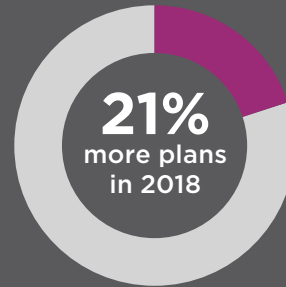


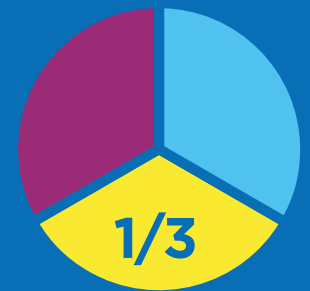
# The Quarterly PureReport

Issue no.1 April 2019



Equity among 65s close to GDP of Mexico at

**£1.18trn**



over 50's in workforce

Welcome to the first of Pure Retirement's quarterly marketing reports, which aims to collate relevant information from across the news cycle and compile it into an easily-accessible single-point resource that gives you an insight into trends and patterns which you may be able to use in developing your business.

We've divided our findings into three sections:

### 1. Customer Demographics

Outlining general lifestyle patterns among retirees

### 2. Customer Habits

Detailing retiree patterns when it comes to their affairs and finances and the way they interact with financial services

### 3. Market Trends

Covering general patterns in the wider sector

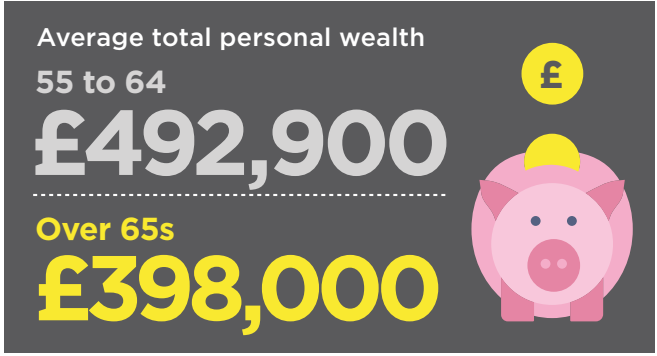
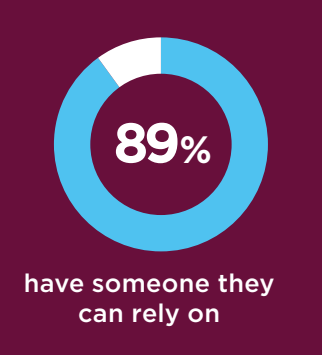
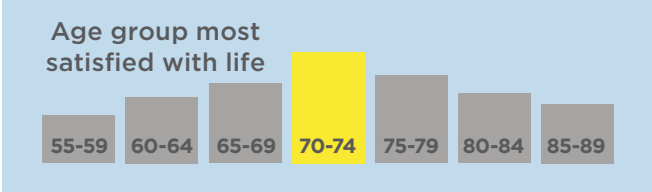
We hope you'll find this useful and welcome any feedback on things you'd like to see included going forward.

# 1. Customer Demographics

With the number of people aged 65 and over set to increase by 40% within the next twenty years, and with the number of households where the oldest person is over 85 increasing faster than any other age group, it's important to gain an understanding of the emerging trends among those in later life.

At present, there are just under 12m people in the UK aged 65 and over, with 3.2m of those aged 80 or over. While in later years they're increasingly needing assistance with activities of daily living (i.e. washing, dressing; 36% of men and 49% of women aged 80+ will need some form of support) people in their later years remain the most satisfied with their life in the UK at present, with overall life satisfaction peaking aged 70-74. Additionally 89% feel that they have someone they can rely on in the case of serious problem and 80% see friends and family at least once a week, with loneliness among over-65s lower than those aged 25-34 (6% vs 8%).

Financially, on average Brits in later life enjoy greater levels of wealth than younger counterparts. That said, there are still variations between the different age brackets (average total personal wealth among 55 to 64 year olds between July '14 and July '16 was £492,900, compared to £398,000 for those aged over 65) and 16% - or 1.9m - of over 65s live in relative poverty, with 57% of that group - or 1.1m - living in severe poverty with Asian and Black people twice as likely to experience later life poverty than their white counterparts.



