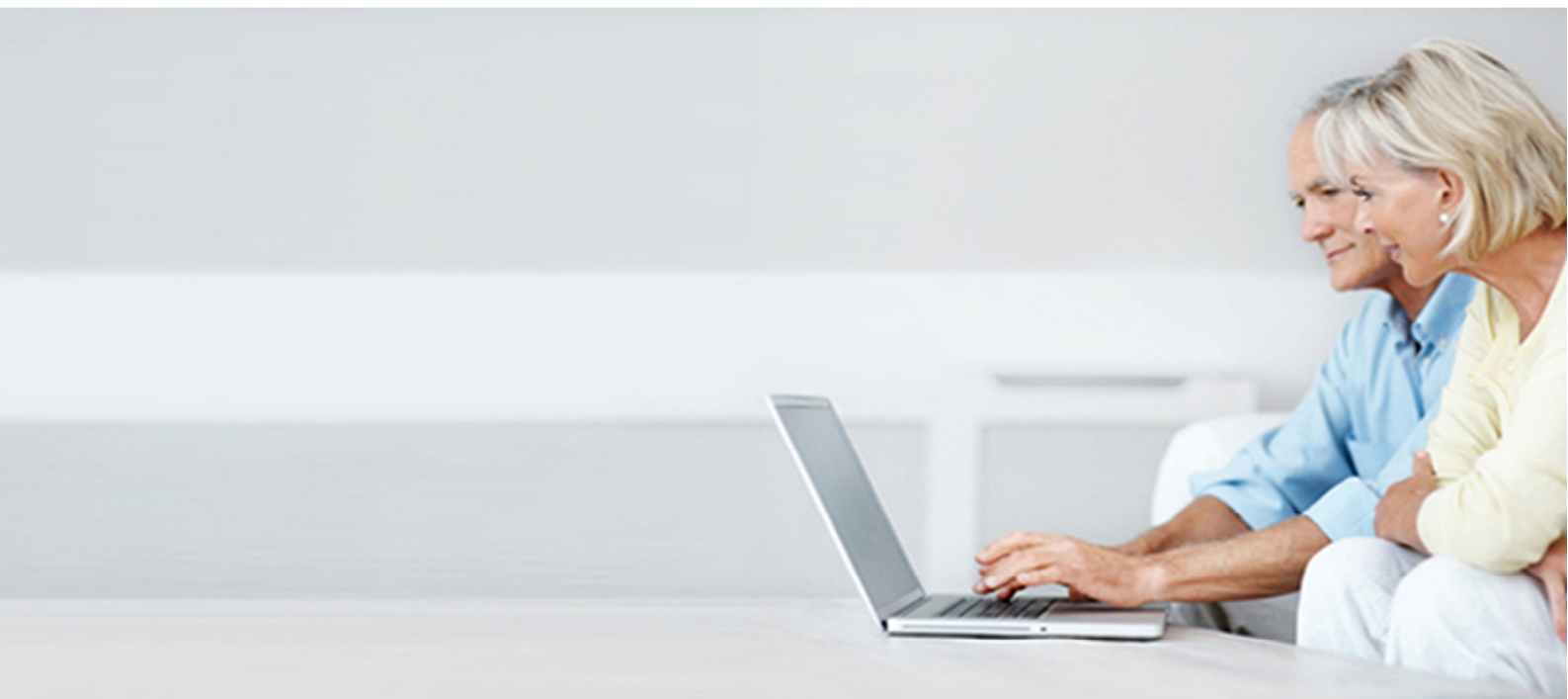


# **A Guide for Solicitors and their Clients**

March 2011



**0800 043 6701**

[www.retirementsolutions.co.uk](http://www.retirementsolutions.co.uk)

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Retirement Solutions (UK) Limited has a market leading service for solicitors. The increasing complexity of the financial services market makes it difficult for accountants to keep fully up to date, and deliver truly independent financial advice to their clients.

The solution: Retirement Solutions (UK) Limited comprehensive Professional Connections scheme. This provides you with financial update bulletins, professionally compiled by financial experts – giving you a resource that builds into a growing library of indexed and searchable information.

You can also call on our expertise when required, to provide **independent financial advice** to your private and corporate clients.

