



Protecting Assets, Increasing Wealth

CASE STUDY:

An example of how a Lifetime Equity Release mortgage helped clients of FOCUS:

Mr & Mrs S, aged 66 and 67 respectively, have an interest only mortgage of £600,000. Their intention had been to have this repaid by retirement through inheritances. However, due to long term care costs for their parents, the inheritance monies have all but been used up.

Their property has been valued at approximately £3.5million and it is the intention of Mr & Mrs S to remain in their home for the foreseeable future. The current interest only mortgage has a variable rate of 4.79% with monthly payments of £2395 and, due to impending retirement, there is no realistic option to remortgage to a lower rate in the market.

Mr & Mrs S are expecting to enjoy a total net monthly retirement income of circa £2,100. They also have liquid investments in the region of £250,000 which can be used to supplement monthly cashflow. Mr & Mrs S have no children. The current mortgagee has also requested that the mortgage is repaid in full within the next 12 months.

Mr & Mrs S approached FOCUS to explore the possibility of a lifetime equity release mortgage to assist with their situation. Their concerns about this type of arrangement centre on ownership of the property and their ability to move home in the future. With no realistic way of repaying the capital element of the mortgage going forward, the clients understand that some form of interest roll up needs to be considered.

In assessing the market, FOCUS was able to secure a special fixed interest rate lifetime mortgage at just 4.88%. Property prices remain strong in Oxford and with an extremely conservative property price/value indexation of just 1.5% per annum, the view was taken that the equity in the property should be, at least, maintained with the roll up of interest in the lifetime mortgage.

Mr & Mrs S are very settled and happy living where they do and wish to see out the next 10 years of retirement, at least, in their current property. With no children or relatives to consider, they are happy to let the interest on the lifetime equity release mortgage roll up. The expectation is that the property will continue to remain extremely desirable in the market with good increases in equity each year.

Importantly, their cashflow is improved significantly as they approach retirement and the need to further deplete savings has been removed. Mr & Mrs S retain full ownership of the property and the option to move home in the future remains within loan to value limits set by the lender.

In the process of the equity release remortgage, Mr & Mrs S sought independent legal advice in addition to the independent financial advice from FOCUS.

**Equity Release may involve a lifetime mortgage or home reversion plan. To understand the features and risks, ask for a personalised illustration.
YOUR HOME MAY BE REPOSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**



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