



**Equity Release
Council**

Celebrating 30 Years of Setting Standards



Anniversary report 2022

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In the UK we currently have more choice about the products and services we can use for retirement than ever before, but the market can be difficult to understand. It is vital that there are clearly defined regulations, coupled with stringent voluntary standards, to safeguard consumers and help them make the appropriate decisions for their needs at the right times.

“The Equity Release Council, and its landmark consumer standards, are therefore at the forefront of consumer protection. The Council and its dedicated staff deserve considerable credit for 30 years of work in helping everyone make the most of their money and pensions.”

Sir Hector Sants | Chair, Money and Pensions Service

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Introduction

Thirty years ago, the consumer-focused standards which form the bedrock of the modern equity release market were established by a group of product providers intent on ensuring homeowners could safely access their property wealth in later life and enjoy consistently good outcomes.

Today, the Equity Release Council's mission continues to build on the work which began in December 1991 to act as a trusted consumer guardian, and our high standards of conduct and practice underpin the growth of the equity release market.

We aim to achieve this through universal and transparent representation – from a unique vantage point that brings together funders, providers, advisers, lawyers and a host of other key sector stakeholders – in addition to progressive stewardship and a wholehearted commitment to safeguarding.

This report explores progress to date and sets out our key priorities for the year ahead. In the decade since 2012 when the Council took on and broadened the remit of its predecessor, SHIP (Safe Home Income Plans), the market's transformation has accelerated and the coming years are likely to see more people than ever looking to equity release as a mainstream product to support their financial and personal wellbeing.

At a glance

Since 1991

592,000 **£38.7bn**

Homeowners aged 55+ have agreed over 592,000 equity release plans backed by Council standards

Customers have gained access to over £38.7bn of property wealth, equivalent to £65,000 per plan

Since 2012

419% **655**

From a low base of £925m in 2012, market activity has grown to £4.8bn safe equity release lending last year

The number of firms signed up to deliver Council standards has increased from 54 to 655

Today

1,551 **700+** **74%** **£2.34**

We represent over 1,500 registered practitioners, covering every aspect of the equity release customer experience

Our provider members offer over 700 recognised products backed by stringent consumer safeguards

Three in four respondents to our member census said Council membership is "essential" and "brings credibility" to their business

For every £1 of equity released, our market generates £2.34 for the UK economy¹

¹ Legal & General, *Silver Spenders* report, February 2018

Setting the standard for consumer protection

Equity release propositions for the last 30 years have been designed around a unique set of product standards, purpose-built to support safe and reliable outcomes for consumers in later life by ensuring:

- **Fixed or capped interest rates for life;**
- **The right to remain in your home with no obligation to make ongoing repayments;**
- **Guaranteed protection against owing more than the value of your home; and**
- **The right to move your loan to a suitable property when you move home.**

Alongside **qualified, regulated financial advice** and the guarantee of **independent legal advice** to ensure you understand your contractual obligations and make an active choice to proceed, these provisions amount to the highest level of consumer protection of any property-based loan in later life.

Together these protections address the risks of interest rate rises, negative equity, repossession or eviction and vulnerability due to coercion or mental incapacity in a way that is unparalleled among UK financial services products.

Over the last decade, the market has seen increasing product features built on this robust foundation to make equity release a modern source of flexible finance, bringing the later life and residential mortgage markets closer together and adapting to changing consumer needs.

Introducing a new product standard

Since the Council was formed in 2012, it has overseen the continuing evolution of the standards and accompanying rules and guidance. The tenth edition, developed during 2020/21 for implementation from 28 March 2022, heralds another major milestone with the introduction of a fifth product standard for the first time:

All customers taking out new plans which meet the Equity Release Council standards must have the right to make penalty free payments, subject to lending criteria

The ability for customers to make repayments on lifetime mortgages provides the flexibility to pay down a loan voluntarily, if their circumstances change, without incurring an early repayment charge.

For example, a customer might find they can use earnings, savings, an inheritance or other sum of money to reduce their borrowing and limit the interest accrued, without making any ongoing commitment to further repayments.

This feature has become increasingly common in recent years with customers typically permitted to make voluntary repayments of up to a percentage of the value of their loan each year. By updating our standards to lock down this feature, all new customers will be guaranteed this flexibility – ensuring the sector continues to meet the needs and demands of a changing demographic of customer.



I would like to take this opportunity to thank the Council for the work it has done in improving the standards of the equity release sector over the past 30 years.

“The sector has evolved greatly since the 1990s and I am truly appreciative of the integral role that the Council has played in its development. It has opened up new options and greater flexibility for people seeking to release money from their properties.”

John Glen MP | Economic Secretary to the Treasury

A decades-long commitment to building trust

David Burrowes, Chairman



Since 1991, the nation as a whole has matured in how it views and discusses its finances, and people are now more willing to consider property wealth alongside other asset classes. Property is so much more than just bricks and mortar and there is an increased awareness of how to access and benefit from its value.

As pensions have largely shifted from defined benefit to defined contribution schemes, so individuals in later life have needed to take a more holistic view of their finances, and engage with new concepts such as a living inheritance rather than waiting until they pass away to leave a legacy.

