

Property and Later Life Planning

Making the most of your home as you plan for later life

This guide contains 14 pages and will take approximately 12 minutes to read



Property and Later Life Planning

A practical look at the home you have lived in for years, and the part it plays in your later-life plan: turning it into income, protecting it if you need care, and passing it on.

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Your home in later life

Your home is where life happened. In later life, it becomes something more: often the largest and most important asset in your financial plan.

It shapes the income you can draw on, how you might fund care, and what you pass on to the people you love. Yet it is so often left out of the later-life conversation. This guide helps you put it back in.

What we cover

- Turning your home into income, by moving or by staying
- How the home is treated if you need care
- Passing it on, and protecting your wishes



Your biggest later-life asset

For most people approaching later life, the home is worth more than everything else put together. UK over-60s now hold close to £4 trillion in housing wealth (Savills, 2026), which makes the home central to almost every later-life decision.

£3.84tn

Housing wealth held by
UK over-60s

55%

Of all UK housing wealth

No. 1

The biggest asset most
retired households own

Where a typical retired household's wealth sits

Illustrative split, for most homeownership retirees

The home

~70%

Pensions,
savings &
other

~30%

Left out of the plan

When families plan for later life, pensions and savings get discussed. The home, worth more than both, is too often treated as just a place to live. We think it deserves a seat at the table.

Staying put, or moving on

The first big choice in later life is whether to stay in your home or move to a smaller one. There is no right answer, only the right answer for you.

Downsizing to release equity

Moving to a smaller or less expensive home frees up the money tied into bricks and mortar, and selling your main home is free of Capital Gains Tax. It can also cut the bills, the upkeep and the stairs. The trade-offs are the emotional wrench of leaving, and the costs of moving itself.

Or staying, and adapting

Many people would rather stay put, in the home and community they know. Adapting the home, or drawing on its value in other ways, can make that possible. The key is to decide deliberately, rather than letting the choice make itself.



Tax-free from your main home

When you sell the home you live in, Private Residence Relief usually means there is no Capital Gains Tax to pay on the gain.

Releasing value without moving

If you want to stay in your home but unlock some of its value, equity release may be an option. It is not right for everyone, and it needs specialist, regulated advice.

How a lifetime mortgage works

The most common form is a lifetime mortgage. You borrow against your home and, unlike a normal mortgage, you do not have to make monthly repayments. The loan and interest are repaid when you die or move into long-term care, usually from the sale of the home.

The catch: interest rolls up

Because nothing is repaid along the way, the interest is added to the loan and compounds over time. At rates of around 6.5 to 7.5 per cent, the amount owed roughly doubles every ten years, reducing what is left for your family. The Equity Release Council's no negative equity guarantee means you can never owe more than the home is worth.

Why advice matters

Equity release is regulated by the Financial Conduct Authority. It interacts with your benefits, your tax and your estate, so it should only ever be arranged with proper advice. We can help you weigh it against the alternatives.

At a glance

~7%

Typical rate, around 6.5 to 7.5% (illustrative)

£0

Monthly repayments required

Never

Owe more than the home is worth

The home and the cost of care

If you ever need care, your home may come into the means test that decides who pays. These figures apply in England; Scotland and Wales differ.

Your situation	Your home	What to know
Care in your own home	Not counted	Your home is never counted while you are living in it
A partner still lives there	Disregarded	The home is ignored while your spouse or partner remains
Permanent residential care	May be counted	Above £23,250 you usually self-fund; below £14,250 the council pays in full. There is currently no cap on care costs
The first 12 weeks	Disregarded	A 12-week grace period at the start of a permanent move into care
Paying from the home later	Can be deferred	Fees can be deferred against the home, so it need not be sold in your lifetime

Beware care-fee "trust schemes"

Putting your home into a trust to avoid care fees is often treated as deliberate deprivation of assets, and these schemes frequently do not work. Please speak to us before acting.

Passing your home on

Inheritance tax is where your home and your family meet. The good news is that the allowances for passing on a home are more generous than many people realise. These allowances are frozen until at least April 2031, so as house prices rise, more estates are drawn into the net.

Inheritance tax allowances, 2025/26

£325,000

Nil-rate band, per person

£175,000

Residence band, home to children or grandchildren

£1,000,000

What a couple can pass on, tax-free

Key point: the residence band needs the home to pass to direct descendants.

Gifting, and the catch

Giving the home away during your lifetime can reduce inheritance tax, but only if it is done properly. Survive seven years and the gift normally falls outside your estate. But give your home to your children and carry on living there rent-free, and the taxman still counts it as yours.

Who decides, if you can't?

Later-life planning is not only about money. It is also about making sure your wishes can be carried out, whatever happens.

A Lasting Power of Attorney

If illness or injury meant you could no longer make decisions, who could act for you? Without a Lasting Power of Attorney, your family could not manage or sell your home on your behalf without applying to the Court of Protection, which is slow, costly and stressful. Putting one in place is one of the most important steps you can take.

How your home is owned

Whether a couple owns their home as joint tenants or as tenants in common changes what happens to each share on death. It can matter for both inheritance and care planning, so it is worth checking how yours is held.



Did you know?

