LATER LIFE LENDING REPORT

BestAdvice
INTELLIGENCE

May 2020

ABOUT THE AUTHOR

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He has also written for a large number of newspapers and trade titles, including the *Independent*, *i* Paper, *What Investment* and *Money Management*.

In addition, he presents *BestAdvice*'s weekly podcast for mortgage intermediaries, Sound Advice.

ABOUT THIS RESEARCH

This BestAdvice Intelligence report aims to give mortgage advisers a clear picture of the key later life lending providers delivering products to the mortgage intermediary market.

It covers all the main providers in the later life market, offering equity release products and Retirement Interest Only (RIO) mortgages.

It aims to bring clarity to the sector, to deepen understanding of the propositions available, and help advisers understand which providers operate in which market segments, where their sweet spots are and how their propositions differ.

The report reveals for the first time the levels of activity of almost all the key providers in specific business sectors, enabling intermediaries to understand better the organisations with whom they are either partnering with or considering for the future.

We thank the great majority of providers that supplied us with complete data for their forward-thinking and transparent approach.

Some data has not been attributed directly to the provider by request. The data has been used for purposes of aggregation.

Lifetime mortgage provider OneFamily was unable to supply data for the report due to the coronavirus situation. We hope they will be included in the next edition of this report.

We also conducted online research with mortgage intermediaries and spoke to numerous industry experts. All data was collected in March/April 2020.

We thank all providers, intermediaries and other industry stakeholders, including the Equity Release Council, who contributed to this report.

This research has been sponsored by:

LV=

more2life
the later life lender

Pure Retirement

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EXECUTIVE SUMMARY

Mortgage intermediaries have access to a later life lending market which is more competitive than ever.

The landscape in the UK is one of reduced DB pensions, a lower state pension and increased longevity. The Equity Release Council has revealed that older home owners are seeing an average shortfall of almost £18,000 between the annual retirement income they expect to need and the amount they are likely to receive. At the same time, analysis from Savills puts the total value of all homes in the UK at £7.29 trillion. Property wealth will therefore undoubtedly continue to play a role in helping meet the range of needs of the UK's ageing population.

The data shows that while later life lending remains a small part of the overall mortgage sector, an increasing number of advisers are getting involved in it, and, before the Covid-19 crisis struck, a growing number were planning to start advising on it.

Key findings

- 44% of mortgage advisers surveyed are clearly active in the market, with later life lending providing between 10% and 100% of their income
- 31% of mortgage advisers polled, who are not currently operating in the sector, expect to start writing later life life lending business within the next 24 months
- 36% of mortgage advisers expect that two years from now the majority of their income will come from later life lending. This compares to 24% today
- L&G is the largest lifetime mortgage lender to disclose its figures, followed by More2Life and Aviva
- The lifetime mortgage market is gaining significant traction with seven providers now having a book of business that exceeds £300m
- There is a wide variety in the average LTV of lifetime mortgage providers, ranging from 39.7% to 16%. Just Group has the highest LTV at 39.7%
- 70% of equity release providers offer inheritance protection or ring-fencing guarantees
- There is a wide range in provider turnaround times, with Aviva and More2Life reporting an average of nine working days, compared to LV= with 56 days
- Hodge Lifetime has the quickest turnaround time of the RIO providers with 13 days compared to the Vernon Building Society with 42 days
- Before Covid-19, 16% of advisers surveyed were planning to start offering RIO advice for the first time in 2020
- Rate is the most important factor cited by advisers when recommending a later life product
- 75% of advisers use a dedicated later life sourcing system
- 82% of advisers feel the current later life legal requirements are "about right"
- Marketing is the biggest single impediment to advisers writing more later life business
- 44% of advisers believe the rules around RIO mortgages should be reformed
- The most popular use for equity release is to fund home improvements
- Hodge Lifetime was by far the largest lender of RIO mortgages via intermediaries in 2019
- The average lifetime mortgage in 2019 was £67,050
- The average RIO mortgage in 2019 was £84,688

FOREWORD

Jim Boyd, chief executive officer, Equity Release Council

BestAdvice's later life lending survey provides some fascinating insights into the later life lending market. I was particularly struck by advisers who said they find dispensing later life advice satisfying and how they welcome the fact they can find solutions for consumers. However, they also recognise it is a complex space. There are many reasons why people need additional funds over longer lives in retirement and therefore many considerations for advisers to balance, including an ever-expanding range of products designed to meet retirees' needs.

