

## How An Equity Release Calculator Can Help You

Many senior citizens opt for equity release schemes to encash a part of their equity on their property. This can be a wise decision in more ways than one; however most home owners aren't aware of the nitty-gritty of how a financial institution works, and how their equity is calculated. Financial institutions offer customers an equity release calculator, which can help them find out the releasable equity on their property and then decide if it is financially viable for them to go for an equity release plan.

### Equity

Equity is the difference in the amounts of the value of your house in the current market, and the amount you owe on your mortgage, or home loan. Simply put, it is the share in value of the house that the home owner actually owns.

### Equity release

Out of the total equity on a home, a home owner can only release a part of it in an equity release scheme. Equity release is a means of releasing a part of a home owner's equity to a financial company who will in turn pay out a lump sum or a fixed monthly installment (or both) to finance the home owner's daily expenses.

### What is an equity calculator?

A number of financial institutions provide home owners with a free tool to calculate the amount of equity that can be released on their property. Based on this calculation they can deduce the amount of money they can receive, if they sign up for an equity release scheme.

### How it works

An equity release calculator is a free service and can be found online on the websites of various financial organisations. Firstly the home owner is required to provide information about the property in question, based on which the calculator will predict how much equity can be converted to a cash payout. More advanced calculators will provide in-depth information about the various possibilities and payouts possible with various types of equity release schemes. The availability of such information is subject to the financial institution providing such a service. Home owners are always advised to try out at least two calculators to be able to procure the best deal.

### What information would a home owner need to provide?

A home owner will need to provide some information about the property in question. The most common questions are the current market value of the property, the home owner's age, and the amount owed on the mortgage. Questions vary from calculator to calculator, however these are the most commonly asked questions. Home owners should always ensure to key in correct figures to avoid false results. It is very important for the exact current value of the home to be keyed in. If this figure is unknown, a property appraiser should be called in.

### Can a home owner trust an equity release calculator?

All equity release plans are strictly regulated by the FSA (Financial Services Authority), so home owners can rest assured that their best interests are protected. In case of any discrepancy the home owner should contact the financial ombudsman service for assistance.

### About the Author

Based in the UK, Retirement Solutions Limited is an Independent Financial Adviser (IFA). They give specialist advice on [equity release schemes](#) and you can use their [equity release calculator](#) - Call them on 0800 043 6701

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