**To find out more about Retirement Solutions (UK) Limited services to solicitors**

**Telephone:** Richard Houghton (Director) on 0800 043 1694 or

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## Our Products and Services

As Independent Financial Advisers, we are able to advise and obtain quotes on a number of retirement finance products from the entire UK market. These include:-

- Equity Release
- Long Term Care
- Annuities

This guide supplies more information about each of these areas.

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## Equity Release

Equity release is a way in which those who are retired can use some of the equity within their home to create either a cash lump sum, a regular income or a combination of both. The two main types of equity release are:-

- Equity release mortgages
- Home reversion

Equity release allows retirees to **continue to live in their homes until their death or until they move into long term residential care**. When you die or move into long term care, the home will be sold to repay the provider.

## Equity Release Mortgages

The different types of equity release mortgages include:

### **Roll up mortgages**

These enable you to take a loan secured against all of or a portion of the equity in your home. You will not be required to make any repayments on the loan during your lifetime but it will incur interest. Upon your death or moving into long term care, the amount paid back to the provider will, as a result, be higher than the sum released.

### **Interest Only Mortgages**

Interest only mortgages **do require a monthly repayment** and, as such, are only suitable for those with a regular monthly income. The equity you release using an interest only equity release mortgage will be in the form of a lump sum and you will repay interest each month. This means the amount owed to the provider does not increase and upon your death or moving into long term care, the provider will be repaid the same amount as they released to you.

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## Home Reversion

Home reversion involves you essentially giving up all or a part of the equity in your home to an equity release provider. They, in exchange, will then provide you with a cash lump sum, regular income or a combination of the two. The key points are:-

- It is not a loan and as such there are no repayments required during your life.
- You can continue to live in your home until your death or transfer into long term care.
- Your spouse can also continue to live in the home, where applicable, until his or her death or transfer into long term care.

## Advantages and Disadvantages of Equity Release

Advantages	Disadvantages
Enables you to free up much needed funds using equity build up in your home.	Equity release will affect the inheritance left to your beneficiaries upon your death.
Enables you to continue living in your home until your death or transfer into long term care.	There are fees, including legal and administrative fees, incurred with equity release.
With most forms of equity release, you will not be required to make monthly repayments during your lifetime.	Your entitlement to state benefit could be affected by equity release.
You do not have to release 100% of the equity in your home and can release as much as you require.	Your home will be sold upon your death or transfer into long term care.

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## Long Term Care

It is now estimated that one in three people will require long term care during their retirement and the costs of this care can be incredibly high. More than 40% of people who go into long term care are required to fund all or a part of it themselves.

Whether you will be entitled to any funding for your care depends upon your assets.

Your Assets	Long Term Care Funding
Your total assets are worth £14,250 per year or less.	Your care will be entirely Government funded.
Your assets amount to between £14,250 and £23,250 per year.	The Government will partially fund your care and you will be required to contribute.
Your assets amount to in excess of £23,350.	You will be required to fund your care yourself (though you may be eligible for some means tested benefits).

## The Costs

In the UK, long term care costs between £13,000 and £16,400 **per year**. Ongoing nursing could amount to an annual cost of £16,000 to £24,400. So ensuring that you make plans and financial preparations to sustain long term care is essential.

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## Long Term Care Annuities

An excellent means of funding long term care is with a long term care annuity, which is also often referred to as a an Immediate Needs Annuity.

A long term care annuity involves you paying a lump sum to a provider and in exchange, they agree to pay a set amount to your care provider for the rest of your life. The amount will be dependent upon your state of health, level of care required and a number of other factors.

## Advantages and Disadvantages

Advantages	Disadvantages
Payments to your registered care provider are guaranteed as long as you require them and thus are ideal for those likely to require care until death.	If your level of care requirements or long term circumstances change, the costs of your care may also increase. This increase will not be covered by the annuity.
This offers long term reassurance and security that the care you require will be funded.	These annuities cannot, at any stage, be cancelled or in any way refunded.

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## Annuities and Income Drawdown

In addition, Retirement Solutions (UK) Ltd can advise on and obtain quotes on a range of retirement annuities and income drawdown products. Our specialists can identify whether you may be eligible for enhanced annuities.

## Retirement Solutions (UK) Ltd

As Independent Financial Advisers, Retirement Solutions (UK) Ltd obtains quotes from the **whole of the UK market** for all product and service areas. This means you can be sure you are getting unbiased advice and being quoted for the products that best fit your personal circumstances and requirements.

For advice on all retirement finance products in plain English, get in touch.

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