump sum or a monthly income or a combination of both. The amount available to borrow is normally dependent on age or gender. You can remain in the house rent free until the last remaining borrower (if you are one of a couple) dies or is transferred into long term care. When the property is sold the Plan Provider reclaims their percentage with the remainder going towards specified beneficiaries.

It is important to note that the same percentage of any future rise in the value of the home would also belong to the Plan Provider.

Cash Release Scheme

This Scheme you take out a fixed rate interest only mortgage on your property and use the borrowed money to purchase a regular income. There are no monthly repayments to be made as the interest is accumulated over the life of the mortgage. When you die or if you are moved in to long term care, the original loan plus accumulated interest is repaid. The longer you live, the larger the interest that will be due. It is important to consider taking out a fixed interest loan with a guarantee that the amount owed will not exceed the value of the house, therefore ensuring that there is no risk of negative equity.

Questions you should ask

To be eligible for most Schemes you should be aged between 55 and 70; have a Property that is worth at least £30,000.00 to £40,000.00 and ideally be a freeholder. If you meet these conditions, the questions to ask before proceeding with any Scheme are:

- Does the Scheme allow you to move house if you need to? One day you might want to move into Sheltered housing or need residential care, or move to be nearer to your family.
- What is your life expectancy? People who are in their 60's and 70's usually benefit the most from monthly cash payments. If you are older you may receive less from this kind of plan before you die relative to the value of your home.

- What are your family expecting to inherit on your death? The condition of most Schemes is that they sell your home when you die. So if you use your property for Home Equity Release you will not be able to leave it to your family, and this will reduce the total value of your estate on your death.
- Are you living with a younger partner, relative or friend? Depending on the terms of the Scheme, they will need to find alternative housing in the event of your death.
- What is your eligibility for means tested benefits? If you receive cash from a Home Equity Release Scheme this may counter out your eligibility for means tested benefits or help with paying for care.

Home Equity Release Schemes can be complicated and we recommend that you get independent legal and financial advice.

The information contained on this fact sheet is for general information only and does not constitute investment, tax, legal or other form of advice. You should not rely on this information to make (or refrain from making) any decisions. Always obtain independent professional advice for your own particular situation.

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