

HOUSE OF LORDS ECONOMIC AFFAIRS SELECT COMMITTEE

PREPARING FOR AN AGEING SOCIETY

General Comment:

The Equity Release Council welcomes the opportunity to submit written evidence to this Inquiry.

The vast sums tied up in property wealth in the UK could, if released, not only play a huge role in funding many aspects of later life but also, through generational gifting and better financial planning at an early stage, help younger people put in place better preparations for later life.

We believe therefore that HM Treasury should develop plans for a more tax efficient use of equity release to incentivise intergenerational gifting which would boost the economy and help young families on to the property ladder.

Property wealth though has a far wider role to play in preparing for and funding our ageing society.

There is an estimated £7 trillion of residential property wealth in the UK - £2.5 trillion owned by people aged over 65 years. ***This figure is broadly equivalent to the size of pensions assets in the UK, and for many in later life their property assets exceed their pensions.***

It is a largely untapped resource however which has significant potential to:

- Fund and empower our ageing population.
- Help them lead a more comfortable and more fulfilling retirement.
- Grow the economy.
- Meet unmet care needs and give people dignity and care in their own homes.
- Green the housing stock and make a major contribution to the drive towards net zero.

If released correctly with proper safeguards, property wealth can promote all of these aims.

The Equity Release Council believes therefore that more needs to be done to ensure that people are aware that they have the option to access this source of wealth and for it to be factored into financial advice and planning at the earliest stage possible

A fully integrated approach to later-life financial planning is essential, ensuring that property wealth is given a meaningful role in appropriate cases. Equity release can significantly improve people's financial well-being in retirement, enabling them to live comfortably in their homes for longer while also contributing positively to the UK economy.

Property wealth should not be treated solely as part of retirement advice. Instead, it must be considered within the broader context of financial planning—alongside pensions, savings, and, where appropriate, as a tool for debt relief.

Release of property wealth, supported by a suite of industry standards and high-level consumer protection would significantly improve the efficiency of the transfer of assets between generations.

WHAT IS EQUITY RELEASE?

Equity release allows older homeowners to draw a lump sum or regular smaller sums from the value of their home, while remaining in it. Equity release can play a crucial role in retirement funding. The flexibility and safeguards, built into plans that meet the Council's product Standards, enable homeowners to benefit from their housing wealth, without making monthly repayments although many products the option is offered to make voluntary capital or interest payments. Plans are repaid by the estate when the customer dies or moves to permanent long-term care, this applies to the last person living in the home, in the case of a couple. The amount available to borrow depends on factors like a customer's age, their health and value of their property.

Equity Release is regulated by the FCA.

THE EQUITY RELEASE COUNCIL

The Equity Release Council is the representative trade body for the UK equity release sector with more than 750 member firms and 1,850 individuals registered, including providers, funders, regulated financial advisers, solicitors, surveyors, and other professionals.

It leads a consumer-focused UK based equity release market by setting authoritative standards and safeguards for the trusted provision of advice and products. Since 1991, over 688,000 homeowners have accessed £50bn of property wealth via Council members to support their finances.

The Council also works with government, voluntary and public sectors, and regulatory, consumer and professional bodies to inform and influence debate about the use of housing wealth in later life and retirement planning.

THIS RESPONSE

The Equity Release Council would welcome the opportunity to provide further evidence, either written or oral should the Committee require it.

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