

Building on last year's insights, the Lightbulb Moments II research* collated 503 responses from those over the age of 55 who have considered equity release and those who have taken out a plan. The findings highlight that equity release has become a central financial tool for the over-55s, helping them manage their finances and provide much needed support for family members.

Impact of Customers Annual Income on Equity Release uses:

The most common reason for taking out an equity release plan across all income brackets was to age-proof their homes or undertake essential repairs. However, 43% of those with an annual income of up to £20,000 used equity release for this purpose compared to only 31% of those with an annual income of over £60,000.

Interestingly, the proportion receiving more than £60,000 per year using equity release to provide financial support for family or friends was almost twice (29%) that of those with incomes up to £20,000 (15%).

Additionally, there was a greater proportion of people on higher incomes using equity to repay mortgages (42% of those with over £60,000 in annual income vs 33% of those with under £20,000) and for estate or IHT planning (18% vs 1% respectively).

While the relative wealth of the customer played a role in how the equity was used, the value of the home is also likely to play a role with more affluent customers likely to have more potential funds to access.

Impact of Potential Customers Annual Income on Equity Release uses:

While those who considered equity release were driven by similar desires to those of actual customers – namely, home/garden renovations (24%), financial support for family and friends (19%) and repaying a mortgage (12%) – these needs were not as prevalent or pressing.

Instead, more potential customers looked to equity release to repay an interest-only mortgage (17% vs. 14%), for estate planning (10% vs. 7%) and extra monthly income (15% vs. 14%) than actual customers.

Given the challenges the market has seen around rates, LTVs and product availability, it is perhaps not surprising that some customers chose to wait with almost one in five (19%) saying that they are waiting until conditions are more favourable and 8% were still considering their options. A further 3% had been doing initial research and would revisit their choices when the funds were required.

Kay Westgarth, Director of Sales at Standard Life Home Finance

comments: “Equity release has always been a multi-use product with customers often choosing to use their housing equity to fulfil a range of needs and desires. The Lightbulb Moment research highlights the positive impact that these products can have on people with a range of incomes.”

“Whether you are wealthier and want to support your loved ones or less affluent and looking to clear your unsecured borrowing and boost your income, there are many options and product flexibilities. As we start to see green shoots in the market with lower rates, higher LTVs and better product availability, we anticipate that the 30% of people who put off making a choice will once again consider whether equity release is for them.”

“The first step is to speak to a specialist adviser who will not only discuss all the features of modern equity release but also continue to encourage more consideration of other options such as retirement interest-only mortgages, downsizing or accessing other sources of funds.”