

Spotting potential clients

Borrowing in later life is becoming an increasingly popular way for over 55s to maintain their standard of living and enjoy their retirement. So it's no surprise that the lifetime mortgage market is booming, with lenders cutting rates and introducing flexible features to match the needs of today's modern borrower.

To qualify for an equity release plan your client needs to...



Own a UK home
valued at least

£70,000

(excluding Northern Ireland)

Be
aged **55+**
(both if in a couple)

Be a **UK resident**
with that home as their main residence



Motivations and needs for a financial boost vary over our lifetime, but there are some common reasons why people look to release cash from their home in later life. **These are the things to look out for in your clients:**



Debt in retirement

Retiring in the red is a very real problem for many; with a third of retirees due to finish work in 2020 with an average debt of £17,000*. Coupled with the changes in income that retirement brings, there's clearly a growing need for later life lending.

With no monthly repayments to make and no affordability assessment, often lifetime mortgages are considerably more accessible than other mortgages, making them a lifeline for any clients struggling with the following debts:

- **Credit cards** – Typically have high interest rates, making them one of the most expensive debts to service. So only repaying the minimum amount each month means the interest can quickly mount up
- **Personal loans** – Clearing their existing loans could free up some much needed monthly income for your clients
- **Mortgages** – Carrying an existing mortgage past retirement age can force people to have to work longer than they hoped, due to the monthly repayments. Plus things can get more complicated if clients need to remortgage
- **Interest only mortgages** – The interest only mortgage ticking timebomb is widely reported, so it's likely you have clients who face the dilemma of not having the means to repay their balance at the end of the term.



Desire to give a living inheritance

The bank of Mum and Dad continues to thrive, with the average contribution to friends and family a formidable £24,100 in 2019**. But for many the desire to help loved ones financially can only become a reality by looking to their assets. This is when unlocking the cash from their home could become a serious consideration. Often parents and grandparents want to pass on an inheritance whilst they're still around to see loved ones enjoy it and put it to good use. Gifting takes many forms including:

- **Cash gifts** – Assisting the younger generation into a more secure financial future.
- **Help for first time buyers** – Providing the deposit so that a loved one can get on the property ladder.
- **Funding education** – Helping towards university fees or the cost of student living.

* [Key Retirement, Market Monitor 2019](#)

** [Legal & General 2019, Bank of Mum and Dad Report](#)





Dealing with a change in circumstances

Change is hard at any age, but often more so as you get older. The financial implications can certainly have a harder impact in retirement, no matter how much people have planned. So if your clients have found themselves in a situation where it looks like selling the home they love is the only option, they could consider equity release. Life events such as:

- **Divorce** – Handling a divorce can be difficult, even without financial assets to consider. If your client is in the middle of a separation, it can be useful to consider how they can use equity release to resolve shared property wealth.
- **Empty nest** – Once family have flown the nest your client may feel compelled to downsize, especially if they used to receive board and are now struggling to run the home. But releasing cash could offer them the freedom of staying in their home.
- **Care needs** – The likelihood of needing care increases as we get older and unfortunately care services at home aren't usually free, so it's no surprise that in later life there is a common need for a financial boost.



Help with home and living costs

The cost of living isn't cheap, this is particularly true for those facing a reduced income due to retirement, maybe you have clients struggling to meet: a worry for those on a fixed or reduced income due to retirement. Maybe you have clients who are struggling to meet:

- **Home costs** – Energy costs, council tax, home insurance, water charges... it can seem as though the list of property bills is never-ending. Then when you add on the cost of food and living it's no wonder an increasing number of over-55s are finding themselves short of cash.
- **Maintenance costs** – Annual costs like getting guttering cleared, fences treated & kept in good repair, annual gas service etc. can soon add up. And that's before big expenses such as a new heating system, or replacing the bathroom or kitchen have been factored in.
- **Unexpected expenses** – It's impossible to predict exactly what expenses will hit us when and how much it will cost. Things like a boiler breakdown or needing a new car can seriously deplete savings.

For more information

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