

# Home Equity Access Scheme vs Reverse Mortgage



## FACT SHEET

### Understanding your options in retirement

As more Australians look to access the wealth tied up in their homes, two common options often come up: the **Home Equity Access Scheme (HEAS)** and a **reverse mortgage**.

While both allow you to unlock equity in your home, they work very differently – and choosing the right option can have a significant impact on your lifestyle, flexibility, and long-term financial position.

Understanding the key differences can help you make a more informed decision about what's right for you.

### What is the Home Equity Access Scheme (HEAS)?

The Home Equity Access Scheme is a **government-backed loan** that allows eligible Australians of Age Pension age to access a **fortnightly income stream** using the equity in their home.

Key features include:

- Paid as a **regular income stream**, or available as a lump sum (max circa \$15,300 single and \$23,100 couple, per annum)
- Strict limits on how much you can receive
- Available only to those meeting **Age Pension eligibility criteria**
- Administered by the Australian Government



This scheme is designed to **supplement retirement income**, rather than provide large upfront funds.

### What is a reverse mortgage?

A reverse mortgage is a **flexible loan product** offered by lenders that allows homeowners aged 55 and over to access the equity in their home.

Unlike HEAS, a reverse mortgage allows you to:

- Access funds as a **lump sum, income stream, line of credit, or combination**
- Use the funds for a wide range of purposes
- Access larger amounts depending on your age and property value

## Key differences to consider

### Access to funds

- **HEAS:** Limited to regular fortnightly payments, smaller lump sums, with capped amounts.
- **Reverse Mortgage:** Flexible access – large lump sums, regular income, or line of credit

If you need funds for major expenses such as home renovations, debt consolidation, or helping family, a reverse mortgage may provide more flexibility.

### Eligibility

- **HEAS:** Must be of Age Pension age and meet eligibility requirements
- **Reverse Mortgage:** Available from age 55, with fewer restrictions

This means a reverse mortgage may be available earlier and to a broader range of homeowners.

### Flexibility and control

- **HEAS:** Structured and controlled by government
- **Reverse Mortgage:** Greater choice over how and when you access your funds

This means a reverse mortgage may be available earlier and to a broader range of homeowners.

### Loan purpose

- **HEAS:** Primarily designed to supplement income
- **Reverse Mortgage:** Can be used for a wide range of needs, including:
  - Boosting retirement income
  - Funding home improvements
  - Covering healthcare or aged care costs
  - Assisting family members



A reverse mortgage may be more suitable if you:

- Want **flexibility and control** over your funds
- Need access to **larger amounts of money**
- Are planning for **broader retirement needs, including lifestyle, healthcare, or family support**

## 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.

Reverse mortgages can also provide the funds needed to secure your new property before your current home sells.

This flexibility ensures that you can purchase a new home, cover costs like moving expenses and stamp duty, and move forward with confidence, even if your old home hasn't yet sold.

## Which option is right for you?

The right choice depends on your personal situation, financial goals, and how you want to use your home equity.

You may prefer the HEAS if you:

- Want a **government-managed income supplement**
- Are comfortable with **strict limits and structure**
- Do not require access to large lump sums

**Example:** A homeowner looking to downsize may need \$50,000 to prepare their existing home for sale and to cover moving costs. A reverse mortgage allows them to cover these costs without financial strain.

#### **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.

### **Independent legal advice**

Before taking out a reverse mortgage, it's essential to seek **independent legal advice**.

This is a mandatory requirement for all reverse mortgage lenders, and helps ensure that you fully understand the terms and conditions of the loan.

A solicitor will review the loan agreement, explain how the reverse mortgage contract 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.

### **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.



## 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 35 years of combined experience in banking, financial advice, and mortgage lending, and 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.

### General Disclaimer

The information provided is correct to the best of our knowledge, but no warranty as to accuracy is given and each person or organisation should not act on the basis of its contents without taking appropriate advice.

The information in this guide is general in nature and has been prepared without taking into account the needs, objectives, or financial situation of any particular individual. Individuals should consider their own circumstances and, if necessary, seek professional advice.

All reverse mortgage products are subject to the terms, conditions and approval of the providers and fees and charges apply.

Please note that while the information set out in this guide is considered to be true and correct at the date of publication (24/03/2026), changes in circumstances after the time of publication may impact on the accuracy of information.

### Contact Us

If you'd like any further information or would like to discuss your situation, we'd be delighted to help.

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**P: 08 6328 1584**

Alternatively, you can check your eligibility in minutes using our [online reverse mortgage calculator](#).

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