



Benefits and drawbacks of equity release video transcript

What are the benefits and drawbacks of equity release?

Like any financial product, equity release has potential benefits and drawbacks to weigh up.

Benefits

- **Tax-free cash:** You can unlock cash from your home, tax-free, to help meet your needs in later life
- **Stay in your home:** You'll retain full ownership of your home and can stay in it for as long as you wish
- **Reduced or no monthly repayments:** You can make reduced or no monthly repayments with a lifetime mortgage. This applies to a payment-term lifetime mortgage after the oldest applicant turns 66, and overpayments can be made at any time, subject to criteria
- **No negative equity guarantee:** You'll never owe more than your home's worth or pass on any equity release related debt to your family, provided terms and conditions are met
- **A payment-term lifetime mortgage:** Could allow you to unlock more of your home's value at a lower interest rate than a comparable lifetime mortgage

Drawbacks

- **The interest can build up quickly:** Lifetime mortgages and payment-term lifetime mortgages are loans secured against your home and are subject to compound interest, meaning the amount you owe can grow quickly
- **Reduced value of estate:** Equity release will reduce the value of your estate and may affect your entitlement to means-tested benefits
- **Long term financial product:** These are long-term financial products and are not designed to be repaid early. If you do, early repayment charges may apply

- **Reduced or no property equity:** Equity release may leave you with limited or no property equity remaining and will reduce your financial options in the future
- **Mandatory payments:** There's a period of mandatory payments with a payment-term lifetime mortgage, and your home may be repossessed if you don't keep up with these payments

We only recommend equity release if it's right for you

You have to receive qualified advice before taking out equity release, so you can be sure it's the right decision for you

All our equity release advice relates to Key lifetime mortgages and payment-term lifetime mortgages only - loans secured against your home.

Our fixed advice fee of £1,299 is only payable on completion. Equity release will reduce your estate's value and may affect your entitlement to means-tested benefits.

A lifetime mortgage or payment-term lifetime mortgage may result in limited or no property equity remaining and will reduce your financial options in the future.

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