The survey seeks to understand how respondents anticipate the equity release and RIO sides of their business might grow. The question itself reminds us that we are often too focused on products. We are all familiar with the impact of regulatory silos, creating barriers to consumer choice and ultimately growth.

This is one of the major areas of complexity for the later life lending market. As different options for later life lending grow, basic qualifications and understanding for advisers must grow too - to enable advisers to know when to signpost clients to the right advice they need, whether that's from an equity release adviser or another specialist.

The Equity Release Council has been working with other trade associations and awarding bodies, in the later life space, to understand how advisers can stay up-to-date in a rapidly growing sector. We want to know what standards and key qualification units are required as well as the differences in regulatory permissions and oversight.

It is important the industry supports consumers to take a joined-up approach to later life financial planning. One that takes a holistic view about consumer choices, needs and outcomes that considers all wealth and assets. We must work with regulators and government to support access to better information, guidance and advice.

At the Equity Release Council we have been working with members to evolve our Standards. We have shifted the focus towards consumer outcomes, including how products, services and interactions with consumers can more effectively meet the needs of consumers in vulnerable circumstances. The Standards recognise that customer needs differ and that the best outcome can often be achieved in different ways.

In this context, I was particularly interested in the responses from advisers who appear to be relatively evenly balanced on whether the rules around RIO mortgages should be reformed (with 44% for and 56% against). I believe the second life in a RIO could benefit from the security of tenure standards that equity release customers benefit from. It would remove the risk of repossession if the first person dies or goes into long term care which must be a major concern to a vulnerable elderly consumer. This additional protection could drive growth but whether such products would be considered RIOs or perhaps hybrid later life lending products remains to be seen. In addition, how would it be best advised with the appropriate qualifications and safeguards for the consumer?

I would only be satisfied if such a product was sold alongside independent legal advice, as required by the Council for equity release products. This would ensure the elderly consumer understands the contract they were entering into and had capacity to do so. I would hope that the 82% of respondents in this survey, who thought the level of legal advice in later life lending was about right, would agree.

Provided qualifications were suitably evolved, legal safeguards were in place and product options, of the type I mention above, were developed, then a focus on the right consumer outcomes would surely develop the market. It would also provide more valuable solutions for consumers and could be extremely satisfying to advise upon. ■

EQUITY RELEASE COUNCIL
SAFE EQUITY RELEASE
SINCE 1991

CHAPTER 1
LATER LIFE LENDING

"Later life lending is one of the most satisfying kind of business that you will write, both for the client and for being remunerated well for your professional standing" *– adviser*

The later life lending sector involves the provision of equity release (lifetime mortgages and home reversion plans) and Retirement Interest Only (RIO) mortgages.

The Equity Release Council recently revealed that £1.06bn of property wealth was accessed via equity release products in the first quarter of 2020, up by 14% from £936m a year earlier.

This was driven by the return of consumer confidence in the early months of 2020, following an uncertain 2019, before the Covid-19 pandemic and subsequent lockdown.

There was a 2% increase in new plans agreed by homeowners aged 55+ to 11,079 in the first quarter of 2020, the largest total for any quarter-one period since records began in 1991.

Another report from the Council, published in March of this year, found that older homeowners anticipate they will need an annual retirement income of £35,196, which is 16% higher than the average income of a full time UK employee and more than double today's average retirement income of £17,212. This expectation is leaving a potential shortfall of £17,984 a year.

With life expectancy rates broadly continuing to increase while state and workplace pension provisions are becoming less generous, it is no surprise that property wealth is seen as being key to helping close the retirement income gap. The Council says the average homeowner in England and Wales could access £88,290 from their property via a typical equity release plan – equivalent to over a decade of state pension payments.

