



### Hodge Lifetime

Wes Regis | Business Development Manager, Midlands & North

This is intended for professional intermediaries only. It is not a consumer advertisement and therefore should not be displayed or used as customer information or promotional material.





## Equity Release / Later Life Lending

This is intended for professional intermediaries only. It is not a consumer advertisement and therefore should not be displayed or used as customer information or promotional material.





- Market
- Market Drivers
- Products
- Case Study / Examples
- 🛡 Q's





Source: Office for National Statistics Aug 2018







### Property debt in £'s across 1.9 million 55+ households?

# E160bn

Sources: www.onefamily.com www.bsa.ork.uk www.plsa.co.uk www.agepartnership.co.uk www.mortgagestrategy.co.uk www.cml.org.uk www.parliament.uk www.payingforcare.org



# National property wealth held by 55+'s in £'s?

# **£2.5tn**

Sources: www.onefamily.com www.bsa.ork.uk www.plsa.co.uk www.agepartnership.co.uk www.mortgagestrategy.co.uk www.cml.org.uk www.parliament.uk www.payingforcare.org



# % of national property wealth held by 55+'s?



Sources: www.onefamily.com www.bsa.ork.uk www.plsa.co.uk www.agepartnership.co.uk www.mortgagestrategy.co.uk www.mortgagestrategy.co.uk www.parliament.uk www.payingforcare.org





Source: Office for National Statistics Aug 2018



# % of 55-64 year olds that will need to top up their income in "retirement"?



Sources: www.onefamily.com www.bsa.ork.uk www.plsa.co.uk www.agepartnership.co.uk www.mortgagestrategy.co.uk www.cml.org.uk www.parliament.uk www.payingforcare.org





Base: All mortgage sales population. All regulated mortgages Source: CML Regulated Mortgage Survey (RMS)

Source: CML Regulated Mortgage Survey 2017 (UK Finance)





Source: Equity Release Council Spring 2018 Market Report





Source: Equity Release Council Spring 2018 Market Report



### **EQUITY RELEASE MARKET STATS – H1 2018**

Average loan: **£64,000** (drawdown)
 **£96,000** (lump sum)

- Average LTV: 30
- Average client age:

- 30%
- **70** (drawdown)**68** (lump sum)
- ER products available: **139** (double vs. 2016)

Sources: www.equityreleasecouncil.com



### Generation ago

- Mortgage cleared
- Employer based pension provision
- Limited longevity
  (in 1988 average life expectancy 72)

### **Current experience**

- Mortgage not cleared (but significant growth in property value)
- Personal pension provision
- Increased longevity (average life expectancy today is 81)
- Phased retirement and working for longer
- **Other debts consolidation**
- **Divorce**
- Delayed inheritance and supporting grown up children (BoMaD)
- Interest only mortgages



#### Market Drivers



West Midlands - £21,400

North West - £23,100

North East - £24,200

London - £29,400

South West - £30,000

Source: Using the Land Registry's UK House Price Index summary, January 2017



# % of Hodge cases that involve family gifting?





#### Market Drivers



Source: FCA interest only mortgage review



# Approx. number of interest only mortgages held by 55+'s?

# 700,0000

Sources: www.onefamily.com www.bsa.ork.uk www.plsa.co.uk www.agepartnership.co.uk www.mortgagestrategy.co.uk www.mortgagestrategy.co.uk www.parliament.uk www.payingforcare.org









#### **CLIENT JOURNEY?**







- Interest only residential from age 50
- Affordability assessed
- Lifetime term
- Max LTV 70%
- No repayment strategy needed
- Loan repaid upon life event such as death or long term care
- No ER qualification required



### **The Wetherby's**

#### Both aged 55

Repay existing interest only mortgage.

- Raising £100,000 on £170,000 property
- No term end date
- No minimum equity requirement
- Planned retirement ages of 70 and 65
- Future state pension built into affordability
- Open minded to Equity Release exit in future



**Salary** Mr - £60,000 Mrs - £10,000

#### **Future Pension Sources**

State Pension for both Mr - drawdown pension £300k Mrs - SIPP value £100k





- Equity Release Plans from age 55
- No affordability assessment
- Lifetime term, fixed for life rates
- Max LTV up to 52% at age 88
- 10% flexible repayment option
- Innovative features Fixed ERCs
   Downsizing Protection
- ER qualification required



Later Life Lending



Client age 70 £200k value property Plan to downsize in the future Intends to service interest ad hoc

- Standard or Extended LTV Standard 30%
- > Product Fee or No Product Fee No Fee
- Fixed or Fixed-Variable ERC Fixed-Variable ERC
- FREE & Subsidised Valuations FREE valuation

EQUITY RELEASE PLAN

Client age 70 £200k value property Plan to downsize in the future Intends to service interest ad hoc

- Max Loan £60k
- Fixed for Life Rate 3.65% AER
- Day 1 Downsizing Protection
- > 10% per annum Flex Repayment Option





Client age 70 £1m value property Large inheritance expected Intends to service interest ad hoc

- Standard or Extended LTV Extended 34%
- Product Fee or No Product Fee £595 Product Fee
- Fixed or Fixed-Variable ERC Fixed ERC
- FREE & Subsidised Valuations Subsidised valuation @ £488



Client age 70 £1m value property Large inheritance expected Intends to service interest ad hoc

- Max Loan £340k
- Fixed for Life Rate 4.55% AER
- Fixed ERCs Years 1-8
- > 10% per annum Flex Repayment Option



## Significant market

- Which is continuing to grow
- Interest only maturities
- Family gifting
- New innovation / flexible products



## Q's







### Hodge Lifetime

This is intended for professional intermediaries only. It is not a consumer advertisement and therefore should not be displayed or used as customer information or promotional material.