

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 integral to our service to you to keep you fully informed of the progress of your case at all times.

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 David Helman who heads our Property Department.

Opening Hours:

Mon-Fri: 9 - 1 & 2 - 5

(at other times by appointment)

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Equity Release Schemes



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 lump sum basis, but sometimes on a draw as required basis 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 or for example if you move into a care home.

Two usual Schemes available are :-

Home Reversion Scheme

In this Scheme you sell your home or a percentage of the value 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 back to you or your 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

In this Scheme you take out a fixed rate interest only mortgage on your property and can use the borrowed money to purchase an Annuity to provide a regular income or for other purposes. There are no monthly repayments to be made as the interest is compounded and 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 amount of interest that will be due, and the amount available should be calculated so that the amount owed will not exceed the projected value of the house, 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 £75,000 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 a smaller home or 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 unless a capital sum is required.

- What inheritance do you wish to leave your family? The condition of most Schemes is that your home is sold 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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