

# WHAT DID YOU DO WITH YOUR HOME TODAY?



It might sound a silly question but, seriously, what did you do with your home today?

Some people will say that they tended the garden, others that they read a book on the patio, while others worked on a hobby in a spare room at home. These are fairly conventional responses, so let's ask the question differently, 'What unusual things did you do with your home today?'

Nic Craig, Managing Director of Seniors' Finance, says that since Seniors' Finance launched South Africa's first home equity release loan, called **SF HELP**, senior citizens have started to use their homes to do more unconventional things, from meeting needs in retirement to fulfilling their retirement dreams.

The basic idea is that older homeowners offer their properties as security for loans. Because they continue to own these properties, borrowers have continued rights of residence and benefit from future appreciation in the value of their properties. Loans are calculated according to the value of the property and the age of the borrower, larger loans being offered to older home-owners with more valuable properties. What makes these loans different is that they do not need to be repaid monthly, not even the interest, hence the attractiveness of the concept to people that are considered "asset rich", but "cash poor".

Craig says that when **SF HELP** applications are made, Seniors' Finance asks their customers what they intend to do with the proceeds of their loans. "Not surprisingly," says Craig, "almost 30% of our customers have released equity from their homes to supplement their meagre pensions." The second most popular response was really interesting, with over 25% of Seniors' Finance customers saying that

they would use the money for home improvements or to buy things for the home. People have finally got around to repainting the house or fixing the roof (especially now that it's raining again!), whereas others have decided to renovate their bathrooms or kitchens.

The third most popular response was to use **SF HELP** to repay other debts. Craig says that he becomes depressed when he sees the extent to which some of his customers owe money to micro-lenders or have substantial credit card debts – often at really high interest rates – so that a large proportion of their monthly income is used to repay these debts. Craig comments that the relief is obvious when customers use their **SF HELP** loans to repay all of their debts, and of course, as stated, the beauty of this approach is that **SF HELP** does not need to be repaid each month.

A number of other uses for **SF HELP** were described by Seniors' Finance customers. Around 5% would use **SF HELP** to replace the car, pay healthcare or medical bills, and provide emergency funding. Some said that they would use part of the loan proceeds to take a long-overdue holiday.

Craig says that the choice is ultimately the customer's; after all, it is his or her money. Having said that, Seniors' Finance encourages responsible use of the loan

proceeds, which is why they are insistent that their customers at least talk to a financial adviser before applying for **SF HELP**. Ultimately, though, the customer will decide for him- or herself.

So, while you might not have done anything out of the ordinary with your home today, maybe a better question is, 'Now that you've heard about **SF HELP**, what are you planning to do with your home tomorrow?'



Nic Craig

If you want to find out more about Seniors' Finance or their SAHERPA-accredited home equity release product, **SF HELP**, please call 0860 736 467 / 0860 SENIOR, or visit: [www.seniorsfinance.co.za](http://www.seniorsfinance.co.za).



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