

An alternative to downsizing with a reverse mortgage



FACT SHEET

Why stay in your home?

While downsizing is often seen as the default solution for retirees looking to free up cash, staying in your family home could be a better financial decision. A reverse mortgage allows you to access the equity in your home without the need to sell and move.

Avoid downsizing costs

Selling your home and buying a new one involves substantial costs, including real estate agent fees, stamp duty, and moving expenses, which could add up to 8% of your property's value. A reverse mortgage allows you to stay in your home and access its equity, saving on these costs.

Retain the growth potential of your property

Downsizing to a lower-value property means that while it may appreciate, the returns are likely to be smaller compared to your current home. Staying in your existing home allows you to continue benefiting from any property value growth, which may result in a larger return in the future.

Example: A home valued at \$1.5 million growing at 3% per year yields more in dollar terms than a \$900,000 home appreciating at the same rate. A reverse mortgage enables you to maintain this value while still accessing the funds you need.

Maintain control of your future

We believe that clients should have the choice to stay in their homes as long as they choose and only move when lifestyle or health circumstances require—not because of financial pressures. A reverse mortgage provides financial security and flexibility,



allowing you to stay in your home for as long as it suits your needs.

How reverse mortgages work

A reverse mortgage is a unique type of loan designed specifically for Australians aged 55 and above, enabling you to access the equity in your home without the need to sell or make regular repayments. The loan is typically repaid when you sell your home, move into aged care, or when the last surviving borrower passes away.

With a reverse mortgage:

- **You retain ownership of your home.** There are no monthly repayments required, meaning you can free up cash flow to cover living expenses, healthcare, and do more in your retirement.

- **The amount you can borrow** depends on your age, the value of your home, and how much equity you have. The older you are, the more you can borrow with borrowing capped at 55% by age 90.

- **You can access funds** in a way that suits you—either as a lump sum, a regular income, a line of credit, or a combination of these options.

Interest is added to the loan over time and compounds, meaning the total loan balance increases as time goes on. However, you are not required to make any repayments unless you choose to, and you can remain in your home for as long as you wish.

Protections for borrowers

Reverse mortgages in Australia are strictly regulated by the government to protect borrowers and ensure transparency. Some key protections include:

- **No Negative Equity Guarantee (NNEG):** This legal safeguard ensures that you can never owe more than the value of your home. Even if property prices fall, you or your estate will not be liable for any shortfall when the home is sold.

- **Ownership rights:** You retain full ownership of your home. The lender does not take over the property, and the title deed remains in your name. You are free to sell your home at any time and repay the loan without penalties (though settlement and mortgage discharge fees may apply).

- **Clear terms and conditions:** All reverse mortgages come with clear terms, including transparency around interest rates, fees, and potential risks, so you know exactly what you're agreeing to.

These protections are designed to ensure that reverse mortgages are a safe and viable option for older Australians looking to access their home equity.

Independent legal advice

Before taking out a reverse mortgage, it's essential to seek **independent legal advice**. This is a legal requirement in Australia and helps ensure you fully understand the terms and conditions of the loan.

A solicitor will review the loan agreement, explain how the reverse mortgage contact works, and discuss any potential implications, such as how it may affect your inheritance or future financial plans.

At Your Home Equity, we always encourage clients to take their time with this decision and to seek comprehensive legal and professional advice. We believe in empowering our clients with the knowledge they need to make the best choice for their financial future.

Your Home Equity – Reverse Mortgage Brokers

At Your Home Equity, we specialise in reverse mortgage broking for Australians over 55. This is our sole focus, and we have more than 14 years of combined experience helping clients navigate their financial options in retirement.

What sets us apart:

- **We work for you, not the lenders:** As specialist brokers, our role is to find the best reverse mortgage product for your unique situation. We're accredited with Australia's leading reverse mortgage lenders, which gives us access to a wide range of options tailored to your needs.

- **Expertise and compassion:** We understand that the decision to take out a reverse mortgage is a significant one, and we're here to provide guidance without pressure. Our process is client-focused, ensuring that you feel comfortable, informed, and supported every step of the way.

- **No obligation consultations:** We offer no-obligation consultations, so you can explore your options and ask questions without feeling pressured to commit. We're here to make sure you have all the information you need to make a confident, informed decision.

Our mission is simple: to help older Australians live well in their retirement by accessing the wealth they've built in their homes. Whether you're looking to refinance, consolidate debt, top up your income, or fund home improvements, we're here to guide you through the process.

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