What was once a fairly two-dimensional industry has also blossomed into a multi-pronged market with hundreds of products and a multitude of options to tailor specifically to an individual's needs. The modern equity release proposition is very much a multi-purpose product that is adaptable and adept in a variety of scenarios and contexts.

Part of the reason for this evolution has been the drivers behind people considering equity release. The tens of thousands of people using equity release to manage their everyday finances are increasingly likely to be motivated by aspirational reasons as they are for needs-based support.

The breadth and strength of our membership has evolved too. Whereas the initial standards emphasis was very much led by providers – who remain a core part – this has since expanded to incorporate all corners of the market including advisers, lawyers, surveyors, conveyancers, funders and charities.

Equity release is no longer a niche proposition and is now rightly considered part of the mainstream, which opens it up to the scrutiny that entails. The safeguards and standards the Council has worked tirelessly to uphold over the years will stand consumers in good stead as socio-economic factors give rise to a further increase in demand.

The equity release sector has changed almost beyond all recognition since the early 1990s, but there have been several unexpected forks in the road where the industry has shown its mettle and adaptability in the face of external challenges.

Nowhere was this character more pronounced than the way the market reacted to the onset of the Covid-19 pandemic at the beginning of 2020. Key participants rallied round to ensure the quality of advice and protection for later life consumers remained of a high standard, despite the unprecedented restrictions imposed on the property market.

This decades-long commitment to robust consumer safeguards has been key to building trust in equity release, and provide a solid foundation to further evolve the sector and provide good later life consumer outcomes for decades to come.



“The modern equity release proposition is very much a multi-use product that is adaptable and adept in a variety of scenarios and contexts.”

The evolution of equity release



The equity release industry has come an enormous way over the past 30 years, putting its bad beginnings behind it and professionalising to deliver better customer outcomes.

“First SHIP, and then the Equity Release Council, have been instrumental in driving through that change - motivated by the fact that equity release does, and will have, a vital role to play for increasing numbers of consumers who are asset rich and cash poor in their retirement.

“There’s always more to do, but it’s clear that growing numbers of consumers are putting their confidence in equity release and enjoying better funded retirements as a result.”

James Daley | Managing Director,
Fairer Finance

Today’s equity release market has added flexibility and choice to the foundations of consumer protection established in 1991, bridging the gap between residential and later life mortgage markets. As equity release products have become more commonly used, the Council has worked with its growing membership to professionalise the market and define, promote and embed best practice.



Nothing’s perfect and equity release isn’t for everyone, but with high standards and robust underlying principles underpinning the sector, it does meet the needs of many.

“Three decades ago I was a journalist criticising the sector for poor treatment of customers and poor products. Since then, determination to do the right thing has significantly shifted the dial.

“Equity release may still not be perfect, but good people are working hard to achieve and improve the best possible outcomes, for those for whom equity release is the right answer.”

Liz Barclay | UK Small Business Commissioner,
author, broadcaster, journalist
and speaker

June 2021

Adviser Guide to Equity Release - second edition published

November 2021

Later life lending leaflet for consumers published with partner trade associations

March 2022

Version 10 of the standards implemented, introducing a fifth product standard

April 2021

Legal Forum launched

March 2021

Funders Forum launched

February 2021

Competency framework launched Member Endorsement Mark launched

January 2021

Risk, Policy & Compliance team appointed

November 2019

New outcomes- and principles-based standards (version nine) published, and implemented in January 2020

April 2020

Face-to-face legal standard modified due to the pandemic

July 2020

Expanded Checklist for Advisers published

December 2020

Good Practice Guide for Advisers published

July 2019

1,000th individual member joins the Council

2017

First adviser network joins the Council

2016

Adviser Guide to Equity Release published

2013

Independent legal advice required to be given face-to-face

2001

First drawdown lifetime mortgage launched

2004

Lifetime mortgages become formally regulated by the Financial Services Authority (FSA)

2007

Home reversion plans become formally regulated by the FSA

2012

Equity Release Council is formed, expanding SHIP's representative and standards-setting remit to encompass all equity release professionals

1999

First roll-up lifetime mortgage launched

1991

Formation of Safe Home Income Plans (SHIP) as a provider-led initiative to introduce robust standards for the provision of equity release products, information and advice for consumers

1980s

Some products were sold with limited safeguards in place, which exposed customers to additional risks relating to changing interest rates and property valuations

1965

First equity release plan launched

Tackling the big issues of our time

Jim Boyd, CEO



Surveying three decades of evolution in the equity release industry is a great privilege and one that wouldn't be possible without the foresight and commitment to a sustainable market displayed by my predecessors.

In recent years alone, the Council has established a Risk, Policy and Compliance team, formed expert working groups to inform standards evolution and further increased the professionalism of our body and its interactions with key stakeholders.

The safe growth of our sector is underpinned by meeting consumer needs, product innovation and the Council's standards, which enable consumers to trust that equity release is reliable and safe.

Making sure the sector is focused on consumer good has led to a discernible shift in emphasis towards outcomes rather than products: a holistic approach that has benefited many individuals including those for whom the advice process unlocks alternative, previously neglected options to support their finances.

As significant as progress to date has been, I firmly believe the most exciting developments are ahead, not least the strengthening of our standards and safeguards as we strive to act as the conscience of the sector.

