

## Equity Release Schemes - UK - May 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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“The equity release market has enjoyed another successful year in 2014, and the momentum has continued into the start of 2015. All the signs suggest that equity release is becoming a more mainstream product in later-life planning, driven by a growing target demographic, underpinned by a strong property market and framed in clear regulatory conditions. ”

– Sean Song, Financial Services Analyst

This report looks at the following areas:

- Pension freedoms: Bringing equity release into the retirement equation
- Mortgage Market Review unintentionally boosts equity release's role in retirement planning
- Equity release competition set to heat up in 2015

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This report is part of a series of reports, produced to provide you with a more holistic view of this market

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The facts

The implications

Equity release competition set to heat up in 2015

The facts

The implications

## The Market – What You Need to Know

The potential target market is large, and growing

There are more outright homeowners than people buying on a mortgage

Market value expands 29% in 2014, and is expected to grow near double digit figures for the next five years

Customers are releasing larger amounts of equity while drawdown plans continue to be the most popular form of equity release

The market has benefited from the forward thinking approach of the FCA

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Pensions freedoms should move equity release into the spotlight

Forward-thinking approach from the FCA has paved the way for product innovation

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Drawdown plans remain the favourite form of equity release

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Average amount of equity released increases for both drawdown and lump sum products

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Aviva and Just Retirement enjoy successful years as the industry edges closer to a duopoly

Aviva and Just Retirement broaden their sales channels

Providers diversify and extend product range

Equity release providers ramp up advertising spend with 15% increase spending in 2015.

## Market Share

The market is dominated by three major providers

Other smaller providers' market share falls

Aviva maintains its position as market leader with over 50% market share

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Pensions coverage is comprehensive, but pension pot size may not be sufficient

Nearly one in four people over 45 are expecting/currently have one source of retirement income

Consumers often misunderstand equity release product features

Most consumers are expecting a frugal retirement

One in 10 home-owners over 45 would consider equity release

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Many consumers view equity release as a final resort, but also as a valuable option

Barriers to uptake

Trust and awareness

### Retirement Income Sources

Survey background

Most respondents will be able to draw on a private pension

Half of all home owners above 45 expect to/have access to non-pension incomes

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Consumer understanding of what they can do with the money can improve product appeal

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44% of consumers are getting by but unable to save for luxuries, representing a large target market

40% of people are confident about their financial situation in retirement

People who own a home are more likely to be/expecting to be financially comfortable in retirement, yet those 'getting by' remains the same

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Figure 37: Retirement financial situation, by tenure, February 2015

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12% of owner-occupiers would consider equity release

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Figure 41: Likelihood to apply for equity release, by age, February 2015

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