



# BERKLEY VITTORIA

Independent Financial Services Limited

**FREEPHONE : 0800 158 3220\***

**Call Us 9am - 9pm, 7 Days a Week**

\*Calls free from UK land lines only

Your Circumstances



## WHICH EQUITY RELEASE SCHEME IS THE RIGHT ONE FOR YOU?

- Home
- About Us
- Mortgage Range
- Do I Qualify
- Check Your Credit Rating
- Re-Mortgages
- Home Mover
- Difficulty in Proving Your Income?
- Retirement Mortgages
- Debt Consolidation
- Right to Buy
- Problem Mortgages
- Buy to Let Re-Mortgages
- Divorce Mortgages
- Rapid Mortgages
- Large Mortgages
- Directors Mortgages
- Contact Us
- Links Page

### HOME REVERSION PLANS

Everyone's situation is different, some people may be looking to raise the maximum amount against their property and may not be too concerned about leaving an inheritance, whilst with other people, leaving an inheritance is a priority and in order to do so they may be prepared to make some level of monthly payment.

We will fully assess your needs and requirements. We at Berkley Vittoria IFS Ltd have specialist knowledge in the complexities of the Equity Release market. As Independent Equity Release Advisers we will recommend not only the most suitable type of Equity Release, but also the provider which best suits your needs. Why not contact us on **0800 158 3320** to discuss your situation and let us search the whole of the market for the best Equity Release solution for you.

A Home Reversion Scheme is where you sell all or part of your property to a provider in return for either a lump sum or income. The maximum amount you could release from your property will vary between scheme providers and would be based on the property value and your age(s).

For example, if your house is currently worth £300,000 and you agree to sell 50% of it (the equivalent of £150,000 based on its current value) but due to your age you receive only 40% of this figure (£60,000), if the house was sold 20 years later for £500,000, the provider would then receive their 50% share i.e. £250,000

THIS SCHEME MAY WELL BEST SUIT APPLICANTS NOT WISHING TO MAKE ANY MONTHLY PAYMENTS AND WHO WISH TO RAISE THE MAXIMUM POSSIBLE LUMP SUM. IT WOULD PROBABLY ALSO BE MOST APPEALING TO PEOPLE NOT CONCERNED ABOUT LEAVING AN INHERITANCE TO ANYONE.

### Advantages of Home Reversion Plans

- No monthly repayments.
- The cost of the loan is known at outset (the difference between the amount received from the provider and the market value of the percentage sold).
- You have a guaranteed right to remain in the property for life.
- If you only take out a partial home reversion (sell a percentage of your home value) you will still leave an inheritance for loved ones, will benefit from any future house price increases on the share that you retain and also will still have the option to raise additional funds by selling a further percentage in the future.
- As equity release advisers, we would often recommend this type of plan to raise the maximum lump sum available.
- If inheritance tax is an issue, the value of the property sold to the provider acts as a debt against your estate and can help reduce any tax liabilities.

### Disadvantages of Home Reversion Plans

- Home reversion schemes cannot normally be reversed.
- You will not benefit from any house price inflation on any percentage sold.
- The provider will not offer you the full market value as they are allowing you to live in the property rent free for life. The younger you are, the more you will lose out on your properties true market value.
- Home Reversions Plans are usually only available to applicants aged 65 or over.
- Regardless of the percentage sold to the provider, you will still be responsible for all up maintenance and upkeep of the property.
- If you were to die in the early years after taking out the plan, the true costs of the scheme would be much greater than with a lifetime mortgage.

### "ROLL-UP" LIFETIME MORTGAGES

Most Equity Release Companies offer "Roll Up" Lifetime Mortgages. With these schemes, instead of

Please Call  
Me Back



paying interest payments each month, interest is "rolled up" and added to the loan with the debt increasing year on year.

When the property is eventually sold, typically on death of the second applicant or if they need to go into care, then the original amount borrowed plus the accumulated "rolled up" interest would be repaid to the provider. Whilst the debt continues to grow each year, this would hopefully be partially offset by property house prices increasing (although this cannot be guaranteed and house prices could fall). Providing the scheme has been set up with one of the SHIP approved lifetime mortgage providers, then you are guaranteed that the debt can never be greater than the amount your home is eventually sold for.

You could either choose a scheme whereby you immediately receive the maximum available funds or you can choose a "draw down" scheme whereby funds are released (up to the maximum allowable) as and when required, meaning that interest would be "rolled up" only on the funds drawn.

**THESE SCHEMES WOULD BEST SUIT APPLICANTS NOT WISHING TO MAKE ANY MONTHLY PAYMENTS AND FEEL OPTIMISTIC THAT FUTURE INCREASES IN PROPERTY VALUES MAY PARTIALLY OFFSET THE INCREASING BALANCE OF THE AMOUNT BORROWED.**

### **Advantages of "Roll Up" Lifetime Mortgages**

- No monthly repayments.
- You will benefit from any future house price increases as you will retain full ownership of the property.
- These schemes are available to younger clients aged 55 or over.
- Providing the lifetime mortgage is taken out via a regulated SHIP approved provider, you will be guaranteed occupancy for life and a no negative equity guarantee.
- The eventual debt outstanding on your lifetime mortgage will reduce your estate and therefore reduce any potential inheritance tax liability.