Care is one of the major issues of our time. People want to live longer lives independently in their homes and equity release can support that. The practicality of equity release is often overlooked, but property wealth can fund adaptations to homes to make them more functional for older homeowners; new supportive technologies; and address unmet need by funding additional care support. As ever, expert qualified financial advice is critical.

I believe another driver of demand will be the escalating environmental agenda. Two-fifths of the UK's housing stock was built before 1948, meaning it is responsible for huge carbon emissions. We will need to retrofit them. Better insulated homes are not just good for older consumers – this will also help us meet new green targets. It could well be that green equity release forms part of this solution.

Too often wealth is framed as a competing narrative between generations that unfairly benefits older age groups, but this is a discourse as unhelpful as it is untrue. Equity release is helping to reposition this conversation and forms part of a wider attitudinal shift towards retirement funding. It is no longer taboo for families to have open and transparent discussions about their financial futures, and the option to pass on a living legacy is a transfer of opportunity as much as wealth.

Our membership continues to grow and the diversity of organisations joining our ranks has widened our perspective and strengthened our offering. On behalf of our members I'd like to thank the Council's team for their hard work and dedication, from Donna Bathgate our Chief Operating Officer who has been critical to the organisation's growth and evolution since 2013, through to our most recent appointments spanning membership services, communications, public affairs, policy, risk and compliance who have helped to double our resource over the last year.

Equity release has become a flexible source of finance for later life and if we continue to develop the foundations of consumer trust established in recent decades, I anticipate the sector growing to achieve its potential and providing consumers with excellent products and financial choice into the future.



“The safe growth of our sector is underpinned by meeting consumer needs, product innovation and the Council's standards, which enable consumers to trust that equity release is reliable and safe.”

Answering societal and policy challenges

Looking to the immediate future, access to property wealth via safe equity release can play a socially important role in answering some of the most pressing policy issues facing the UK and help ensure its financial services sector can meet the needs of a growing ageing population.

The care conundrum

Local authorities delivering social care face a multi-billion pound black hole; a shortfall that a Government already straining to reset the economy following the pandemic will need help addressing. Equity release can not only fund additional care services for those who value the independence of living in their own homes, but can also finance the adaptations that make this lifestyle choice more practical on a day-to-day basis.

Taking stock and going green

Nearly 40% of the UK's housing stock predates the 1950s, an unsustainable statistic that will need reversing, both from a modernisation and environmental perspective. The nation's properties account for a fifth of the UK's greenhouse gas emissions; equity release is a potential way of improving properties and making them more energy efficient in order to comply with modern zero carbon targets.



I am convinced that equity withdrawal could play a significant and constructive role in helping fund the extra money social care desperately needs, now and in the future. With so much of our money tied up in property wealth, it is common sense to look for ways this capital can be used to address the funding needs of families in areas such as social care, which can cause anxiety if families do not know how to pay for it."

Rt Hon Damian Green MP | Chair of the All Party Parliamentary Group on Longevity and Co-Chair All Party Parliamentary Group on Social Care, former First Secretary

Intergenerational gifting

Attitudes to inheritance continue to evolve and it is no longer a transactional process once a family member dies. People living longer lives and greater need for financial support among younger generations means an increasing percentage of homeowners are opting for living legacies where the young can access inheritances at an age when they can achieve their financial objectives.

Innovation

The equity release sector proved its adaptability and flexibility in the way it reacted to the pandemic and it will need to continue to display that agility in order to keep up with evolving consumer needs. This could include anything from better harnessing fintech to support the sales process to using medical underwriting to give individuals more tailored products and rates.

Clearer conversations

To grow the later life market safely with good practice embedded requires a rounded advice proposition which encompasses a range of later life products including lifetime mortgages. To ensure we can offer the rounded conversations which enable consumers to get the best outcomes, the industry will have to engage with Government and regulators to remove regulatory silos; and with qualification boards to embrace this exciting and growing market.



The Equity Release Council undertakes important work in promoting high standards across the sector and, in doing so, helps to ensure people are able to make informed decisions on equity release. I'm grateful to the Council for its engagement with the work of the House of Commons Levelling Up, Housing and Communities Committee and for its excellent work in promoting and enhancing equity release as an important alternative over the last 30 years."

Clive Betts MP | Chair of the House of Commons Levelling Up, Housing and Communities Committee

The changing face of later life consumer needs

In the decade since the Council was established, the equity release market has begun to live up to its long-discussed potential to play a more significant role in mainstream financial planning for later life.

Increasing competition has transformed product propositions while the range of firms providing equity release options has expanded to include the mortgage, pensions and wealth management worlds.

Alongside its standard-setting role, the Council also exists to promote better awareness and understanding of property wealth as a means to support people's financial objectives.

Our research and insights into consumers' changing experiences of later life suggest that access to flexible equity release and later life lending products will play an even more important role for consumers in the coming years.



