

# Alternatives to equity release

It is important for people to consider all their options before proceeding with an equity release plan so we've created a summary of the possible alternatives.

Moving home	Advantages	Disadvantages
<p>Moving to a smaller property or to a different area can generate a lump sum of money from the sale of the property. Many people find that retirement is a time when they do not wish to have the upheaval of moving and they may also need some level of support from friends and family who are nearby.</p>	<ul style="list-style-type: none"> <li>Cheaper than some other methods.</li> <li>Flexibility regarding amount released.</li> <li>Opportunity to move to a more suitable property for the future.</li> </ul>	<ul style="list-style-type: none"> <li>Move out of what is probably a very familiar and long-standing home.</li> <li>Move away from friends and family.</li> <li>Cost of estate agents, solicitors, removals and stamp duty.</li> <li>Cost of furnishing and decorating a new property.</li> <li>May not have as much as anticipated after purchase of new home and payment of any outstanding debts on current property.</li> </ul>
Borrowing money	Advantages	Disadvantages
<p>Even those who are retired can borrow against the value of their property in other ways. This could be a loan or a mortgage which would provide access to equity in the property under the terms of a credit agreement or a normal residential mortgage.</p>	<ul style="list-style-type: none"> <li>Less disruption than moving.</li> <li>Loans can be arranged for short terms.</li> </ul>	<ul style="list-style-type: none"> <li>Regular payments will usually be required.</li> <li>Interest rates on loans are generally more expensive than on mortgages.</li> <li>Mortgage rates are usually cheaper than loan rates but still require sufficient income to make regular payments.</li> <li>Have to make separate arrangements to use the lump sum as an income, if desired.</li> <li>If the means to repay the loan are not in place, there is a risk of spiralling debt and possible negative equity.</li> </ul>
Help from relatives	Advantages	Disadvantages
<p>Some people may be fortunate in being able to come to an arrangement with their relatives which could supplement their income or provide them with a lump sum.</p>	<ul style="list-style-type: none"> <li>Cheap way to borrow.</li> <li>Quick to arrange.</li> </ul>	<ul style="list-style-type: none"> <li>Increased dependency on a relative.</li> <li>Relative may not always be able to continue the arrangement for life.</li> </ul>

Use of other assets	Advantages	Disadvantages
Many people will have some form of savings or investments tucked away 'for a rainy day' which they could possibly use to achieve their goals instead of using an equity release plan.	<ul style="list-style-type: none"> <li>• Lower cost option.</li> <li>• Quick to arrange.</li> </ul>	<ul style="list-style-type: none"> <li>• Nothing left once money has been used.</li> <li>• Loss of future return.</li> </ul>
Getting a job	Advantages	Disadvantages
Some people will continue to work beyond their planned retirement date. Others might choose to supplement their retirement income by taking on a full or part-time job.	<ul style="list-style-type: none"> <li>• Good way to keep active.</li> </ul>	<ul style="list-style-type: none"> <li>• Most people have worked the majority of their adult life and want to stop as soon as possible.</li> </ul>
Take in tenants	Advantages	Disadvantages
Depending on a person's health and independence they could choose to take in a lodger(s). This could be on a long-term or short-term basis, such as renting a room out to a foreign exchange student over the summer.	<ul style="list-style-type: none"> <li>• Meeting new people and learning about other cultures can be exciting.</li> </ul>	<ul style="list-style-type: none"> <li>• Your house may not feel like your own.</li> <li>• Many people will not want the hassle that could come with having a lodger.</li> </ul>
Budget to live on less	Advantages	Disadvantages
Equity release is often used to maintain the standard of living that somebody is used to rather than as a means to produce funds required to survive. In these times of austerity there are a lot of different resources available offering ways to live on less.	<ul style="list-style-type: none"> <li>• No requirement to find further income if no longer required.</li> <li>• Leave inheritance to the children.</li> <li>• No arrangements to make.</li> </ul>	<ul style="list-style-type: none"> <li>• May have to watch the pennies.</li> <li>• Unable to have the little luxuries.</li> <li>• You may not maintain the lifestyle you enjoyed pre-retirement.</li> </ul>

## Grants

Local authorities offer grants to help with the cost of home improvements, but the amount and availability of these depends on the local authority itself. It is best to find out what the local authority may be able to offer when considering equity release.

### For more information contact:

Telephone: **01737 233297**

Lines are open Monday to Friday, 8.30am to 5.30pm.

Or log onto our website for further information:

**[www.justretirement.com](http://www.justretirement.com)**

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## For further information

For more information about borrowing money, you can visit your local Citizen's Advice Bureau or their website at: **[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)**

Unbiased information can be found via the Money Advice Service Guide to Retirement (available to download from **[www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk)**) and on the Equity Release Council's website **[www.equityreleasecouncil.com](http://www.equityreleasecouncil.com)**

If you do not have an independent financial intermediary, and would like to find one, check out the **[www.unbiased.co.uk](http://www.unbiased.co.uk)** website.

