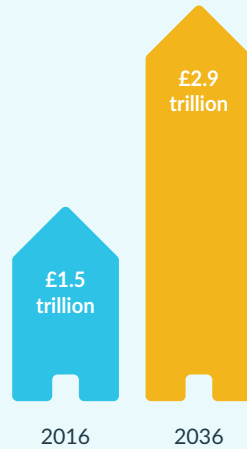


55+ homeowners hold huge property wealth

£1.5trillion – housing wealth held by those aged 55 and over in England (October 2016), increasing to £2.9 trillion by 2036



51.7%
increase in 20 years

But also hold high levels of mortgage debt

£160bn property debt across 1.9m 55+ households - aged 55+ or over had property debt of £160bn in 2012–2014 up 45% in 6 years

£39.9bn projected total amount of mortgage debt held by 65's in 2030

33% 1 in 3 mortgages taken out under age 55 run beyond state pension age

1.42m of all mortgage holders aged 35-64 will not have paid off their mortgage before retirement given the current term of their loan

18% of later life mortgages are to borrowers 70+ (10% in 2012)

Drivers of growth in later life lending demand



Demographic change

55+ Adults - 19m adults rising to 26m by 2039
85+ Adults - 3.6m by 2039
2040 - nearly 1 in 7 will be 75+



Pensions Freedom and Shortfalls

Pensions freedoms – early access to pension savings can impact later life income
£11bn – estimated savings gap across the 8.1m defined contribution pension savers in the UK



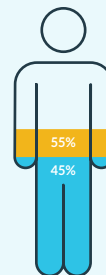
Rising health care costs

£28,000 – average annual cost of long term care in England, **£38,000** with nursing care



Interest Only Maturities

700,000 interest-only mortgages held by over 55's
40,000 interest-only mortgages are due to mature in households with borrowers aged 65+ every year between 2017 and 2032



Economic pressures

45% - 55-64 yr olds likely to reach target replacement rate of income in retirement
55% - need to top up income from other sources
£27,733 – estimated annual spend per year in retirement by those aged 55+
£15,800 – average income of a retired, single household in 2016
Income pressures - lower than historical and expected returns on savings; low annuity rates; inflationary energy and food costs

Different customers have different needs

	Overstretched	Extended	Adjusting	Managing Well	Tax Planners
Situation	Struggling with borrowing commitments. May be in arrears and managing credit card debt.	Managing loans in medium term but may need to work into retirement. May need to borrow in future. Interest only borrowers facing shortfalls.	May be moving to a more suitable home, modifying the home or paying for care and support. May need to borrow again in the future.	Financially stable, meeting financial commitments.	Adequate retirement income.
Solution	May be better off selling their home and renting with support. May need general debt advice.	Considering equity release or downsizing.	Small LTV met through lifetime or mainstream mortgage.	May borrow more at some stage or may be considering a lifetime or mainstream mortgage to fund luxuries.	May be planning to use housing equity to fund luxuries or reduce inheritance tax.

Sources

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