5 useful options that could protect family wealth while using equity release

Your home may be one of your largest assets. However, the wealth tied up in your property is usually inaccessible.

You may have considered unlocking some of its value to supplement your retirement income or support your loved ones. Equity release has become increasingly popular for people looking to access their property wealth later in life.

In fact, the Equity Release Council (5 November 2025) states that total lending through these schemes rose to £639 million in Q3 2025. This is up from £636 million in Q2 2025, and 4% higher than the same period in 2024.

While equity release can potentially help you achieve your financial goals, it can also reduce the overall value of your estate over time, meaning you may leave less to your loved ones after you die.

Thankfully, there are several practical ways you can manage these risks and protect your family wealth, all while making use of your home's value.

Continue reading to discover five options that could allow you to use equity release while safeguarding your legacy.

1. **Take a "no negative equity guarantee"**

One of the main risks involved with equity release is "negative equity". This is when the total loan amount plus accumulated interest exceeds the value of your home, often due to falling house prices or compounding interest.

Fortunately, many modern equity release plans include a "no negative equity guarantee".

This ensures that the amount you owe will never exceed the value of your home when you sell it, even if property prices fall or interest accumulates.

With this guarantee, you could help protect your loved ones from unnecessary debt and provide reassurance that your home will cover the loan.

Moreover, you could make decisions more confidently, knowing your property can't leave your beneficiaries liable for more than its value.

While this guarantee won't prevent the loan from reducing the overall value of your estate, it can give you the peace of mind of knowing your loved ones won't face a shortfall if they need to sell the property to repay the debt.

2. **Make interest payments**

Some equity release plans allow you to make regular interest payments. Even paying a seemingly insignificant amount each month could limit the loan's growth over time.

Reducing the balance in this way could even help you preserve more of your home's value for beneficiaries.

For instance, if you pay just a portion of the monthly interest, you could significantly slow the compounding effect on the loan, leaving more equity in the property for your family when they eventually inherit and potentially sell it.

3. **Choose an option with inheritance protection**

Certain equity release schemes allow you to protect a percentage of your home's value specifically for your beneficiaries.

This inheritance protection can ensure that a portion of your property will stay reserved for loved ones, regardless of how much interest you accumulate on the loan.

While this may limit how much you can borrow, it can give you certainty that some of your estate will remain preserved.

As an example, you could allocate 25% or 50% of your home's value to remain untouched. This could, in turn, offer confidence that your family will receive at least something after you're gone.

4. **Borrow a smaller amount**

It can be tempting to take as much as possible from your home's value through equity release. Yet, borrowing less could help you maintain some of the value of your estate.

Indeed, you could carefully determine your needs and the potential interest over time, allowing you to strike a balance between your financial goals and the future needs of your family.

Even a slight reduction in the initial loan amount could make a meaningful difference for your beneficiaries further down the line.

5. **Gift some of the wealth to your beneficiaries**

It might also be prudent to consider giving some of the money you unlock from equity release directly to your loved ones.

Doing so could allow you to witness the benefits of your support now, such as helping to pay for a child's first home or funding higher education.

This approach could also reduce the overall exposure of your estate to Inheritance Tax (IHT). However, it's also vital to think about the tax implications of gifting wealth unlocked via equity release.

Gifts you make are still subject to the usual gifting allowances.

For instance, you can give up to £3,000 each tax year without it affecting your estate for IHT purposes.

You can make larger gifts, but if you pass away within seven years of making them, they could become liable for IHT. The rate of IHT they're subject to is usually measured on a sliding scale known as "taper relief".

As such, it's important to plan the size and timing of these gifts. We can help to ensure your approach to gifting aligns with your overall goals.

Please note: This blog is for general information only and does not constitute financial advice, which should be based on your individual circumstances. The information is aimed at retail clients only.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

The Financial Conduct Authority does not regulate estate planning or tax planning.

A lifetime mortgage is not suitable for everyone and may affect your entitlement to means tested benefits, so it is important to seek financial advice before taking any action. If you are considering releasing equity from your home, you should consider all options available before equity release.

The interest that may be accrued over the long term with a lifetime mortgage, may mean it is not the cheapest solution. As interest is charged on both the original loan and the interest that has been added, the amount you owe will increase over time, reducing the equity left in your home and the value of any inheritance, potentially to nothing.

Although the final decision is yours, you are encouraged to discuss your plans with your family and beneficiaries, as a lifetime mortgage could have an impact on any potential inheritance. We would also encourage you to invite them to join any meetings with your financial adviser so they can ask questions and join in the decision, as we believe it is better to discuss your decision with them before you go ahead.

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