



# Paying off debt

**Carol is 65 and is looking to retire along with her husband Jeff (69). They live comfortably with their current wages, but are concerned that their pensions will not enable them to sustain the lifestyle they currently enjoy during retirement.**

They have an outstanding car loan of £13,000 to pay and £7,000 unsecured credit card debt which will make their pension income even more stretched. On top of this they also have an interest-only mortgage that is due to mature next year with a shortfall of £91,000.

They speak to their financial adviser to discuss their options, including equity release, a Retirement Interest Only mortgage (RIO) and downsizing.

Carol and Jeff do not want to relocate; they love the house they live in and want to enjoy their retirement there. They would like to pay off their unsecured debt before retirement and be more financially secure and would therefore like to consider the equity release solution. Their adviser refers the case to Key Partnerships to see if they are eligible.

Based on the age of the youngest applicant (Carol 65) and the value of their home (£350,000), they could release £121,250 from their home.

### Carol and Jeff's calculation

Assets	Costs	Shortfall	Release amount available
House: <b>£350,000</b>	Total: <b>£111,000</b> <i>Car loan: £13,000 / Credit card debt: £7,000 Interest-only mortgage: £91,000</i>	<b>£111,000</b>	<b>£121,250</b>

Not only are they able to release equity to pay off their outstanding interest-only mortgage and unsecured debts with no monthly repayments necessary, if they decide to take the full release amount, after paying off their existing mortgage and debt, they have £10,250 remaining to help make their retirement more comfortable.

With an estimated 40,000 interest-only mortgages due to mature each year between 2017 and 2032\* and an increasing amount of debt taken into retirement, equity release could provide your clients with a more financially secure retirement.

\*Experian Residential Interest-Only Mortgages 2017