



A Guide to Equity Release in Retirement



HODGE
LIFETIME

Retirement solutions since 1965

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1. Introduction

For the retirement you deserve

Great news, it's official we're living longer!

Latest Government figures show that the average 65 year old male will today live to the age of 81 and the average 65 year old female to the age of 84 (Source: Office of National Statistics 2006). Indeed projections suggest that life expectancies at these older ages will increase by a further three years or so by 2020. The expectation of life for people at 70 and 80 has also gone up and there are more people at this age than ever before.

Turning dreams into reality

Retirement is a time when you should be able to enjoy the rewards of your hard work and have the funds to turn your ideas and dreams into reality. Equity release can open up a world of possibilities by unlocking some of the value of your greatest asset – your home – and without having to move. This could help ensure a more secure financial future and provide the opportunity to release your potential. Maybe you'll want to make some home improvements, take a special holiday, start a new hobby or have enough money for the little luxuries that make life more enjoyable.

Soon you could have a cash sum in your hands and still be sitting comfortably in your own home.

Cash in on your greatest asset

By owning your own home you almost certainly have an asset that has gone up in value. In fact, its actual value may surprise you. Average property prices have risen significantly during the last twenty years and this may mean you can release some of the cash tied up in your property.



A member of SHIP
(Safe Home Income Plans)

Releasing the potential in your home

A Hodge Lifetime Equity Release Plan can provide you with the opportunity to improve your years in retirement, enjoy a few more luxuries or even get to fulfil that dream you've always had.

- Imagine treating yourself to a special holiday or buying a new car – your Hodge Lifetime Equity Release Plan could make your dreams a reality
- Giving your home a face-lift or making some improvements could make a big difference to the way you enjoy your life
- A Hodge Lifetime Equity Release Plan can help you enjoy your independence whether it's the open road, or visiting loved ones more often
- Why not put your cash sum to work to provide you with extra income – there are a number of options available and you should discuss this with your Financial Adviser





2. What is Equity Release?

Equity release allows homeowners over the age of 55 to release the equity in their homes, but still allowing them to live there for as long as they wish.

To be eligible for a Hodge Lifetime Equity Release Plan you need to be:

- Aged between 55 and 85
- Mortgage free (a small mortgage can however be repaid by the equity you release)
- The owner of a freehold or leasehold property
- Living within your property without tenants or others with rights under the Rent Act
- Living in a home that is in good repair
- Please refer to the individual product leaflet for specific details of each Equity Release Plan

Things to consider when taking out an Equity Release Plan

There are a few things to bear in mind before taking out an Equity Release Plan. These include:

- The cost of compounded interest over a long period
- The impact on any inheritance you may wish to leave
- The effect on any welfare or tax benefits you currently receive or may be entitled to receive in the future
- There may be alternative ways of releasing cash e.g. downsizing or obtaining grants for essential repairs or improvements
- Participation in an Equity Release Plan should be viewed as long-term

Safe Home Income Plans to protect plan holders

Hodge Lifetime is a member of SHIP (Safe Home Income Plans), the UK's leading professional body for equity release product providers set up in 1991 to protect Equity Release Plan holders. As a result all our products are covered by the SHIP code of practice.

All SHIP members must adhere to the following:

- To provide a fair, simple and complete presentation of their plans
- To ensure that a client's legal work is performed by the solicitor of his or her choice
- To clearly state the main cost to the householder's assets and estate
- To provide a "no negative equity" guarantee, ensuring that you will never owe more than the value of your home

As long established members of SHIP, indeed Hodge were one of the founder members, you can relax in the knowledge that you are in safe hands with Hodge Lifetime. Any scheme endorsed with the SHIP logo will be properly explained and safe.

Members also guarantee that you will:

- Have the right to live in your property for life
- Have the freedom to move to a suitable alternative property without financial penalties
- Receive either a cash sum or regular income payments



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3. Equity Release Plans

The options available to you

When choosing an Equity Release Plan you will have two types of scheme to choose from – a Lifetime Mortgage or a Home Reversion Plan, both of which could allow you to take a cash lump sum.

Lifetime Mortgages

The most popular method of releasing cash is currently a lifetime mortgage. A lifetime mortgage is a loan which enables you to release the value tied up within your home allowing you to receive a cash lump sum, which you can spend as you choose. This long-term loan which is secured against your property, is paid off when your home is sold, usually following your death or when you permanently vacate the property. No interest repayments are required until the loan is paid off with the interest being “rolled up” with the loan.

Throughout the period of the loan you and your partner are able to continue to live in your home and benefit from an improved lifestyle as a result of the release of the cash lump sum.



