

FIX YOUR FINANCES



GOT A WORRY ABOUT MONEY? FINANCIAL EXPERT **JASMINE BIRTLES** IS ON HAND TO HELP YOU MAKE THE MOST OF YOUR HARD-EARNED CASH

Is equity release a good way to raise money?

Our daughter is getting married – we want to pay £10,000 towards the wedding so are looking at releasing some of the equity from our house. My husband is a year off retirement and I only work part time, so would it be better than a loan?

JASMINE SAYS...

Do not even consider an equity release scheme (ERS) for an event like this.

For £10,000 you would be better off taking out a bank loan. Rates for ordinary, unsecured loans are very reasonable at the moment and have the advantage of not putting the roof over your head at risk. A good past financial record will go in your favour.

While some ERS can be useful for a small number of people – primarily those 80 years or over without children – it has too many downsides. At around seven per cent, ERS interest rates are higher than normal mortgages. So if you

live for at least another couple of decades, a greater amount of the value of your house will be eaten up by accruing interest.

If you are in your eighties this isn't such a concern, but the younger you are, the longer there is for the loan to grow. Plus, as we are generally living longer, we need as much money as possible for retirement to cover future expenses such as care fees.

For those in their eighties, equity release can actually help as it can reduce the value of their home for inheritance tax purposes as well as giving them cash to pay for care or other necessities.

Additionally, ERS would not be suitable in your case as

many schemes would not lend such a small amount. And those that would, charge very high rates. Equity release is a complex market, so if you do consider borrowing this way in the future get advice from a accredited independent financial advisor – one who is paid for their time. Find a local one at unbiased.co.uk and vouchedfor.co.uk

WEDDING TIP

Many couples don't need help setting up home so put the costs of the actual wedding on their list. Friends and family then contribute to the overall bill for items like the flowers, wine, cake, favours, etc.

DID YOU KNOW?

More than one in three pet owners celebrate their pet's birthday, spending an average of £26 – with men spending almost a third more than women*