

Lifetime leases

EAC is currently only aware of one company that offers Lifetime Leases – Homewise Ltd – www.homewise.co.uk
Tel: 0800 043 44 88

A lifetime lease is an arrangement where a commercial company buys a property and then sells you the right to live in that property for the rest of your life, or for both of your lifetimes, in the case of couples.

- Ownership remains with the company and when you die or move, possession reverts to the company.
 - It is only available to people aged 60 or over.
 - Lifetime leases can be for sheltered/retirement property or for mainstream housing.
 - You can transfer between one lifetime lease property and another. Under the portability clause you can move to a property of the same value or a lesser value. You will have to pay any costs involved. If you want to move to a property of a higher value, you will need to fund the difference between the two.
 - You will remain responsible for your council tax, utility bills, water charges, insurance, repairs and maintenance and any service charges.
 - The cost will vary according to your age but it is typically between 50% and 70% of what you would pay if you were buying outright.
- Apart from one product that Homewise Ltd offer - the Shared Growth option - once you have paid for a lifetime lease, if you decide to move out, the most you will get back would be 10% of what you paid. This will reduce by 2% with each year you live there. After 5 years you will not get back any of the money you paid. The Shared Growth option offers the possibility of retaining some of the property value.
 - As with any financial service there may be both advantages and disadvantages, depending on your personal circumstances.

Possible advantages

1. If your current property has a higher value than a lifetime lease you may be able to access some of your capital in your lifetime by moving into a new home under a lifetime lease agreement and take advantage of the difference in price between outright purchase and the cost of this type of product.
2. You may be able to use the capital to increase your income, generally improve your standard
3. of living or give early inheritance gifts to your family.

4. You may be able to move to an area that you might otherwise not be able to afford, and where you might be given a very low priority for renting by a council or housing association.
5. You may be able to live in a property you could not otherwise afford at less than the cost of outright purchase.
6. You may have more choice should you need to move nearer to family or friends.
7. A property held through a lifetime lease will not form part of your estate for Inheritance Tax purposes.

Possible disadvantages

1. You will have less money/fewer assets to leave in your will to family and friends.
2. If you release capital when you sell your home this may affect any means tested benefits to which you are entitled.
3. You may not have enough capital to independently fund your own care, should you need to go into a care home in the future. You may have to rely on Local Authority funding which can limit your choices.
4. If you are not happy in your life interest plan accommodation or you need to move again for any reason then you will have less capital available. This may limit your future choices unless you choose to move to another home with a lifetime lease.
5. You will not be able to raise income or capital from the property using an equity release plan.

Other points to bear in mind

- Ensure that you fully understand all the terms of any agreement before you sign it.
- We would recommend that you seek independent financial and legal advice before purchasing a lifetime lease.
- You may wish to think about remaining in your current home with increased support or adaptations to your property. These may enable you to cope better without having to move.

If you wish to discuss any of these points further please contact the EAC Advice Line on 020 7820 1343 to speak to an advisor.

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