32%

Almost one in three homeowners see their mortgage as being like an investment in their future¹



40%

Two in five homeowners agree it is becoming more acceptable to have a mortgage in later life¹



34%

More than one in three homeowners aged 55+ are worried about running out of money in retirement³



57%

A majority of homeowners are interested in accessing money from their property as they age¹



47%

Nearly half of mortgaged homeowners believe their generation's attitude to debt in later life is more accepting than their parents'¹



32%

Almost one in three mortgaged homeowners believe taking out a mortgage in later life can improve their lifestyles¹



31%

Nearly one in three mortgaged homeowners see taking out a mortgage in later life as a way to access funds to help out family members¹



67%

Two in three over-50s are determined to stay living in their own homes if they ever need care in future²

1 Equity Release Council, Home advantage: intergenerational perspectives on property wealth in later life, August 2021.

2 Equity Release Council, Solving the social care funding crisis: perspectives on the contribution of property wealth, February 2021.

3 Equity Release Council, The Pension / Property Paradox: revisiting the retirement confidence gap, November 2020.



People are living longer than ever before and with that increased longevity comes a greater need to think on a national level about retirement funding and the associated care costs. Unlocking property wealth has a significant role to play in those discussions and equity release should be at the forefront of the debate.

“The Council’s role in improving standards across the sector in the past three decades has been instrumental in safeguarding consumers and changing attitudes towards finances in later life.”

Baroness Sally Greengross OBE | Chief Executive of the International Longevity Centre - UK and President of the Pensions Policy Institute



Standard Life Home Finance entered the equity release market last year as we found that increasing numbers of people did not have the income they needed to enjoy the type of retirement they wanted – despite their best efforts.

“Helping people to make the most of their assets and supporting them as they make choices around how they fund later life only makes sense and this report serves to further underline the vital role that property will need to play in many people’s lives as they age.”

Kay Westgarth | Head of Sales at Standard Life Home Finance

Evolving our standards for a diverse, innovative market

Chris Pond, Chair of the Standards Board



So much can change in a year, let alone a decade. Since the Council took on the standards-setting work begun by SHIP, we have committed to a constant evolutionary process to ensure the rules and guidance that shape the sector evolve with consumer needs and an increasingly innovative market.

This process has married incremental change with root and branch revisions on the journey from a rules-based to outcome-based approach. This journey brought the equity release standards into line with the direction of wider statutory and voluntary regulations, exemplified by both the FCA and the Solicitors Regulation Authority (SRA).

Today's standards have the flexibility to recognise that people's circumstances vary considerably, particularly in the modern landscape of later life. What is appropriate for one person will not automatically suit another. We have built a framework which allows members different ways to respond to their customers' needs and rejects a prescriptive, reductive, box-ticking approach.

The trust this has engendered has been a major reason for the growth of recent years. In my time as a financial regulator, I was tasked with warning people about equity release. These days, the conversations are very different and driven by an appreciation that the Council's rules compel firms to go above and beyond their basic duties.

Over the years we have learnt trust is built on more than just statutory requirements, which all firms must abide by. What builds trust is the desire and drive to voluntarily undertake to go over and above the minimum standard. Stopping your car at a red light is a requirement; stopping pre-emptively at a crossing because someone potentially vulnerable is approaching requires an extra commitment to consider the needs of others. This state of mind has had a really important impact in changing the way our sector is perceived.

Growth has made equity release a more significant part of the later life financial landscape, making it vital the standards are dynamic and continue to evolve. The diversification of the Council's membership has also been a positive trend, and we have ensured those involved in setting our standards, rules and guidance reflect the sector and represent all categories and sizes of firm.

The Council has a unique strength in its ability to bring all market participants together to consider consumer protection. If we make a promise to consumers, we need to avoid unintended consequences that would undermine it and also ensure everyone involved can contribute.

Our work is rooted in consumer protection, but there is also a benefit to members who can hold their heads high to be helping to fulfil fundamental social needs. Few lines of work offer the privilege of helping to fund long-term care, tackle the intergenerational distribution of wealth, address the deficit in pension incomes and contribute to better living standards in retirement.



“What builds trust is the desire and drive to voluntarily undertake to go over and above the minimum standard.”

Raising the bar for best practice

New initiatives for 2022

The appointment of its Risk, Policy and Compliance team in January 2021 strengthened the Council's oversight function to drive the development and delivery of its standards, in response to growing consumer demand and increasing membership from a diverse range of firms.

In the first 12 months of operations, the team has carried out oversight checks on 75 member firms, handled over 100 technical queries and, in a small number of cases, taken action to revoke membership or decline new applications which did not satisfy the Council's strict requirements.

Regular engagement with members and external stakeholders remains vital to the ongoing evolution of the Council's standards. For 2022, it has established new working groups and initiatives to support the safe growth of the sector and ensure good customer outcomes in a number of priority areas. Record applications have been received from Council members to participate in these workstreams.

Post-completion customer communications

This workstream will build on initial work delivered in 2021 to develop guidance for providers and advisers to support ongoing communications with customers to monitor changing circumstances and ensure their product remains suitable for their needs.

Fees and charges within the customer journey

This workstream will explore the consistent presentation of information relating to fees and charges to customers during the advice and sales process, including the potential for common terminology to aid understanding and comparisons.

Technology and the customer experience

The Council will establish a Tech Forum consisting of members to advise the board on emerging opportunities and challenges relating to the use of technology to support and enhance the equity release process and customer experience.

Standards development

2022 will be a busy year on the technical front, with the introduction of a legal competency framework, a series of policy webinars, a new legal certificate and a further review of the Council's internal controls and processes reflecting the work of the externally focused Risk Committee.



