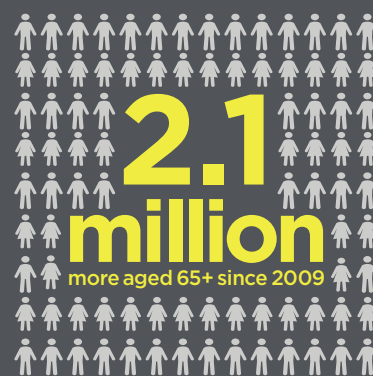


# The Quarterly PureReport

Issue no.2 July 2019

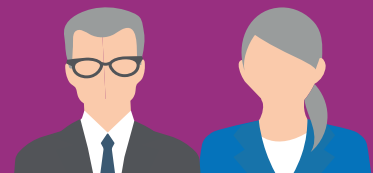


People expected to outlive savings by

**10 YEARS**



An influx of  
**305,000**  
over 55's to the workplace



First time average rate drops below

**5%**

Welcome to the latest edition of Pure Retirement's quarterly marketing report, 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

One of the most comprehensive insights into current customer demographics, especially when it comes to those in later life and their relationship with their property, is the recently released Equity Release Council Report, [Beyond Bricks and Mortar](#).

The report shows that there has been a sharp rise in the number of those aged 65+ in Britain over the last ten years (specifically 2.1m, a figure which represents half of the total national population increase over the same period) and that there's been an associated 4% rise in the number of UK adults aged 55+, which at 38% now totals nearly two in five of the national population.

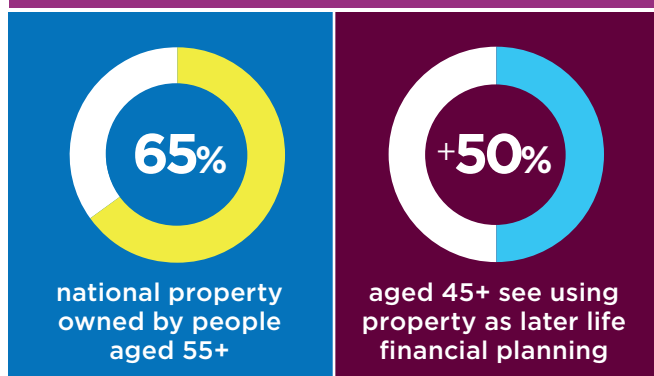
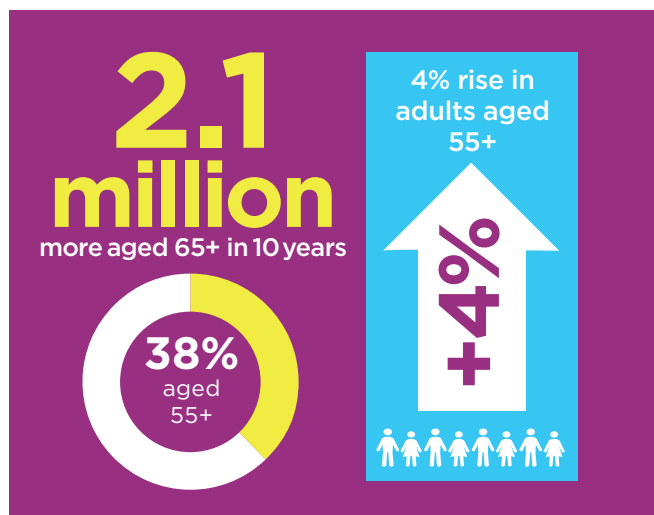
Over-55s now represent 51% of total owner-occupiers within the UK at present, rising from 39% in 2003-4, and they now hold 65% of total national property wealth (up from 56% in 2006-2008). In addition 62% of over-65 households hold over £125,000 of housing equity, and a third hold over double that. It's perhaps no surprise that research has found that over half of those aged 45+ viewed money invested in property as part of their later life financial plans, and 44% felt that later life lending is becoming an increasingly common way for people to manage their finances in retirement.

The greater proportion of those surveyed felt their property was financially important to themselves and their family rather than emotionally important (79% vs 66%). In addition, over half of those questioned – or 56% to be exact – feel that either they or their family can benefit financially from their property while they still reside there, with just under a quarter also seeing housing equity as a means to assist family members while they're still alive.

**56%**  
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While we're seeing changes in attitudes to property and later life lending among retirees, there are also changing patterns and behaviours when it comes to working patterns. Older workers are currently driving increased employment figures according to figures from the Office for National Statistics, [with over-50s being easily the largest contributor to rising national levels](#) thanks to an influx of 305,000 over-55s workers (including a rise of around 80,000 in the number of those aged over 65 entering work). However, there appears to be a mixed set of beliefs among those in later life about their potential future working habits; [one recent survey](#) saw 43% of respondents plan to retire before they turned 65, [while another](#) saw just under a third expected to continue working into their 70s.



## 2. Customer Habits

The increased number of people in later life in employment can be attributed to a number of factors, and not solely because we're living in an age where those in (or nearing) retirement are more active than ever and are making the most of their longer lives.