Unsurprisingly, therefore, equity release continues to attract attention from consumers as a mainstream financial product for funding later life.

Despite the increase in later life lending, there is a perception that products for the 55+ market are not as competitive as other mortgages. Research published in February 2020 from RIO mortgage provider, Ipswich Building Society, found that 57% of over-50s borrowers say they have fewer mortgage providers available to them compared to younger mortgage applicants.

60% say they feel that there are fewer mortgage products available to them and 44% say they are offered less favourable rates.

1.01 REGULATION

Advisers in the later life life lending space follow the same requirements as other finance professionals such as mortgage brokers and fall under the auspices of the Financial Conduct Authority (FCA).

Individuals wishing to advise in later life lending typically need to be directly authorised (DA) or an appointed representative (AR) of an FCA-authorised firm.

For those becoming FCA-authorised in their own right, they face a landscape of increasing requirements and rising costs of compliance. They do retain more control and fee income, however.

An AR is a firm that carries out regulated business on behalf of another directly authorised one (a network). They still have to meet FCA requirements and be assessed and competent, but they don't hold regulatory responsibility themselves. Instead, the directly authorised firm takes regulatory responsibility and is ultimately accountable.

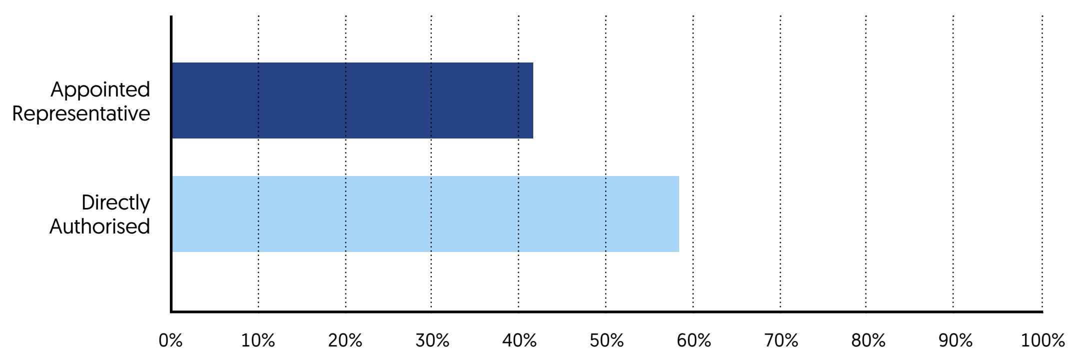
For example, the Later Life Lending & Equity Release Network charges advisers £125 per month and provides all compliance documents as well as marketing support and access to a later life sourcing system (Air Sourcing). 10% of the procuration fee and 10% of the broker fee are retained by the network.

When asked about their regulatory status, advisers report a 16 percentage point divide between those opting to be Directly Authorised (58%) as opposed to being an Appointed Representative (42%).

The latest data on regulatory arrangements in the UK mortgage market as a whole dates back to 2018, when there were 5,210 directly-authorised mortgage intermediary firms.

The FCA stated that those firms employed 34,105 approved people, and that there were an additional 14,169 appointed representatives as of 10 January 2018.