Equity release can be a lifeline in specific circumstances. We are proud to be members of the Equity Release Council as it represents a great opportunity for us to learn from both the Council itself and also from its members. Having had the chance to be involved in shaping some of the policies and procedures that underpin what we do, we believe that we have made a positive impact on the role of equity release within society. A perfect example of this would be our involvement in shaping the adviser competency framework which was borne out of the collaboration from members across the sector.”

Julie Gale | Head of Mortgage Advice, StepChange



The Equity Release Council is recognised across Europe as playing a vital role in the development of best practices and standards, which have contributed to the successful development of a dynamic, safe and sophisticated market in the UK. The Council's standards and approach continue to be regarded as the first point of reference and 'gold standard' internationally on how to foster a safe and attractive equity release market.”

Steve Kyle | General Secretary of the European Pensions and Property Asset Release Group (EPPARG)

Delivering value for members

The Council exists to promote high standards of conduct and practice in the provision of and advice on equity release which have consumer safeguards at its heart.

Our values

The Council is guided by four core values which steer everything it does:

- **Authoritative:** To be at the vanguard of substantiated, credible, evidence-led market insights, knowledge and data.
- **Progressive:** To be the advocate of market change, innovation, betterment and reform.
- **Incisive:** To have clarity of thought, commitment of decision making and the rigour to deliver the right solution.
- **Trustworthy:** To inspire confidence, reliability and transparency across all stakeholders.

Our membership endorsement mark

The Council's member endorsement mark serves as a recognisable badge of trust and reassurance to consumers.

Our newly designed stamp was launched in March 2021 as part of a wider brand refresh and bears the strapline 'Proud to be a member of the Equity Release Council'.

Firms that display the mark have pledged to deliver the gold standard in equity release products, service and advice and can use it in all correspondence and collateral.

Trusted sources of independent consumer guidance including **MoneySavingExpert** and **MoneyHelper** are among those who signpost consumers to look out for the Council's endorsement mark when exploring the market and work with member firms.



Our members

The Council brings together over 650 member firms and more than 1,550 individuals registered, including providers, funders, regulated financial advisers, solicitors, surveyors and other professionals.

Since 1991, our members have enabled over 592,000 homeowners to access more than £38bn of housing wealth to support their finances. Today's customers can choose from over 700 product options which meet Council standards.

How we engage with our members

- Regular regional meetings
- Surveys and focus groups to improve the services offered
- Consultations on policy and regulation
- Regulatory and political briefings, newsletters and comprehensive member-only website content

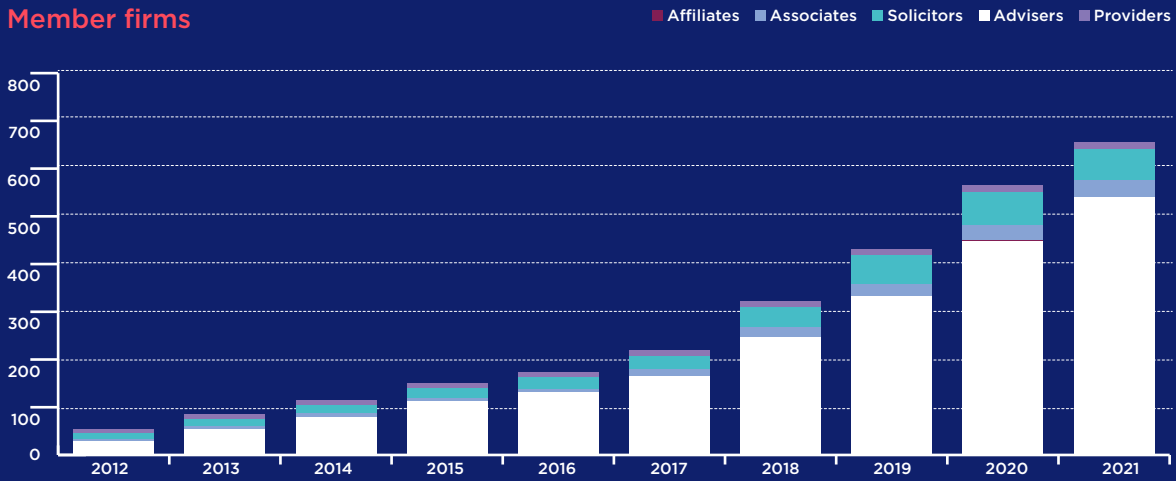


The work done over the last 30 years by the Council (formerly SHIP) and its members has been instrumental in developing and simplifying what has often been thought of as a complicated market. The safeguards have gone above and beyond in raising standards and improving confidence, and thanks to the Council an increasing number of customers can secure peace of mind with their decision to take equity release.

