

All about Home Equity Release



Finding extra cash in your retirement years can be a struggle. There are a few ways to help finance your golden years, one of which is a Home, or Senior Equity Release.

Through a Senior Equity Release (SER), you can use the equity in your home for a wide range of purposes without creating a new mortgage. The beauty of home equity is that, in most cases, you may only be taking the profit from years of increased value, which is tax free.

How you use the money is entirely up to you and you can take it as a lump sum or a monthly payment over time that supplements your pension.

But before you start spending it in your mind, you need to get

advice so you understand the full implications; including to your Centrelink entitlements and other family arrangements. In fact, it is a requirement that you consult a licensed and accredited financial adviser to get sign off that you understand the SER product and have considered the implications.

How does Senior Equity Release work?

Senior Equity Release enables you to sell a percentage of your home at market value to an investor or a member of your family. If you sold

your whole home to an investor and then wished to continue living in it, you would need to pay the rent. This rent is paid from a portion of the released funds that have been set aside.

Most of the sales proceeds are given to you as either a lump sum or a monthly cash flow as per your instructions. The remaining portion of the sale proceeds is set aside to pay, on your behalf, the rent for the next 5 years for the portion you have sold. At the end of the 5 years, investors purchase a further interest in your home to pay the rent for the next 5 years and so on.

An example of a Senior Equity Release partial sale arrangement:

- Your home is worth \$800,000.
- You sell \$128,000 (16%) of your home.
- \$100,000 is paid to you.
- The remaining \$28,000 is kept on your behalf to pay the next 5 years of rent on the portion you have sold.

All the while, the title remains in your name and you have the permanent right to stay living in your home.

The rent you pay is fixed for life at the start of the contract and is currently 4.4% (rent of 3% and platform fee of 1.4%), and thus there will be no surprises when you sell your property. Along the way, investors receive a portion of the rent on top of their share of any capital gain (or loss) that the property may make. Investors will

pay their share on maintenance and insurance of your home, which should result in peace of mind knowing that your home is insured and maintained.

So, who buys the bit you're selling? Investors can buy into your home which can include your children and other relatives. Investors can on-sell their investment too or simply wait until you eventually sell your home to receive their share of the capital value.

Senior Equity Release gives you options and flexibility. You can move and rent your home out and keep the rent to fund your living expenses elsewhere or while you're travelling, or even testing out a retirement village.

Your home is still your castle and you retain the title so it will always be there for you until you decide to sell it.

Courtesy DomaCom

Senior Equity Release

- Allows you to sell a percentage of your home in exchange for a lump sum or an adjustable monthly payment plan.
- Money can be used for any purpose and you retain the title and lifetime occupancy.
- If you're over 60 and own your home which is either debt free or you wish to pay out any debt, this may be a solution.
- Anyone can buy a percentage of your home including family and friends.

For further details, a copy of the Product Disclosure Statement and to access the equity release calculator please go to <https://domacom.com.au/how-to-invest-with-domacom/senior-equity-release/>

You can also lodge a no obligation Expression of Interest and someone will contact you.



Please note that it is a requirement of the Australian Securities and Investment Commission that you speak to a licensed financial adviser who has been accredited in the DomaCom SER product, who will explain all aspects of this product including the benefits and risks and issue you with a Statement of Advice in relation to it. They will take into account any Centrelink payments you may be entitled to.

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