Figure 1.01: Ratio of Appointed Representative to Directly Authorised



1.02 DISTRIBUTION

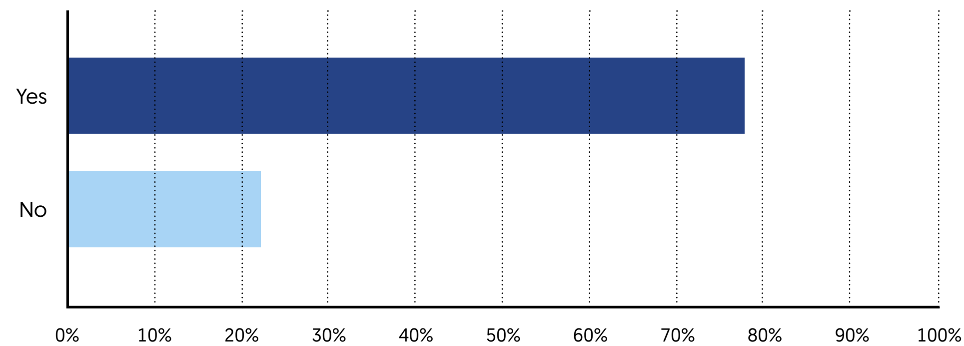
Mortgage clubs offer their services to regulated intermediaries but act as an aggregator. They use their collective strength to negotiate attractive exclusive product offerings with lenders.

Unlike networks, mortgage clubs do not provide compliance services.

Air Mortgage Club, for example, states that it pays out in excess of £1.5 million in additional commission to its members each year.

Three-quarters (78%) of advisers use the services of a mortgage club in order to access later life products.

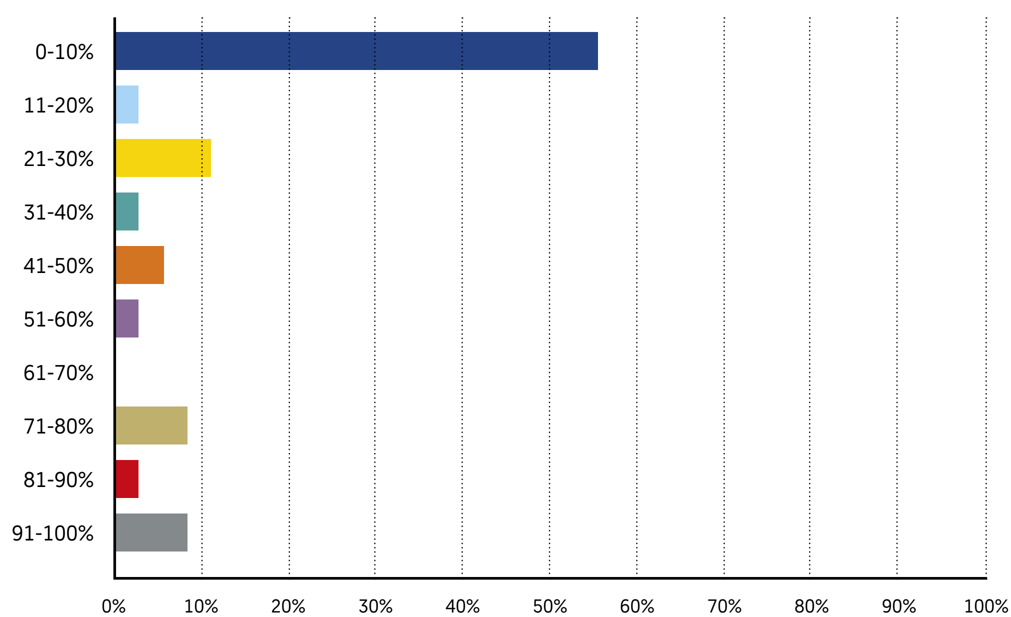
Figure 1.02 Do you use a mortgage club to access later life products?



There is a clear divide between the 56% of advisers conducting little or no later life advice, and the 44% targeting the market to a lesser or greater degree.

For 20% of advisers, the later life space represents over 70% of their revenue, with a cohort of 8% of advisers advising on later life lending almost exclusively.