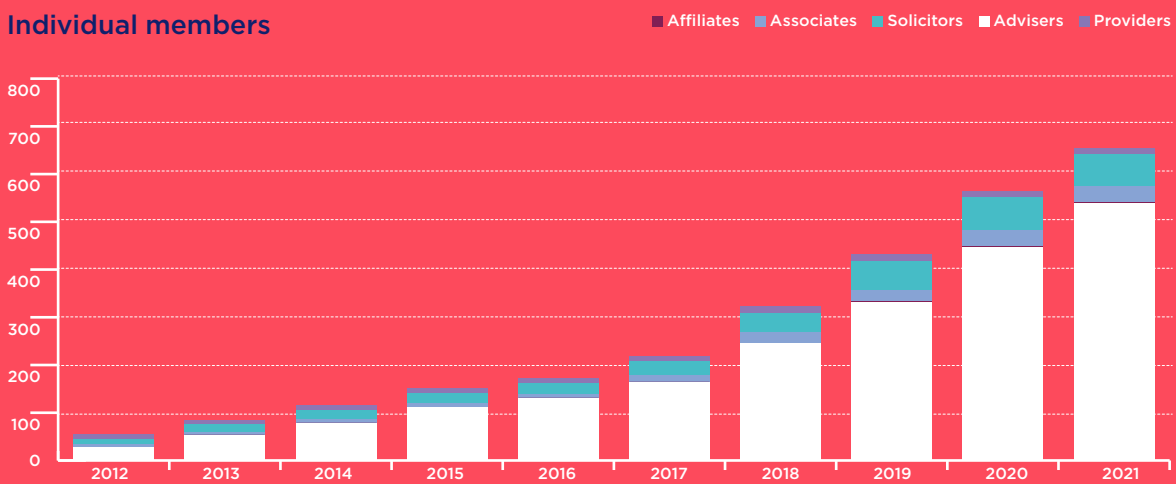
“The excellent reputation and evolution of the Council is down to the dedication of everyone involved from inception to the current day. Ultimately, the continuing evolution of both the market and the Council are inextricably linked because at their hearts lie the same goal: the best interest of our customers.”

Andrea Rozario | Chief Corporate Officer, Bower and former Director General of SHIP

Member firms



Individual members



Highlights from 2021



16%

Growth in member firms



12%

Growth in individual membership



800+

Adviser guide downloads



1,500+

Competency Framework downloads



20%

Growth in consumer website visits



24%

Growth in online member directory visits



114%

Growth in visits to online members' lounge



270

Registrations for most popular member webinar

Supporting education and professional development

As modern equity release propositions have evolved, a diverse range of firms have joined the market and made equity release products among the range of solutions they offer their customers in later life.

To help meet the need for qualified, competent and skilled professionals to satisfy future demand, the Council works closely with members and other specialist partners to promote and embed good practice across the market.

As a representative body, the Council is committed to supporting professionalism among new entrants and established participants alike. In recent years, it has published a host of resources aimed at delivering good customer outcomes and aiding practitioners' continuing professional development.

These resources include its Competency Framework for financial advisers, which provides an education syllabus including modules that cover all areas needed to advise consumers effectively. Other resources including the Council's standards themselves, with supporting guidance and good practice notes, as well as the Adviser Guide to Equity Release designed to support members' businesses.



Over the past few years, The London Institute of Banking & Finance has worked closely with the Equity Release Council to ensure that our qualification best supports today's later-life lending professional. We welcome this Competency Framework as a useful tool to help equity release advisers identify gaps in their CPD. It will not only help further the success of individuals but raise the standards of the profession as a whole."

John Somerville | Head of Financial Services, Professional Education at The London Institute of Banking & Finance (LIBF)



Having a clear outline of the technical knowledge required to advise on equity release and later life solutions is of particular importance in the context of a regulated environment, where advisers are required to demonstrate that they are competent for the work they do and are committed to professional standards. The Council's Competency Framework will enable advisers to do just that, by providing a clear roadmap that will empower advisers to maintain and develop their expertise to ensure good customer outcomes."

Carlos Thibaut | Chair of the Society of Mortgage Professionals



Convening industry, informing debate

The Council is a member-led organisation and would like to express its gratitude to all those who have played a role in shaping and informing its work over the last year, including responding to standards consultations or participating in specialist working groups.

Beyond its participation in regulatory and policy consultations and industry events, the Council expanded its technical webinar series for members in 2021 and published technical bulletins throughout the year.

Alongside the second edition of the Adviser Guide to Equity Release, it also published two thought leadership reports to inform debate on key issues impacting the UK's ageing population.

Solving the social care funding crisis invited expert views on the role of property wealth in helping older people live independently in their homes. *Home Advantage: Intergenerational perspectives on property wealth in later life* explored the benefits of home-ownership and later life home finance for the retirees of today and tomorrow, informed by the Council's biggest consumer study to date with views and experiences from over 5,000 UK adults.

The Council would like to extend particular thanks to the following members for making these activities possible on behalf of the wider sector.



There is plenty more to look forward to this year, with the 2022 Equity Release Summit taking place in May and further research initiatives exploring topics including green equity release and the changing dynamics in intergenerational gifting.



About our report sponsor, Standard Life Home Finance

Having entered the market in late 2021, Standard Life Home Finance aims to help customers secure a life of possibilities by providing them with a range of products with the choice and flexibility to meet their changing financial needs in later life. Focused on supporting advisers as they help clients find the right option for their individual circumstances, the Standard Life Home Finance brand is used by Key Group under license from Phoenix Group.



The experience of equity release





From its origins in the standards set for Safe Home Income Plans, the Equity Release Council's rare position – as a trade association that sets and polices standards above and beyond those necessary to meet just 'compliance' requirements – has led to customer satisfaction levels that many other financial services sectors can only wish for.

