**Navigating Cost-of-Living Pressures: How Home Equity Can Enhance Financial Stability for Older Australians (Federal Budget 2025)**

As the cost of living continues to rise in Australia, many retirees are seeking effective strategies to maintain financial stability without compromising their lifestyle. The Australian Government’s 2025 Federal Budget introduces several measures aimed at alleviating financial pressures for seniors, including tax cuts, energy bill relief, and healthcare benefits. Despite these initiatives, many retirees may still find it challenging to meet their financial needs. In this context, accessing home equity through solutions such as Homesafe Wealth Release®, offers a viable solution to supplement retirement income and ensure long-term financial well-being.

 Government Initiatives in the 2025 Federal Budget

The 2025 Federal Budget outlines several cost-of-living relief measures beneficial to retirees:

• Tax Cuts: The 16% tax rate that applies to taxable income between $18,201 and $45,000 will decrease from 16% to 15% next year and further to 14% in 2027. This represents a $536 annual cut for the average tax payer, once fully rolled out.

• Energy Bill Relief: Every household will receive extended bill relief of a further $150 this year.

• Healthcare Benefits: The budget includes significant investments in health, such as an $8.5 billion allocation to increase bulk billing for doctor visits and a reduction in the maximum price of Pharmaceutical Benefits Scheme (PBS) medicines from $31.60 to $25, expected to save households over $200 million annually from 2026.

• Medicare Levy Threshold Increase: The Medicare levy low-income thresholds will be raised by 4.7% for singles, families, and seniors and pensioners from 1 July 2024, ensuring that more than one million Australians on lower incomes will continue to be exempt from the Medicare levy or pay a reduced rate.

 The Role of Home Equity in Retirement Planning

While these government measures provide some relief, they may not fully address the financial challenges faced by retirees. For many, the family home represents a significant, yet untapped, financial resource. Accessing home equity can offer a practical solution to supplement retirement income, manage unexpected expenses, extinguish debt or fund home renovations and healthcare needs.

 Understanding Homesafe Wealth Release

Homesafe Wealth Release provides a debt-free option for homeowners to access the equity in their homes without the need to downsize. Unlike reverse mortgages, Homesafe offers a lump sum payment in exchange for a share of the future sale proceeds of the property. This arrangement allows retirees to unlock the value of their home while continuing to live in their home for as long as they wish, without the burden of ongoing repayments or accruing interest.

Benefits of Utilising Home Equity

**1. Supplementing Retirement Income:** Accessing home equity can provide additional funds to cover daily living expenses, reducing reliance on limited pension payments and allowing for a more comfortable lifestyle.

**2. Managing Healthcare Costs**: With healthcare expenses on the rise, the funds obtained through home equity can be used to cover medical treatments, in-home care, or modifications to the home to accommodate health needs.

**3. Funding Home Improvements**: Investing in home renovations or maintenance can enhance the living environment and enabling the homeowner to age in place.

**4. Assisting Family Members**: Retirees may choose to use the released equity to support family members, such as contributing to a grandchild’s education or assisting with a family member’s financial needs.

**5. Extinguishing debt:** With increasing numbers of Australians retiring from paid employment with outstanding housing debt, home equity release can provide funds to extinguish debt to enable ongoing home ownership.

Considerations and Risks

While accessing home equity can provide financial benefits, it’s essential to consider the potential implications:

• Impact on Estate: Releasing equity will reduce the value of the estate passed on to heirs. Open communication with family members about these decisions is recommended.

• Future Housing Needs: Ensure that the decision aligns with long-term housing plans, including the possibility of needing to move into aged care facilities.

• Eligibility for Government Benefits: Accessing large sums of money can affect eligibility for certain government benefits, such as the age pension. Consulting with a financial advisor can help navigate these considerations.

The 2025 Federal Budget introduces measures aimed at easing the financial burden on retirees, but for many, these may not be sufficient to maintain their desired standard of living. Accessing home equity through solutions such as Homesafe Wealth Release® offers a practical solution to enhance financial stability without the need to sell or downsize the family home. By carefully considering this option, retirees can unlock the value of their property to achieve financial peace of mind and support a comfortable retirement.

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