

# Secured Escalating Release Plan

*For Professional Adviser Use Only*



The plan that allows the customer to release the amount required now with the certainty of guaranteed escalating payments over a given number of years, which they select at outset up to a maximum of 15 years.

The maximum amount that can be released through this structured release plan is £250,000.

The Secured Escalating Release Plan is designed for customers who want to unlock all or some of the equity in their home today. The benefits are paid as a combination of an initial lump sum and guaranteed escalating future payments.

The customer decides in advance how much of their property they want to release each year and we guarantee to buy that additional percentage each year at a pre-agreed annually increasing price, removing the uncertainty of future house price movement whilst securing a guaranteed escalating future annual payment for a fixed period.

The customer chooses how much they require now and the number of years they would like to draw down the balance. This enables them to lock in the gains they have made on their home today without releasing any more cash than they currently require.

In the case of an early death or a move into long term care resulting in an early termination of the plan, the property is sold and the remaining equity that had not already been sold is paid to the customer or their estate.

At outset the customer can commit to sell, anything from 25% to 100% of their equity. Further commitments can be made at a later date, assuming the client has retained a share.

The initial release must be a minimum of 25% of the property value or £25,000 whichever is the lower. The annual payments must be a minimum of 5% of the property value or £5,000 whichever is the lower, and will escalate at 5% per annum subject to the total released not exceeding £250,000. Within these guidelines the payment term can be selected by the customer up to a maximum of 15 years.

The Secured Escalating Release Plan is not available in Scotland and does not offer High House Price Inflation Protection or the Early Vacancy Guarantee options.

***(The examples overleaf are indicative and are for illustration purposes only. Actual amounts released will depend on exact dates of birth. Personalised key facts illustrations are available from our website.)***

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## Example 1

Mr & Mrs Thompson are both 76 and live in a property worth £150,000. They decide that they would like to commit to sell 100% of their property today, but only want to initially release 50% with the balance being released over 10 years, providing them with the following payments:

<i>Initial release</i>	<b>£35,932</b>
<i>Year 1</i>	<b>£3,773</b>
<i>Year 2</i>	<b>£3,962</b>
<i>Year 3</i>	<b>£4,160</b>
<i>Year 4</i>	<b>£4,368</b>
<i>Year 5</i>	<b>£4,586</b>
<i>Year 6</i>	<b>£4,815</b>
<i>Year 7</i>	<b>£5,056</b>
<i>Year 8</i>	<b>£5,309</b>
<i>Year 9</i>	<b>£5,574</b>
<i>Year 10</i>	<b>£5,853</b>

Over the 10 years they would therefore have received £83,388. If they had opted for a Maximum Release Plan initially, they would have received £71,865.

## Example 2

Mrs Young is 70 years old and lives in a £200,000 property. She decides to release 25% of her equity today providing a lump sum of £21,735 and a commitment to a further 50% over the next 10 years. This leaves her with an interest of 25% for her or her family or the option to take further releases if required.

<i>Initial release</i>	<b>£21,735</b>	
<i>Year 1</i>	<b>£4,564</b>	
<i>Year 2</i>	<b>£4,793</b>	
<i>Year 3</i>	<b>£5,032</b>	
<i>Year 4</i>	<b>£5,284</b>	
<i>Year 5</i>	<b>£5,548</b>	
<i>Year 6</i>	<b>£5,825</b>	
<i>Year 7</i>	<b>£6,117</b>	
<i>Year 8</i>	<b>£6,422</b>	
<i>Year 9</i>	<b>£6,744</b>	
<i>Year 10</i>	<b>£7,081</b>	

Under this option over 10 years Mrs Young would receive a total of £79,145. If she had taken 75% as a lump sum initially, she would have received £65,204.

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