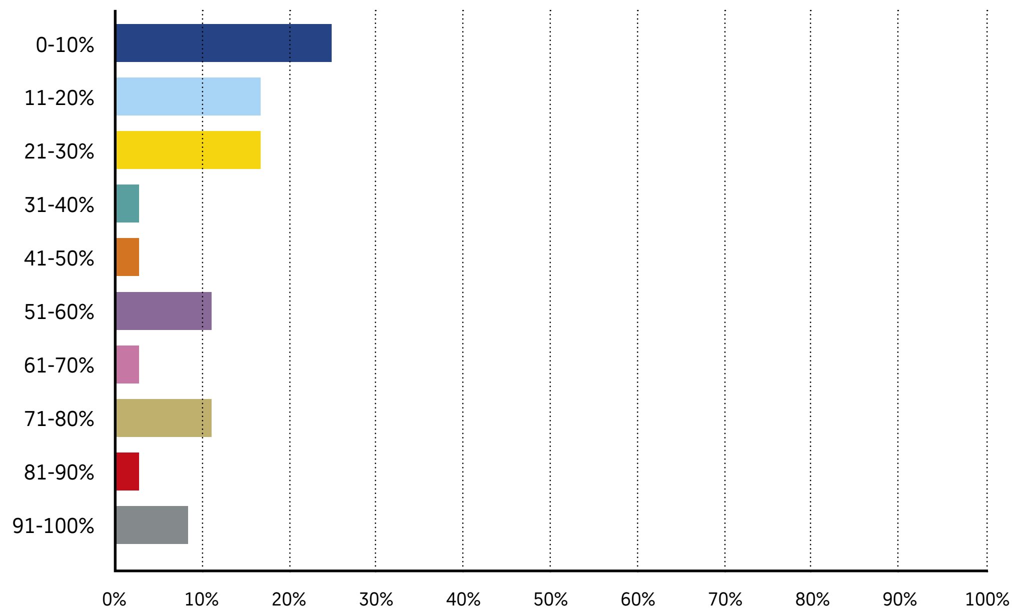
Figure 1.03: What percentage of your income is derived from providing later life advice?



When asked about their expectations of how much income will be derived from later life advice in 24 months time, respondents indicated a proportionate increase in income.

Those expecting either no or very little proportionate income (0-10%) falls from 56% to 25%.

Figure 1.04: What percentage of your income do you anticipate will be derived from providing later life advice 24 months from now?

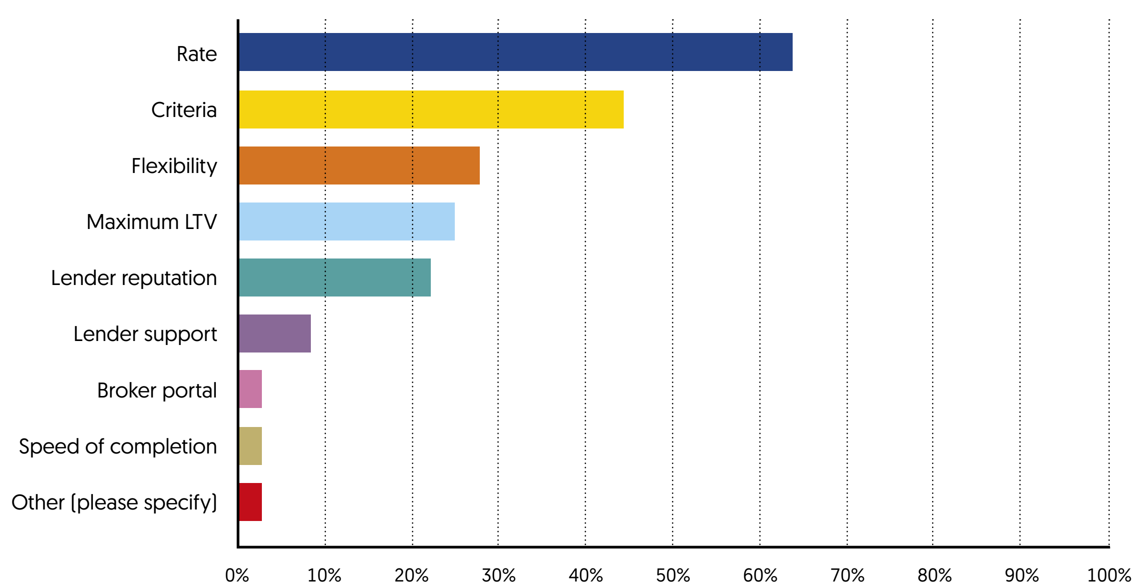


1.03 ADVICE

When advisers were asked about the most important factors when making a later life lending recommendation, product was king, accounting for the top three reasons: rate, criteria, flexibility.