“As the need for equity release surges, inevitably, with the switch from DB to DC seeing pension provision decline, the need for standards gets greater, not less. Standards are tough for providers and advisers, but the benefits for the customer and the industry's reputation, should give the industry confidence in a market which is always going to be under great – and not always fair – scrutiny.”

Laurie Edmans CBE | First independent chairman of SHIP, Financial Inclusion Commissioner and a founder director of NEST, the Pensions Regulator and the Money Advice Service

Since 1991, our members have helped customers to take out over 592,000 equity release plans, each one backed by rigorous consumer safeguards and protections. In the process, these customers have gained access to over £38bn from the value of their properties to put towards a host of financial goals and ambitions.

In the right circumstances, equity release products can deliver a rich variety of personal, social and financial benefits as a result of boosting retirement incomes, enabling home improvements and adaptations, providing a 'living inheritance', funding care support at home or supporting people's money management in later life.

As the market has evolved, the number of new and returning customers drawing on their property wealth each year rose to over 85,000 in 2019 before the pandemic put growth on pause. Whether they are pursuing aspirational or needs-based goals, these examples show how the process of regulated financial and legal advice enables customers, and any family they involve in their decision, to identify a solution to meet their individual needs.

The experience of equity release



Evadne's story

The Covid-19 pandemic has been challenging for people in many different ways, including Evadne's son who moved in with his mother and, having rented his whole life, had practically given up any aspirations of owning property.

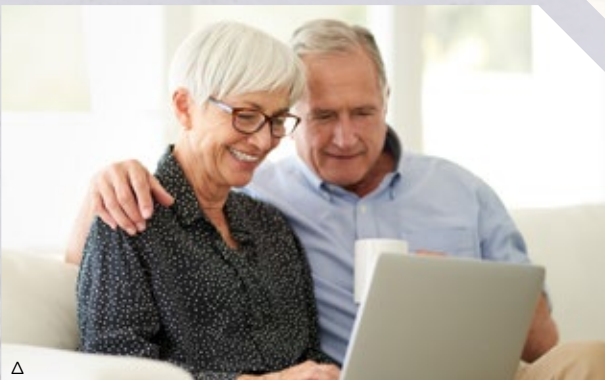


Marion's story

Marion is single and retired. She receives a state pension and a small occupational pension, which allows her to cover day-to-day living costs without making significant savings or being able to pay for larger expenses.



Clear Legal Advice



Anne and Robin's story

"We had paid off our original mortgage before moving into our present home and had no intention of obtaining another. However, the house we bought needed extensive renovations at significant cost.



Louise's story

"I was in reasonable health, but an injury meant I was unable to work. I owned my own home with a small mortgage, which was my only asset, and was struggling financially. I had been receiving support for mortgage interest until this benefit stopped; I was finding it difficult to cover my outgoings even before this, and the situation became a lot worse.

Case studies



Sue's story

"I originally heard about equity release from a friend who had used it. I needed to consolidate some existing debts and needed a new car to help with family transport arrangements. My only option was to do something with my property as I was potentially sitting on a lot of money and thought I could use that, rather than moving.



Reginald's story

"Although I had run my own veterinary pet food business for decades, I still didn't have much of a pension. At my age, I wouldn't have been able to take out a new mortgage, and I wanted to pay off the debt on my property so I could reduce my monthly outgoings.



Kevin and Judith's story

Kevin and Judith had an existing mortgage and were looking to borrow additional funds to purchase a static caravan. When completing the full fact find, it became obvious they could actually achieve what they wanted on a standard repayment mortgage.



Ruth's story

Ruth turned to equity release in her late eighties, when she was in poor physical health and had for some time employed an agency carer at home, which was a cost she was funding privately.



The experience of equity release



Evadne's story

The Covid-19 pandemic has been challenging for people in many different ways, including Evadne's son who moved in with his mother and, having rented his whole life, had practically given up any aspirations of owning property.

Having already downsized after the death of her husband, Evadne thought she was limited in the financial help she could offer until she looked into lifetime mortgages. While her son was initially concerned about the impact this would have on Evadne's plans in later life, she explained that she would sell the property if she had to go into care. Taking an optional payment lifetime mortgage meant her son could pay the interest each month.

For Evadne, it was the perfect solution. Her son was able to put down a deposit on a house, enabling him to relax and move on with his life. Evadne was able to remain in the home she loved, while supporting her son in regaining his independence.

She also bought a new boiler, updated her lounge and has kept some money back for a couple of holidays including a special trip to Montenegro. It was a place her husband had always wanted to visit but wasn't able to before he passed away. "I feel as if I'm going for him. I call this stage of my life, my third adventure, not retirement."



Marion's story

Marion is single and retired. She receives a state pension and a small occupational pension, which allows her to cover day-to-day living costs without making significant savings or being able to pay for larger expenses.

She wished to raise funds to pay for improvements to her home in Essex and make a cash gift to assist her son. She was apprehensive about equity release owing to the effect of interest rolling up and was also concerned it might prevent her from moving home again.

At her adviser's suggestion, a close friend of Marion's attended their meeting to provide an independent view on the discussion. The adviser explained the key features of equity release plans including fixed interest rates, a no negative equity guarantee, the ability to port the mortgage to another property and drawdown facilities.