### **Disadvantages of "Roll Up" Lifetime Mortgages**

- Should you wish to pay off the scheme early, you may well incur early repayment charges in addition to the outstanding balance of your mortgage.
- The amount raised on a Lifetime Mortgage will normally be lower than the amount raised on a Home Reversion Plan.
- The eventual debt would be unknown at outset.

### **LIFETIME MORTGAGES - FIXED REPAYMENT SCHEMES**

With a Fixed Repayment Lifetime Mortgage you receive either a lump sum or a regular income for life. Unlike an interest only lifetime mortgage, you do not have to pay any interest each month and the interest does not build up over time like a "roll-up" lifetime mortgage. At the outset, you agree with the equity release providers that when the home is eventually sold, you have to pay the equity release lender an agreed larger sum than the amount you borrowed regardless of when you sell your home.

A fixed repayment lifetime mortgage which is SHIP approved still guarantees your right to remain living in your property for the rest of your life and offers a "no negative equity guarantee" in the same way as a roll up lifetime mortgage scheme.

**THIS SCHEME WOULD PROBABLY BE THE BEST EQUITY RELEASE SOLUTION FOR APPLICANTS NOT WISHING TO MAKE ANY REPAYMENTS BUT WOULD WANT TO KNOW AT OUTSET THE EVENTUAL AMOUNT OWED AND ALSO THAT SOME INHERITANCE WOULD BE LEFT TO BENEFICIARIES.**

### **Advantages of Fixed Repayment Lifetime Mortgages**

- The amount you owe does not increase as the amount owing is fixed at outset.
- You still retain full ownership of your property and benefit from any increase in its value.
- An additional loan may be available in the future based on the remaining value of the property.
- If you (or the last person in joint applications) need to move permanently into a residential home, in the case of the income plan, in return for paying the agreed sum, you may be able to continue receiving the income to help meet care costs.

### **Disadvantages of Fixed Repayment Lifetime Mortgages**

- The maximum amount that could be raised under a Fixed Repayment Lifetime Mortgage is normally less than that under a Home Reversion Plan.
- Should you wish to pay off the scheme early, you may well incur early repayment charges.
- If you die early, you will have received poor value.
- There are only a very limited number of such schemes available.

### **INTEREST ONLY LIFETIME MORTGAGES - NON "ROLL UP"**

An interest only lifetime mortgage is to all intents and purposes a normal mortgage, but you are not required to repay the capital. You pay interest only payments back to the lender meaning that the amount borrowed will neither increase nor decrease. The capital would normally be repaid on the eventual death of all applicants, however you could choose to repay it earlier (i.e. should you wish to

downsize). There are only a small number of lenders that offer this type of scheme and currently anyone looking for an alternative to traditional equity release Halifax and Scottish Widows are the two main providers.

THIS TYPE OF SCHEME MAY WELL BEST SUIT APPLICANTS WITH SURPLUS DISPOSABLE PENSION INCOME TO WHOM LEAVING AN INHERITANCE IS VERY IMPORTANT AND WOULD WISH TO BENEFIT FROM ANY FUTURE GROWTH IN THE PROPERTY MARKET.

### Advantages of Non "Roll Up" Interest Only Lifetime Mortgages

- Preserves the maximum percentage of the property value for inheritance.
- The debt will not increase, as with "roll up" schemes.
- You retain full ownership of the property and will therefore benefit from any future increases in property prices.
- Possible additional funds available in the future.
- The loan would normally be "portable" to another property should you choose to move.
- Available from age 55 (subject to being in receipt of pension income).
- The amount of the eventual debt will be known at outset.

### Disadvantages of Non "Roll Up" Interest Only Lifetime Mortgages

- Requires a monthly repayment (may not be suitable for applicants on very limited pension income).
- Monthly interest payments would still be required if one of the applicants were to die (although options would still be available to down-size or switch to conventional equity release).
- The maximum amount you could borrow would be based on your pension income.
- Because Building Society interest rates can vary, so would monthly repayments.

With all of the different types of equity release in retirement schemes available, you should be aware that they involve you borrowing funds against your property and it may well work out more expensive in the long term than downsizing to a smaller property and that by proceeding with one of these options may affect your entitlement to state benefits and grants.

By releasing funds from your property you should be aware that by doing so will reduce the amount you leave as an inheritance although any funds that are released will be tax free.

Berkley Vittoria Independent Financial Services Ltd offer comprehensive equity release advice on all the providers on the market. If you would like us to provide any lifetime mortgage information, please call us on **0800 158 3320** and we will assess your needs and provide you with a personalised illustration.

Equity Mortgage Release Schemes | Equity Release for Elderly Homeowners | Retirement Lifetime Mortgages

***Best Equity Release Advice | Lifetime Equity Release Mortgages | Lifetime Mortgage Providers***

There may be a fee payable upon completion for mortgage advice. The precise amount of the fee will depend upon your circumstances but we estimate that it will be £695. (No broker fee charged on mortgages over £300,000). You have the option to pay us a fee and receive any commission which we are paid by the lender. If you choose this option, we estimate that the fee will be £995.

**Think carefully before securing other debts against your home.**

**Your home or property may be repossessed if you do not keep up repayments on your mortgage.**