Hodge Lifetime

Lifetime Mortgage Option

This is a loan secured against your home, with no regular payments to make as the loan and interest are rolled up and usually repaid when you die or go into long-term care.

Benefits:

- Available to those aged 55 and above
- No interest repayments made during your lifetime
- You may still benefit from any rise in house prices as ownership of your home remains with you
- Your next of kin may still receive funds from the sale of your home on your death, provided the amount of the loan outstanding is less than the value of your property at the time
- Our "no negative equity" guarantee ensures that you do not have to make up any shortfall between the selling price of your home and the amount of outstanding loan and interest

Important considerations:

- The longer you live the less equity you own
 - If you live a long time you may end up owing the total value of your home, leaving nothing for your next of kin
- Once you commence a plan you will not be able to use your home as security to raise further funds

This is a Lifetime Mortgage. To understand the features and risks, ask for a personalised illustration. (This should be arranged through your Independent Financial Adviser or Mortgage Broker).





Home Reversion Plan

Available to those aged 65 and above, a Hodge Lifetime Home Reversion Plan involves selling part of your home to Hodge Lifetime. If you choose a Home Reversion Plan you will be granted a lifetime lease which entitles you to remain in your property, rent free for the rest of your life.

Plan holders agree to sell a percentage of their property and receive a proportion of that percentage, which is dependent on their age and gender, as a tax-free cash lump sum.

When the property is sold, usually following your death or when you permanently vacate the property, the sale proceeds, less any selling costs, are divided between Hodge Lifetime (the Home Reversion Company) and yourself in the proportions that each party owns. As a result you may leave any share of the home not sold to Hodge Lifetime as guaranteed inheritance to your estate.

Benefits:

- Plan holders can live in their home rent free throughout their lifetime
- Plan holders can choose to leave a guaranteed proportion of their home to their next of kin
- Plan holders benefit from any rise in house prices on the proportion of their home not sold to Hodge Lifetime

Important considerations:

- Plan holders will not benefit from property price growth on the proportion of their home sold to Hodge Lifetime
- Plan holders do not own all of their home
- Once you commence a plan you will not be able to use your home as security to raise further funds

This is a Home Reversion Plan. To understand the features and risks, ask for a personalised illustration. (This should be arranged through your Independent Financial Adviser or Mortgage Broker).

4. The Application Process

Many people are put off applying for an Equity Release Plan because they do not fully understand the application process or indeed the different products available.

With the right professional help, taking out an Equity Release Plan can be a simple process. We would suggest that you follow the steps below to find the most suitable plan for your needs.

Contact your Independent Financial Adviser or Mortgage Broker

They will be able to assist you in making the right choice. Decide whether you wish to take out a Lifetime Mortgage or Home Reversion plan.

Your Financial Adviser will also help you to understand how your chosen Equity Release Plan affects your eligibility for welfare/tax benefits.

If you do not have a Financial Adviser you can find one by visiting www.unbiased.co.uk

Talk to your family

Some people like to talk things through with their family before making their decision, others may prefer not to. Many children now are financially secure and will understand and support plans for releasing monies to assist in funding retirement needs. If possible, it is a good idea to let your next of kin know of your plans so that they understand the plan arrangements and what will happen on the sale of your home at death or when moving into a nursing home.



Complete an application form and obtain a home valuation survey

When you are happy that you wish to progress your application with your Financial Adviser you will need to complete the application form and arrange for your adviser to submit it to Hodge Lifetime together with the payment, if applicable, to undertake a valuation on your property.

You should also inform your Financial Adviser of your appointed Solicitor.

Understanding the terms of your Equity Release Plan

Following confirmation of acceptance of your application you will be advised to visit your Solicitor who will ensure you fully understand the terms of the plan.

Following these discussions the legal documents to finalise your plan will be completed by your Solicitor.

Plan completion

Following the signing of the legal documents, the plan will be complete and the monies released paid to you via your Solicitor. The whole process is usually completed within 8 weeks from the date we receive your application form.



5. Questions and Answers

How much can I borrow?

How much we are able to advance to customers is based on a variety of criteria including the value of your home and your age when taking out the plan. The older you are the more you will be able to borrow. Please see the individual product leaflet for more information.

I'm in poor health, can I borrow more?

Because the lump sum available from an equity release scheme is based upon a number of factors, one of which is life expectancy, you may be able to apply for enhanced terms. For further information please speak with your Financial Adviser.

Should I release the maximum cash sum I am allowed?

You should only take the maximum amount if you really need it. The more equity you release from your home at the start the higher the cost to you.

Who will own my property once the Equity Release Plan is completed?

Lifetime Mortgages – the ownership of the property always remains with you.

