



## Hawsons Wealth Management

Houses don't have to be illiquid...



There are times in life when we may find ourselves with a very nice retirement home, but perhaps wish we had more money. We may want to help children, grandchildren or just enjoy our lives a little bit more.

Releasing equity from your home can allow you to do these things and also stay in your home. With a guarantee that there will not be a debt in excess of the value of your home upon death.

Lets look at an example:-

### Background

The clients aim to gift £500,000 to their five children for property purchases.

The clients main residence was valued at £1,500,000. Both clients were retired, in good health , independently wealthy and planned to remain in their main residence for the rest of their lives.

During the initial fact find process it was discussed whether they could add a cash reserve of £250,000 to the loan in

addition to the initial borrowing requirement of £500,000 should funds be needed in the future.

### Solution

After detailed discussions with the clients we looked for a loan of £750,000 split between the initial loan of £500,000 and a cash reserve of £250,000.

We then met with the clients at their home and confirmed their objectives as well as the indicative terms available and answered all of their questions. With a detailed understanding of their requirements we approached multiple Equity Release (Lifetime Mortgage) lenders who were considered to be able to assist for this size of loan and we obtained terms.

We discussed the options available and progressed with a Lifetime Mortgage solution with an interest rate payable of 5.15% per annum and a bank arrangement fee of £600 with the ability to make overpayments of up to 10% per annum.

# Equity Release

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## Outcome

By taking out a lifetime mortgage the clients were able to release £500,000 to be gifted to their children (Potentially Exempt Transfer) to enable them to purchase additional properties. In doing so they will potentially reduce the Inheritance Tax bill by £200,000, payable on the second death should they live for at least seven years. They also released £250,000 for their own use.

Get in touch for your free initial meeting at:  
<https://www.hawsons.co.uk/free-consultation>

*Disclaimer: Your home or property may be repossessed if you do not keep up repayments on your mortgage. This case study is for information purposes only, and should not be seen as a recommendation on a specific strategy suitable for equity release purposes or IHT tax planning. You should seek independent advice, legal and taxation guidance in relation to your own individual circumstances before embarking on any course of action. In addition, a cash lump sum or income from an equity release scheme may reduce the borrower's entitlement to certain Social Security means tested benefits. An equity release scheme will reduce the value of the borrower's estate*

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