A Lasting Power of Attorney can only be set up while you still have the mental capacity to make one. Leave it too late, and the option is gone.

Two ways to unlock your home

If you want to turn some of your home's value into money you can use, there are two main routes. Here is how they compare.

Downsize and move

- ✓ Frees up a lump sum from the sale
- ✓ No interest to roll up
- ✓ Lower bills and upkeep afterwards
- ✓ No Capital Gains Tax on your main home
- ✗ You stay in your current home
- ✗ Avoids the upheaval of a move

BEST FOR
Those happy to move to a smaller or cheaper home

Stay and release

- ✓ You stay in your own home
- ✓ No monthly repayments
- ✓ A cash lump sum or an income
- ✓ No negative equity guarantee
- ✗ Interest rolls up and reduces the legacy
- ✗ Lower bills and upkeep

BEST FOR
Those who want to stay put and can accept a smaller inheritance

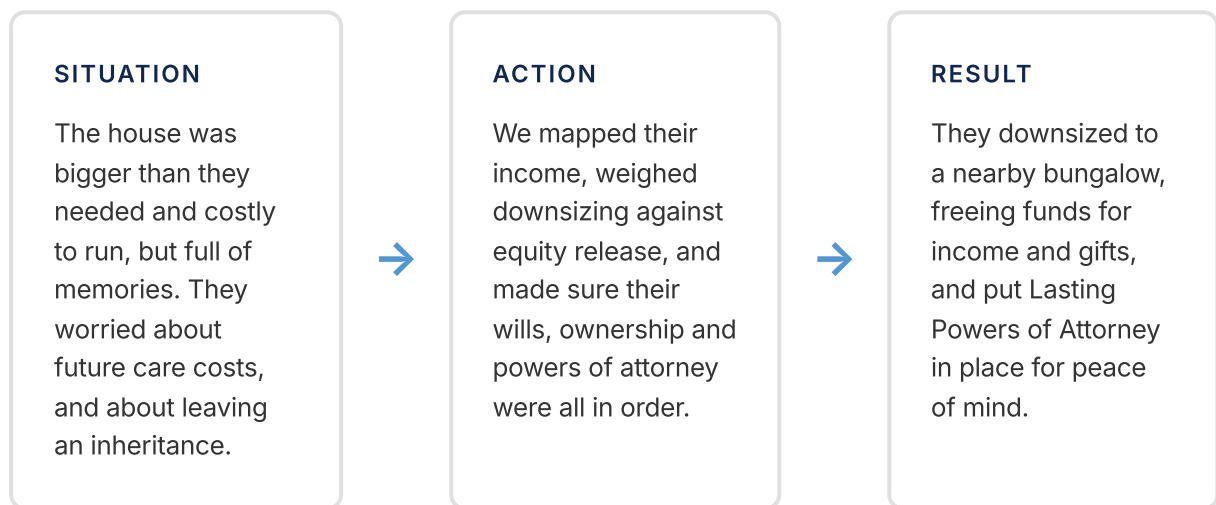
A plan that fits a life

Here is how the pieces can come together. This example is for illustration only.

Margaret & John, 73 ● Retirement

MJ A retired couple in a four-bedroom home worth £600,000, with modest pensions and £40,000 in savings.

Stay near the grandchildren A little help at home Leave something behind



WHAT THIS MEANT FOR THEM

Margaret and John stayed close to family, with money to enjoy now and to help the grandchildren later. What if they had done nothing? The home would have stayed an unspent asset, and a future care bill could have swept it all away. A plan gave them choices.

Questions worth asking

Later-life planning works best when the pieces join up. These questions are a good place to start, and we are happy to work through them with you.

1	Is your will up to date? It is the foundation everything else rests on.	2	Do you have a Lasting Power of Attorney? Set one up while you still can.
3	How is your home owned? Joint tenants or tenants in common changes what happens to it.	4	Have you used your residence band? An extra £175,000 each for leaving your home to family.
5	Could downsizing help? It can free up income and cut your running costs.	6	Is equity release right for you? Only ever with proper, regulated advice.
7	Have you thought about care? Plan early, and avoid the schemes that promise too much.	8	Have you talked to your family? The best plans are shared, not sprung.
9	Is your estate near the £2m line? Above it, the residence band starts to taper away.	10	When did you last review it all? Lives change, and plans should keep up.

Your next steps

Your home is the story of your life. With a little planning, you can make sure it works for you in later life, and for the people you love afterwards.

1

Talk to us first

45 MINS

Bring the questions on the previous page. We will help you see how your home fits your wider later-life plan.

2

Get the essentials in place

We will make sure your will, ownership and Lasting Powers of Attorney are sorted, and joined up with your finances.

3

Plan for what's ahead

From downsizing to care to inheritance, we will help you decide on your terms, not in a crisis.

Make your home part of the plan

Call us on **0121 554 4444** or email enquiries@interface-ifa.co.uk to start the conversation.

Your home, looked after for life

Your home is often your largest asset and your family's inheritance. We help you plan for later life with confidence, so it is there for you when you need it, and for them afterwards.

Planning for later life?

0121 554 4444 | enquiries@interface-ifa.co.uk |
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