

Retirement Income Review: Debt free equity release must be considered

Friday 20 November 2020. Homesafe Solutions Pty Ltd (Homesafe) has welcomed the outcomes highlighted in the Federal Government's Retirement Income Review Report, and the recognition of the importance of equity release solutions to address the funding needs of Senior Homeowners.

The release of the Australian Government's Retirement Income Review Report has recognised that the family home, which represents the largest share of net wealth for Australians aged 65 and over, is already regarded as an important role in the retirement income system. The report also highlights the availability of equity release products for retirees and that accessing home equity could have a "bigger impact on improving retirement income than increasing the superannuation guarantee".

Homesafe Chief Operating Officer, Ms Dianne Shepherd said that "Accessing the equity built up in the home, to enable older Australians to fund a comfortable and independent retirement, makes sound financial sense for many senior Australians, and many already use this strategy" The only debt-free equity release alternative is Homesafe Wealth Release™, a product provided by Homesafe Solutions Pty Ltd in partnership with the Bendigo & Adelaide Bank. Homesafe Wealth Release is Australia's only alternative to reverse mortgages, and the only strategy which provides seniors with a lump sum amount debt-free.

For over 15 years Homesafe Wealth Release has assisted thousands of older homeowners to access some of the equity tied up in their homes. The Homesafe solution has no repayments, no compounding interest charges and provides significant protections for the homeowner to remain in their homes, debt free, for the rest of their lives.

"The Homesafe equity release product was designed to enable senior homeowners to access the wealth tied up in their homes by selling a share of the future sale proceeds of their home and to avoid going into debt.

Rather than taking out a capitalising interest loan and then carrying the risk of future property growth rates as the debt increases, with Homesafe the homeowner can sell a part of their home today and protect a share of the future equity in their home for their own needs or to leave to their Estate.

Homesafe customers know how much equity will remain in their hands when they eventually sell. This clarity and control over costs has been essential for Homesafe's customers.

As the number of Australian "baby boomers" reaching retirement continues to grow, the role of equity release will become ever more important and it is crucial that seniors understand the options which are available to them now, and what impact their decisions may have in years to come.

Government has an unprecedented opportunity to facilitate greater efficiencies in the equity release market, not only for the benefit of individuals but also the wider economy, and to support the efficacy of the industry by working with providers of equity release products to ensure the wider ageing population can access the stored wealth in the homes when they need it the most. ENDS

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