Despite around a fifth of people aged 55-64 living with a health problem that limits the work that they do, there's been an increase of 2.4m over the last decade in the number of those aged over 50 within the UK workforce. They now represent over a third of the UK workforce, with continued rises since 2000 in the number of women who are economically active including the proportion of those aged 50-64 in work or actively looking for it rising from 55% to 70%.

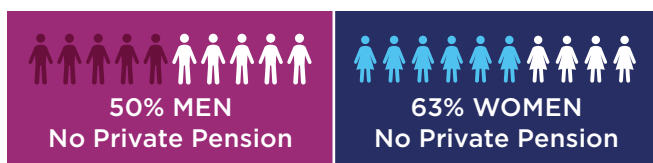
Source: *The Centre For Ageing Better's report, The State Of Ageing in 2019.*



## 2. Customer Habits

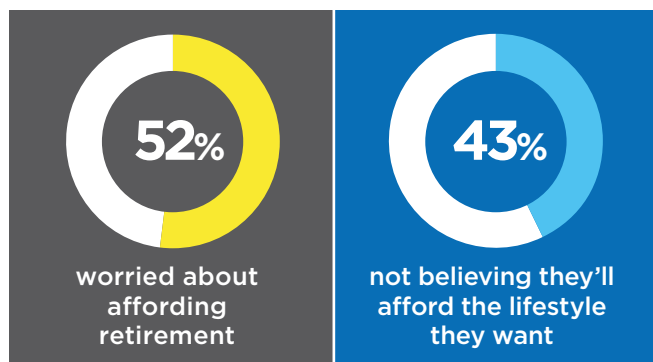
There's growing concern about the state of British retirement finances from a number of different sources. The failure of those approaching retirement to have adequately prepared for it being an especially major worry.

According to recent research, around half of British men don't have a private pension, with that number rising to 63% among women (a figure which has remained stagnant since 2014) which when allied to a pension pay gap of 10% could result in potential financial disempowerment amongst future female retirees.



The affairs of those in later life are also a point of concern among their own families, with 60% of adults aged 30-55 surveyed admitting to worrying about their parent's finances and a fifth worried that their parents will run out of money altogether and a similar number being receptive to the idea of having them release equity from their homes to guarantee a financially secure retirement.

Even those approaching retirement are concerned about what the future may hold, with 52% of those aged 40-60 surveyed admitting to being worried about affording retirement, and 43% not believing they'll be able to afford the lifestyle they want to lead in retirement. Nonetheless, many remain cautious about using equity release, with almost a third of the same sample surveyed claiming to view later life lending as a last resort.



It all points to a growing disconnect between the retirement people want and the degree to which they save in order to achieve it, with the idea that Brits have an unrealistic view on retirement being backed up with recent research which shows, among other things, that nearly half of those questioned wanted to travel in later life but fewer than a quarter of those asked had begun to save for retirement - not to mention that a third of those surveyed believed that their standard of living will deteriorate in retirement.

Nonetheless housing wealth remains strong, with total mortgage-free equity among 65s coming close to matching the GDP of Mexico (£1.118trn vs £1.199trn) and many earning £1,000 a month from their houses. Average gains for over-65s nationally reached £5,998 over the past six months, with particularly large gains in Yorkshire & Humberside, which saw an average increase of £8,607 over the same time period. Property wealth could well be increasingly turned to as a retirement tool going forward, with analysis earlier this year showing that for every £1 in pension savings among retirees over-65s will also have £4.70 in property wealth and the same research pointed to a fifth of respondents looking to use that housing equity to fund their retirement.



While the typical retiree will, on average, still owe 10% of the value of their property on their mortgage, many are still reluctant to downsize (even if they're in financial difficulties), with 62% of those surveyed admitting to being reluctant to do so, and a fifth of those admitting that it's due to sentimental and nostalgic reasons.

Britain's housing stock is doing little to help the situation with The Centre For Better Ageing's 2019 report, The State Of Ageing, identifying that 20% of UK homes failed the decent homes standard in 2016-2017, with 3m English homes containing a hazard that poses a threat to health and safety. Irrespective of housing issues they may be experiencing themselves, equity release users are increasingly using funds to gift to family members to help them enter the property market with later life lending currently funding 46 first-time buyers a week.

