

Alternatives to Equity Release

Equity Release can be an expensive way to raise capital, therefore it is important for you to consider other options for raising finance. Following are several alternatives you can consider. You should also use our budget form to clearly identify your financial needs.

Residential mortgage.	Advantages	Disadvantages
Refinancing with a residential mortgage with the existing or new lender.	<ol style="list-style-type: none"> 1. Lower rates. 2. Less restrictive early redemption fees. 3. Regular capital repayment. 4. Borrowers under age 55 accepted. 5. Higher loan to value available. 	<ol style="list-style-type: none"> 1. Requires income to service the loan. 2. May fail credit score. Equity release do not credit score. 3. Restricted term. Residential mortgages term limited to age 75 of oldest. 4. Residential lender may not accept borrowers over age 65.
Trade down.	Advantages	Disadvantages
A lump sum can be generated by selling existing property and buying a smaller home.	<ol style="list-style-type: none"> 1. No interest or capital repayment. 2. No debt. 3. More suitable home for long term. 4. Smaller property is less expensive to maintain. 	<ol style="list-style-type: none"> 1. Having to move out of a familiar home at an inappropriate time. 2. Costly e.g. estate agent, moving fees, stamp duty, solicitor x2, refurbishing. 3. Downsizing may no be suitable for family visits.
Other assets/savings	Advantages	Disadvantages
Using other savings or investments.	<ol style="list-style-type: none"> 1. No interest or capital repayment. 2. No debt. 3. Can remain in current property. 	<ol style="list-style-type: none"> 1. Reduction of emergency funds. 2. Use of "fun" money for essential needs. 3. Having to break in to locked-in savings during a market downturn. 4. Once gone its gone.
Budget for less	Advantages	Disadvantages
Reduce expenditure on luxury items. Shortfall is common when a pension does not keep up with inflation or lost due to the death of one partner.	<ol style="list-style-type: none"> 1. Retain independence. 2. No interest or capital repayment. 3. No debt. 4. Retain existing savings and larger inheritance. 	<ol style="list-style-type: none"> 1. Deterioration of life style. 2. Budgeting still inadequate for emergency needs or one off large bills e.g. boiler replacement or new car. 3. Stress having to maintain pennies.
New or current Job	Advantages	Disadvantages
You may be able remain in current job or if retired, supplement income with a new full or part time job.	<ol style="list-style-type: none"> 1. Keep active longer. 2. Social interaction. 3. No interest or capital repayment. 4. No debt. 	<ol style="list-style-type: none"> 1. Health may not allow. 2. Not have necessary skill having been out of job market. 3. Additional travel costs.
Take in tenants	Advantages	Disadvantages
If there is a spare room, a tenant or a lodger can be taken. Rooms can also be rented on short term basis to overseas visitors, students etc.	<ol style="list-style-type: none"> 1. Rent-a-Room. Up to £4,250 a year can be earned tax-free. 2. New social interactions. 3. No interest or capital repayment. 4. No debt. 5. Retain existing savings and larger inheritance. 	<ol style="list-style-type: none"> 1. May not want the additional burden. 2. Health may not allow. 3. May value privacy highly.