

Fact find conversations

Getting it right for your clients

You might find that equity release is a potential option for your client, but it could be an option that they've never considered. It's worth asking some general questions to understand your client's hopes and motivations for the future, as well as their attitude to property wealth, to find out if a conversation about equity release could be one worth having.

Key questions to ask all clients

- What are their priorities for the future?
- Do they have any worries, or particular financial concerns?
- Do they have any financial concerns relating to their children or elderly parents?
- Is being able to leave a legacy for their heirs important to them?
- What's their attitude to using their property wealth as part of their financial planning? This could include retirement planning and potential future care needs.
- What sort of lifestyle are they hoping to live in retirement?
- Do they feel confident that their pension provisions will meet their needs?

If the answers to these questions lead to a conversation about equity release and you're qualified to write business yourself, the following section will help you to find out whether it could be a suitable option for your client. If you're not qualified to advise on equity release but your client would like to discuss it further, you could refer them to an equity release qualified adviser.

Key questions to ask clients considering equity release

About the property

Apart from basics such as ownership and occupancy details, you'll need to ask the following questions:

- Is there an outstanding mortgage?
- Is it detached, semi-detached, a bungalow, a flat or a terraced property?
- If the property is leasehold, how many years are left on the lease, what are the ongoing service charge or ground rent costs?
- When was the property built?
- How many people live there and who are the registered owners of the property?
- Does it need any repairs or maintenance?
- What is the estimated property value?
- Does the property have an annexe or other self-contained part and is this occupied?

Other income	<p>Beyond the basic question of whether your client is in employment, it's important to find out what other sources of income – if any – they might use as an alternative to equity release:</p> <ul style="list-style-type: none"> • Do they earn income from any other properties? • Do they earn interest from savings or returns from investments? • Do they collect rent from any lodgers or tenants? • Do they have a private or company pension? • Are they aware that equity release funds are classed as capital and could affect their tax position?
The money	<p>The amount your client needs and their specific plans for it may have a bearing on whether they choose equity release or an alternative. Find out:</p> <ul style="list-style-type: none"> • Will they need the money for a one-off expense, or is it to supplement income? • Is the money needed now, or is it an expense they're worried about in the future?
The alternatives	<p>Ask your client if there are any alternative sources of raising income. These include:</p> <ul style="list-style-type: none"> • Downsizing • Letting out rooms within the home • Using existing income or savings • Taking a loan, using a credit card or borrowing from family.
State benefits	<p>Two things to consider here:</p> <ul style="list-style-type: none"> • Whether they have factored in all the benefits they may be entitled to – including state pension – before making a decision. • Whether money released from equity release would affect any state benefits they may receive now or in the future.
Affordability	<p>Some equity release products require your client to be assessed on whether they can afford to enter into the regulated lifetime mortgage contract.</p> <p>Speak to your client about:</p> <ul style="list-style-type: none"> • Interest rates which could rise in the future • Their current circumstances and how they could change in the future • Their current levels of income and expenditure and how this could change in the future.
Health and lifestyle	<p>It's worth reminding your client that, as with an annuity, it could be in their interests to disclose any health and lifestyle issues. This may lead them to receive a more favourable rate, or give them the opportunity to borrow more.</p> <ul style="list-style-type: none"> • Do they have – or have they had – any significant medical conditions? • Don't forget lifestyle considerations such as smoking or weight issues.
Involving the family	<p>For your protection, as well as your client's, it's extremely important that they are invited to include family members in the equity release decision-making process. This particularly applies to relatives whose eventual inheritance would be affected by the decision. Make sure you find out:</p> <ul style="list-style-type: none"> • If they have spoken to their family about taking out equity release. • Whether they want to bring family members into their meeting with you. • If they realise that taking out equity release will reduce the amount of inheritance they can leave.
Legal advice	<ul style="list-style-type: none"> • Discuss the requirement for your client to obtain independent legal advice if the application progresses.