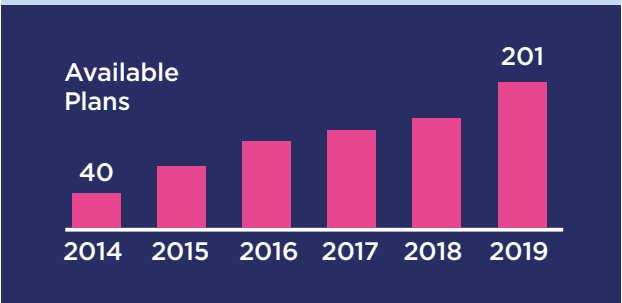
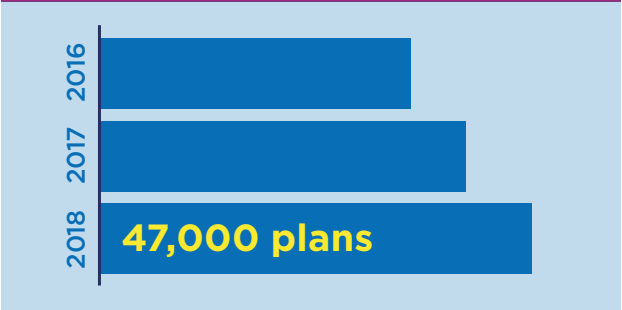
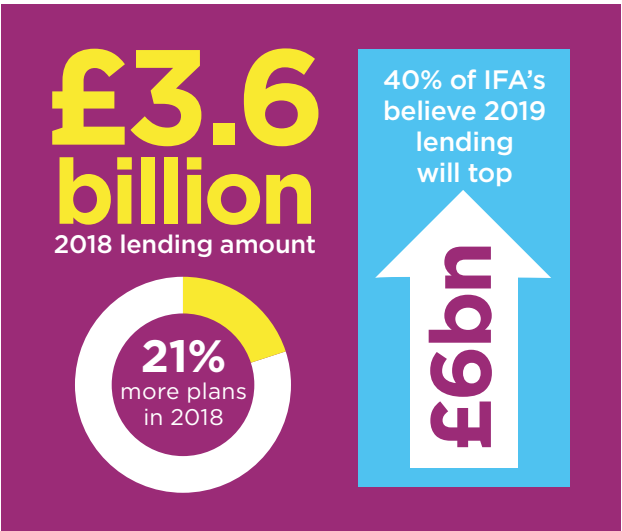
Going forward many in the industry expect that the average age of an equity release user to rise, with 42% of those recently asked saying they expect an increase from its current point of 71 years old. If this manifests in itself, then the need to adapt and innovate product-wise to better meet customer needs will become more important than ever.

# 3. Market Trends

The marketplace has started 2019 off the back of a landmark 2018, which by year's end had amassed a total lending of figure £3.6bn (a 19% increase in 2017), with the number of plans also increasing by 21% and totalling 47,000 by the end of the year.

Unsurprisingly it's led to a record year being predicted by IFAs - 86% of those asked expected the market's value to rise, and while most expect it to surpass the £4bn mark, 40% of those asked believe that it will grow by its entire 2016 market value and top £6bn. Part of the sector's ongoing success can be attributed to a wider variety of product offerings, with the sector having grown from offering 40 deals in February of 2014, to 201 at the same point in 2019, representing a five-fold increase along with a significant drop in the average rate over the same time period.

However, there are fears that the sector could potentially face a declining workforce in the near future by as many as 7,000 advisers over the next five years which may stunt the market's recent growth. As the number of people retiring increases, who may benefit from later life lending to fund their retirement, having a gulf between those potential customers and the number of advisers able to service them is a less than ideal solution. Thankfully, recent surveying of brokers has shown that the majority would either gain the necessary qualifications to make the most of the growing market or refer clients onto an appropriate specialist. Less than a fifth of those questioned wouldn't consider the market at all, suggesting that its potential is extensively acknowledged and appreciated through the wider adviser network.



Take a look at our Full Marketing Toolkit to see how we can help you better reach your potential customer base



Providing solutions for your future

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