Eureka Newspoint

Eureka Financial Solutions Ltd

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Protection should be the cornerstone of any good financial plan, get in touch and we can talk about your options

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Borrowing options in your later years

Retirement is an exciting time; the start of a new chapter in life. Whilst we will have worked, saved and prepared for this moment for a long time, many of us will find we don't quite have enough money to fund all the things we planned to do.

Luckily, there are an increasing number of options for borrowing in your later years, enabling people to stay in their homes for longer and help fund their retirement lifestyle.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP YOUR REPAYMENTS ON YOUR MORTGAGE.

Mortgage

One option is a traditional residential 'capital and repayment' or 'interest-only' mortgage. Many lenders have increased their upper age cap limits in recent years, enabling mortgages to now be applied for by people up to 80 years old and allowing mortgage terms that end when a customer is up to 85 years old.

You'll have a better chance of being accepted for these mortgages if you have a good credit history. Your income will need to be high enough to easily cover the mortgage payments, so lenders will be looking for proof of pension income. This is easier to do once you are retired.However, if you are yet to retire, your pension provider can give confirmation of your expected retirement date, current pension pot and expected retirement income. The mortgage provider will also be interested in other income you may have, such as from shares and property investments.

Equity Release

Another option is equity release. With an Equity Release Mortgage, you borrow an amount against a part-share of your home, either as a one-off lump sum or a monthly income.

You still own your home, and the payment can be used for a variety of purposes. These are, most commonly, to pay off an outstanding mortgage, pay for a major purchase or unexpected cost, or simply to help fund your retirement.

Lifetime Mortgage

A Lifetime Mortgage differs to a traditional Residential Mortgage as payments do not need to be made throughout the term of the mortgage. Instead, the total amount borrowed plus the interest is repaid when the house is sold, which is usually after the borrowers have moved into a care home or passed away.

Both Equity Release and Lifetime Mortgages will impact elements such as how much inheritance you have available to pass on, eligibility for state benefits and your tax position.

Each of these borrowing options suits different circumstances so you must carefully consider which would be best for you in your later years.

You will need to take legal advice before releasing equity from your home as Lifetime Mortgages and Home Reversion plans are not right for everyone. This is a referral service.

Is joint life cover best for couples?

If you want to help make sure your loved ones will have financial security if you pass away, life insurance cover is the answer. But, if you're part of a couple and you both need cover, should you take out single policies, or a joint policy that covers both of you?

With a single life policy, the insurer would pay out on the death of the policyholder and the policy would then lapse. With joint life insurance, however, the cover will apply to both policyholders and would pay-out either on the first or second death, depending on how the policy is set up.

Before you decide whether to take out single or joint life insurance policies, you'll need to decide what type of cover you need, and this will depend on your circumstances:

- **Term Assurance:** pays out a lump sum if you die within the agreed 'term' (ie. the amount of time you've chosen to be covered for). Term Assurance is typically taken out to protect a mortgage and, as such, can come with a level, or decreasing, sum assured - the latter reducing as you pay off your mortgage.
- **Whole of Life Insurance:** pays out a lump sum when you die, whenever that is - as long as you're still paying the premiums.
- **Family Income Benefit Insurance**: pays out a regular income, instead of a lump sum, to provide ongoing financial support for those who depend on you.

You could also add critical illness cover to your life insurance policy, which means you'll get a pay-out if you're diagnosed with a serious illness and your claim is accepted. The type of conditions covered can include cancer, heart attack and stroke and will depend on the insurance provider.

Weighing up the benefits

Once you've agreed on the right type of cover, there are a number of other factors to consider to determine whether single, or joint life cover is best for you and your other half, including:

- **Cost:** a joint life policy may be less expensive than two single life policies. Level of cover - if your partner earns more than you you might want them to have a higher level of cover, since the financial impact of their death would be greater than yours. In this respect two policies may be better as they will have different sums assured.
- **Existing cover:** either, or both of you may have existing life cover through your employer, or an existing plan. It's important to check what's already in place so that you have a true picture of your protection shortfall. You don't want to pay for something that's already covered.
- **Your relationship:** It's not necessarily something you want to think about but some insurers include a separation benefit. This means if your relationship breaks down during the policy term, you could cancel it and start two individual policies without having to provide additional medical information.

If you're not sure whether single or joint life cover is best for you, or you'd like to review your existing cover, please get in touch.

It is a tongue-in-cheek discussion most of us have had with family and friends. What songs would you have played at your funeral? After all, a funeral service and the music played should celebrate your life in the way you want.

Most popular funeral songs by genre

♫ **Hymns**
Abide With Me
All Things Bright And Beautiful
The Lord Is My Shepherd

♫ **Rock**
Stairway To Heaven Led Zeppelin

Bat Out Of Hell Meatloaf
Don't Want To Miss A Thing Aerosmith

♫ **Sport**
Match Of The Day
Cricket Theme
You'll Never Walk Alone

♫ **Indie**
Chasing Cars Snow Patrol
Wonderwall Oasis
Don't Look Back In Anger Oasis

♫ **TV**
Only Fools And Horses
Last Of The Summer Wine
Coronation Street

♫ **RnB**
I'll Be Missing You Puff Daddy
I Miss You Beyoncé
One Sweet Day Boyz II men

What music do you want played at your funeral?

A quick look at the current top 10 funeral songs turns up some predictable results. 'My Way' by Frank Sinatra is favourite, followed by 'Time to Say Goodbye' in second place. Another more ironic choice is 'Always Look on the Bright Side of Life' from Monty Python's 'Life of Brian'.

Have you planned your song choice?

Do any of the above reflect your wishes? Or would you take a different approach? Would you want the attendees to truly celebrate your life and your sense of humour or would you rather make a poignant, emotional choice?

Whatever works for you, whether hymn or humour, you want your song choice to be one less thing for your loved ones to worry about.

It can be costly too

There's no soft way to approach this topic but it's best to tackle these difficult issues head on, like how we would cover the costs of our funeral. The average cost of a funeral is at an all-time high of £9,214. This is a 29% increase in just 10 years.

— £4,281 – the average cost of a basic funeral including the doctor, funeral director fees, the cremation or burial and the minister or celebrant
— £2,061 – the average amount spent on additional extras such as the memorial, death and funeral notices, flowers, order of service sheets, limousines, venue and the wake
— £2,872 – the average amount spent on hiring legal professionals to administer the estate

A Whole of Life Plan can help take away some of the financial worry for your loved ones. These plans are designed to pay out a specified sum when you pass away, or are diagnosed with a terminal illness. The amount paid depends on the sum assured and type of cover you choose when setting up your plan.