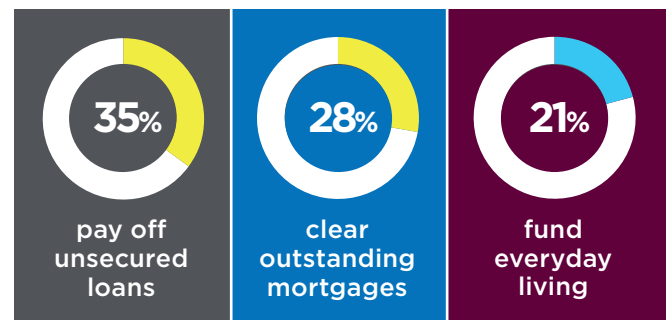
A number of pieces of recently-commissioned research show a continuing gulf between people's retirement expectations and the realities based on savings and other existing provisions. [One set of statistics](#) show that retired individuals in Britain will outlive their savings by ten years (rising to twelve for women), [while another](#) highlights the fact that on average a pensioner needs 35% - or £58.60 - more than the basic state pension to cover every day basics such as food, clothes and utility bills. This figure varies regionally and rises to 63% in South East, suggesting that the state pension, if used as a sole method of financing retirement, is increasingly failing to keep step with inflation and the associated rising costs of day-to-day living.



[Another survey](#) highlights the full extent of this disconnect among retirees, with 4,000 people aged 40 onwards providing responses which showed that nearly half want to spend their golden years travelling regularly, yet 22% haven't started saving for their retirement. While there was a certain pessimism among respondents about their future prospects - one headline figure being that 6% don't ever expect to fully retire - 59% nonetheless remain unaware of how much money they need to retire on, with 29% not holding any provision beyond the standard state pension, and 71% yet to consult a financial adviser. Nonetheless, there's a growing dependency on the state pension, with 83% of cash benefits among retired households coming from state provision - up from 77% five years ago.



This tallies with some of the figures coming from existing equity release customers, [which show that](#) many are using funds to repay existing debts, with 35% using equity released from their home to pay off outstanding unsecured sums and 28% of retired homeowners using it to clear outstanding mortgages. In addition, [another piece of recent research](#) has shown that 21% of those who've already released funds from their homes are using it to fund everyday living expenses - a 5% year-on-year increase - in order to meet the £1,400 (or more) a month they'd need to cover them.



Worryingly for the wider market, only one in ten of respondents [to recent research](#) understand all the features of equity release, with 89% of those surveyed getting at least one question wrong. This is especially concerning given that the current generation of over-55s are [increasingly supporting their family members financially](#) (often to the detriment of their own financial security) and the wider downsizing market is [not always releasing the levels of expected funds](#), with 1-in-4 who pursue such an avenue ending up with over £28,000 less than expected. These two facts could potentially see ongoing rises in equity release demand in the future.

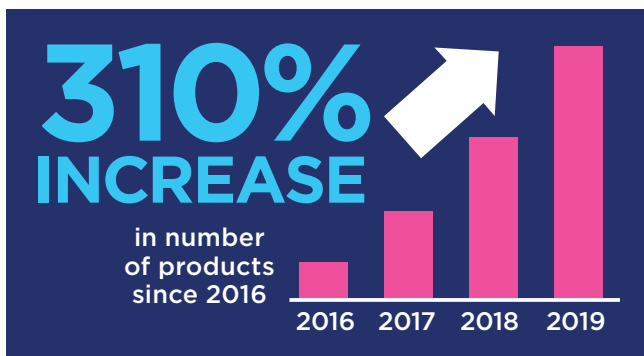


# 3. Market Trends

Figures released by the [Equity Release Council](#) have highlighted the busiest year for equity release since records began in 1991, with the value of housing equity released showing an 8% rise year-on-year, and a 187% rise – from £326 to £936m – since 2015.

In addition, market growth has also seen 10% year-on-year growth in the number of customers served and a 6% rise in the number of new plans agreed.

This could partly be explained by the [increased choice available to customers](#), with a 310% increase in the number of products now available to customers compared to 2016, with a 62% rise in the number of available plans between Q3 2018 and Q1 2019 alone. In addition, the predicted competition to lifetime mortgages from Retirement Interest-Only (RIO) variants has yet to materialise. [Over the last twelve months only 112 have been sold](#), but although plan sales have been well below expectation, the market view has been mixed and there are still [some within the financial services sector](#) who believe RIOs have the [potential to be an overwhelming success](#).



Nonetheless, the equity release market continues to be a hugely competitive space to operate in, with the [drop in the average rate to below 5%](#) for the first time and the increased number of plans available to consumers, both highlighting the degree to which lenders are trying to offer products which best suit their customers' needs. As a number of [major names in finance look to enter the later life lending sector](#), this further confirms that equity release is increasingly being seen as an accepted and legitimate path to funding retirement. Nonetheless, [there's still concern about a potential imminent 'capacity crunch'](#), with only 8,000 of the 35,000 advisers on the FCA register qualified to advise on equity release. With the ongoing rise in customer numbers, there's a growing worry that the later life lending sector will reach a point where customer demand far outstrips levels of available advice.

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Finally, the Equity Release Council are continuing to push later life lending beyond the financial sector arena, with [calls for the incumbent prime minister to appoint a cross-departmental minister for the elderly](#) to address the main financial and societal issues facing those in their later years, and are [asking regulators and the government to promote later life lending](#) as more people consider it as a retirement planning tool.

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



Pure  
Retirement

Providing solutions for your future

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