At 32%, rate is the most important single factor, with criteria at 22% and flexibility - a product feature promoted by a number of later life lenders - at 13%.

Figure 1.05: What are the top two most important factors when recommending a later life lending product?



1.04 SOURCING

Sourcing systems have been an integral part of a mortgage broker's toolkit for a number of years now.

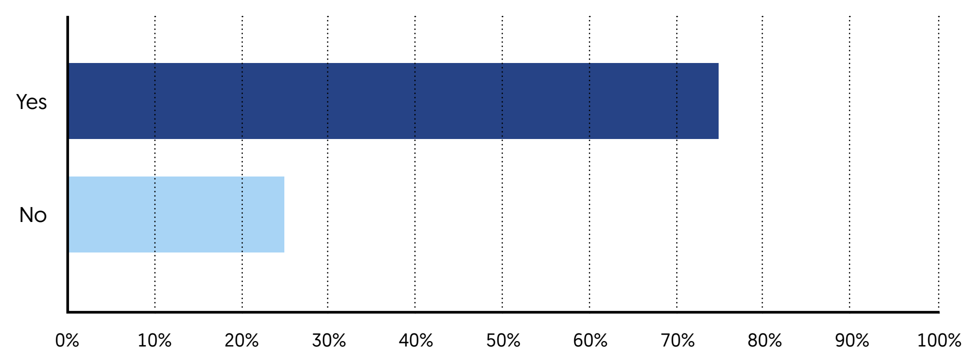
Sourcing engines are also used by direct-to-consumer mortgage broker websites. With such a reliance on sourcing systems across the industry, it is more important than ever that they produce accurate results every time.

Not all mortgage sourcing systems cover later life lending in a significant way, while some, such as Air Sourcing, provide dedicated sourcing for equity release and RIO mortgages.

Three-quarters (75%) of respondents said they used the services of a dedicated later life sourcing system.

A future edition of this survey will investigate this topic further, including ascertaining what those who don't use a dedicated sourcing system use instead.

Figure 1.06: Do you use a dedicated sourcing system for later life lending?



The survey found that advisers have a wide range of views as to where later life lending sourcing could be improved.

They ranged from the broad ("it needs to be more detailed and more accurate", "make sourcing products easier") to the more specific ("a search facility for criteria that cross matches all lenders and produces results in tabular form", "transfer client info to provider if KFI not available on Iress").

It is clear from the comments that a number of respondents are not using a dedicated later life sourcing system (see above). For example, one adviser said "I need a separate section in my mortgage sourcing system for this type of lending".

Other areas for improvement included property descriptions; order options for sourcing results; illustrations and early repayment charges (ERCs).

One adviser noted that: "Each case is individual. Sourcing is not a priority, you only require the companies that lend in later life. Then you can discuss the case with the companies."

1.05 INNOVATION

The survey respondents suggested a wide variety of innovations they would like to see within later life lending. Topics and comments included the following:

Products:
"Something in between a RIO and lifetime mortgage"
"Higher LTVs and competitive rates"
"More flexibility, features"
"Greater choice and higher LTV"
"Removal of gilt-related ERCs"
"More flexibility in payments"
"Faster"
"More choice"
"Products more aligned to house purchase"
"Greater flexibility to make and vary partial repayments and interest payments without ERCs"
"Easier drawdowns"

Criteria:
"People being able to borrow more at a younger age"
"Criteria relaxed for RIOs"
"Younger age at outset"
"Wider acceptable property criteria"
"Wider sources of income taken into account"
"Acceptance of the thousands of wall tile hung properties"

Other:
"Stricter rules and more consumer protection"
"More providers"
"Fully automatic valuations"
"Speedier lender solicitors"
"Higher proc fees for advising clients to take small initial lumps sums and having large cash reserve drawdowns"

ADVISER COMMENTS:

"If a valuer says a property would find a ready market on sale, it makes no sense for a lender to block it just for the sake of its policy"