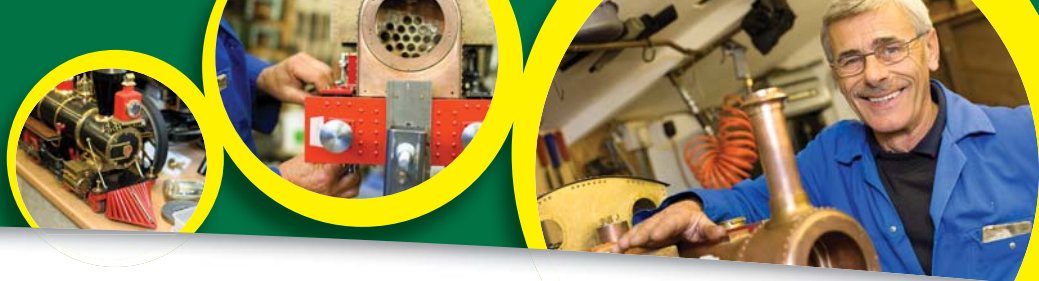
Home Reversion Plan – part of the ownership of your home will belong to Hodge Lifetime.

How does the rolling up of interest work?

On Lifetime Mortgages no repayments are made through the period of the loan. Instead, interest is added to the amount owed each month and repaid when the loan is redeemed. Interest is charged at a fixed rate, applicable at the time of application, calculated daily and added to the loan each month.

Can I take more if my property increases in value?

Additional borrowing is available, generally after 3 years and subject to a survey and the prevailing lending criteria at that time.



Will I be responsible for the upkeep of the property?

All our equity release schemes require you to ensure that:

- Your property is maintained and kept in good repair
- All property related bills such as council tax, service charges, heating and insurance are paid by you

What happens if I want to move house?

If you decide to move, you should be able to take your Equity Release Plan to a new property, provided it meets our lending criteria. If the new property is of a lower value, the terms of your Equity Release Plan may need to be reviewed. Further details will be provided in a personalised illustration.

Please note that you will of course have to meet the costs of moving house.

Will taking out an Equity Release Plan affect my tax position or my entitlement to certain state benefits?

It is important that you discuss these matters carefully with your Financial Adviser as, depending on your personal circumstances, it could affect both.

Do I need to involve my family when making a decision?

Whilst not a requirement, we do feel it is important to consider discussing your plans with your family as any future inheritance will be affected.

6. Getting Advice

Information contacts

Safe Home Income Plans (SHIP)

Tel: 0844 669 7085 www.ship-ltd.org

IFA Promotions Ltd – to assist in finding a Financial Adviser.

Always look for an adviser with specialist qualifications such as the Certificate in Lifetime Mortgages (CeLM) or the Lifetime Mortgage Activities Examination CF7 from the Chartered Insurance Institute.
www.unbiased.co.uk

The Law Society – to assist in finding a Solicitor

Tel: 0207 242 1222 www.solicitorsonline.org.uk

Financial Services Authority

Consumer Helpline

Tel: 0845 606 1234 www.fsa.gov.uk

Obtain the free leaflet “Raising money from your home” from the Financial Services Authority, which explains fully Lifetime Mortgages and other ways of releasing equity from your home.

Counsel and Care – assistance and advice about State Benefits

Tel: 0845 300 7585 www.counselandcare.org.uk

Department for Work and Pensions – information about State Benefits

The Pension Service – information on pensions

Tel: 0845 606 5065 www.thepensionservice.gov.uk

Pension Credit Helpline

Tel: 0800 99 1234 www.dwp.gov.uk

Benefit Enquiry Helpline

Tel: 0800 88 22 00 www.dwp.gov.uk



Hodge Lifetime provides lifetime mortgages and home reversion plans ensuring that your own individual requirements can be met.

Hodge introduced the very first equity release plans in 1965 and is the longest established equity release provider in the UK.

We pride ourselves on the friendly and personal service we have been offering to clients for over 40 years and as a founder member of SHIP (Safe Home Income Plans) we are committed to ensuring that our plan holders will never be at risk from any of the plans we offer.

Hodge Lifetime is the trading name of Hodge Life Assurance Company Limited and Julian Hodge Bank Limited, offering equity release products of both companies. Specific information about Hodge Lifetime can be found at www.hodgelifetime.com

Julian Hodge Bank is an authorised institution under the Financial Services and Markets Act 2000 and in addition to equity release products provides a range of financial services products to both personal and commercial customers.

Hodge Lifetime is a trading name of Julian Hodge Bank Limited (Registered in England No. 743437) and Hodge Life Assurance Company Limited (Registered in England No. 837457) which are authorised and regulated by the Financial Services Authority.

Both companies are registered in England and Wales at 31 Windsor Place, Cardiff CF10 3UR.

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