Marion felt confident to proceed and especially liked that the fixed rate made it possible to predict how much would be outstanding in future years. She was delighted with the outcome as it meant she achieved her objectives of improving her property and assisting her son. By opting for a plan where interest rolls up, she is not committed to making payments that would have over-stretched her budget.



Sue's story

"I originally heard about equity release from a friend who had used it. I needed to consolidate some existing debts and needed a new car to help with family transport arrangements. My only option was to do something with my property as I was potentially sitting on a lot of money and thought I could use that, rather than moving.

"I researched various organisations and chose an adviser with a professional, friendly approach and no deadline to sign. It was a weight off my mind knowing I don't have to pay each month which then gave me free extra income. Having my own vehicle was a great relief.

"I have also been able to claim Council Tax benefit thanks to my adviser's help - I had no idea I would be entitled to any benefits, but it was the first question she asked and she helped me to apply online at our meeting.

"If I'd not taken out an equity release plan, I probably would have had to downsize. This would have meant a flat and I didn't like the idea of leasehold property or moving area. Equity release is personal and everybody's situation is different, but I know I did the right thing. Taking out an equity release plan is the best thing I've ever done."



Reginald's story

"Although I had run my own veterinary pet food business for decades, I still didn't have much of a pension. At my age, I wouldn't have been able to take out a new mortgage, and I wanted to pay off the debt on my property so I could reduce my monthly outgoings.

"When I bought my semi-detached house in London in the 1970s, it was worth £32,000. I'm nearly 80 now and the property has grown in value to an amount that is much more than I need to live on.

"By taking money out of my estate now, I've been able to pay off my mortgage, boost my retirement income and help prevent my children from facing a hefty inheritance tax bill when I die. It's meant I can stay in my family home, close to my children and they can have their inheritance when they need it the most.

"I researched equity release heavily before I made my decision. I weighed up the pros and cons and compared all the different equity release companies. Taking equity release really was the best option for me - the only other one would have been to move house and I didn't want to do that. For both me, and my family, equity release has proved to be the best choice we could have made."

The experience of equity release



Anne and Robin's story

"We had paid off our original mortgage before moving into our present home and had no intention of obtaining another. However, the house we bought needed extensive renovations at significant cost.

"We were initially wary of equity release and consulted with a number of advisers before deciding to proceed. There was an extensive and thorough interview with our chosen firm, who required various evidence that we understood what we were undertaking. We were also interviewed by our solicitor who checked our competence and understanding of the product.

"We were very specific that we wanted to pay the interest monthly, so that only the original sum borrowed would be left to pay when the house was sold at some time in the future. We have set up the monthly mortgage payments and are very happy with our dealings with all concerned. The equity release plan is quite a different product from our original impression."



Louise's story

"I was in reasonable health, but an injury meant I was unable to work. I owned my own home with a small mortgage, which was my only asset, and was struggling financially.

"My interest-only mortgage was also coming to an end and I was told I couldn't extend the term. I was trying to downsize but received no sensible offers on my property.

"I was really worried and having trouble sleeping, until I was introduced to a specialist adviser by a friend. I felt so much better to learn I could use a lifetime mortgage to replace the existing loan.

"Using equity release allowed me to clear my mortgage and reduce my outgoings. I was also able to repay friends who had helped me to make ends meet. Releasing equity was the best financial decision I have made, and both my adviser and conveyancer made the whole process straightforward.

"I have subsequently sold my property and moved to a lovely house with my partner, taking the lifetime mortgage with me. Life could not be better, and my partner and I hope to get married in the next couple of years."

Customer's name has been changed

Case studies



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SERVICES



Kevin and Judith's story

Kevin and Judith had an existing mortgage and were looking to borrow additional funds to purchase a static caravan. When completing the full fact find, it became obvious they could actually achieve what they wanted on a standard repayment mortgage.

Many mainstream mortgage lenders were closed off to them as affordability considerations would limit the size of loan they could afford to service beyond the point of reaching state pension age. Others had maximum age limits which ruled them out of the equation, while the presence of recent and historic instances of adverse credit on their report further restricted their options.

After exploring various options, Kevin and Judith's adviser was able to identify a lender who would consider adverse credit as well as allowing a mortgage term that would extend into retirement. Having secured a repayment mortgage, both Kevin and Judith were happy with this outcome. They are both relatively young and could demonstrably service the interest on their loan. Deferring the decision to use equity release means, should they need this option in the future, they will have the benefit of having more equity to draw on as a result.



Ruth's story

Ruth turned to equity release in her late eighties, when she was in poor physical health and had for some time employed an agency carer at home, which was a cost she was funding privately.

This had taken its toll upon Ruth's savings to the point that her family were concerned that the arrangement would need to end. It was crucially important to Ruth that she be allowed to remain in her own home and her family felt it would have a detrimental effect upon her health if she moved into an assisted living placement or a care home.

Having discussed alternatives such as family assistance, Ruth opted for a drawdown lifetime mortgage where the initial withdrawal was sufficient to meet her care costs for the next 12 months. Given her age and the relatively low initial sum that was released, she was able to secure an interest rate of 2.50% and agree a sizable reserve fund because additional funds may be required to meet ongoing care costs in future years.

The equity release plan has given Ruth the comfort and peace of mind of knowing that her care at home may continue indefinitely.

For more information, please contact:

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