"Later life lending has become very flexible. I cannot imagine many more improvements"

"The biggest problem is the silo system with many brokers only being familiar with part of the market. Therefore the starting point is better broker education so that brokers are familiar enough with all options, including those they don't offer and may need to refer to a partner"

"We need a new exam [so] those qualifying in future will automatically be authorised for all types of later life lending"

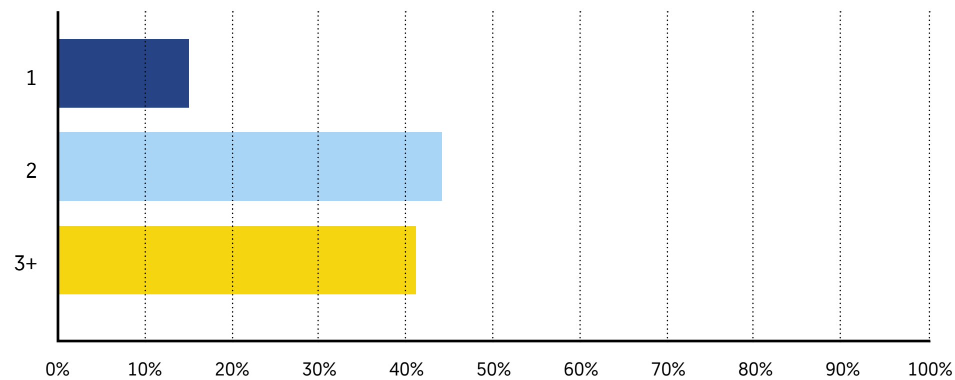
1.06 CLIENTS

Not unsurprisingly given the possible complexity of the case and the age of possible customers, a majority of advisers [85%] have multiple meetings with clients. 41% said they have, on average, three or more meetings.

Travel to and from, as well as the preparation and holding of meetings, were cited by some advisers as impediments to writing more later life business [See section 1.08]

During the first month of lockdown, advisers reported that business was holding up, with telephone and video consultations replacing face-to-face contact.

Figure 1.07: On average, how many face-to-face meetings do you have with each client(s) before the application is submitted?



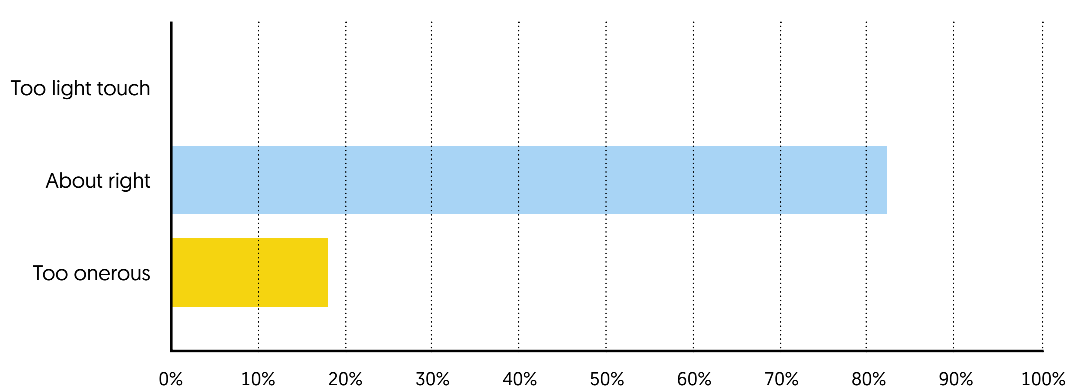
1.07 LEGAL REQUIREMENTS

"The market has had its fair share of ups and downs over the years and so it needs to be tightly regulated. We are dealing with older, often vulnerable clients and they need to be protected" *– adviser*

The survey found a large consensus who thought the legal requirements around later life lending were "about right" [82%].

While no respondents considered requirements to be too light touch, one-fifth [18%] felt they were too onerous.

Figure 1.08: How onerous do you find the legal requirements for later life lending?

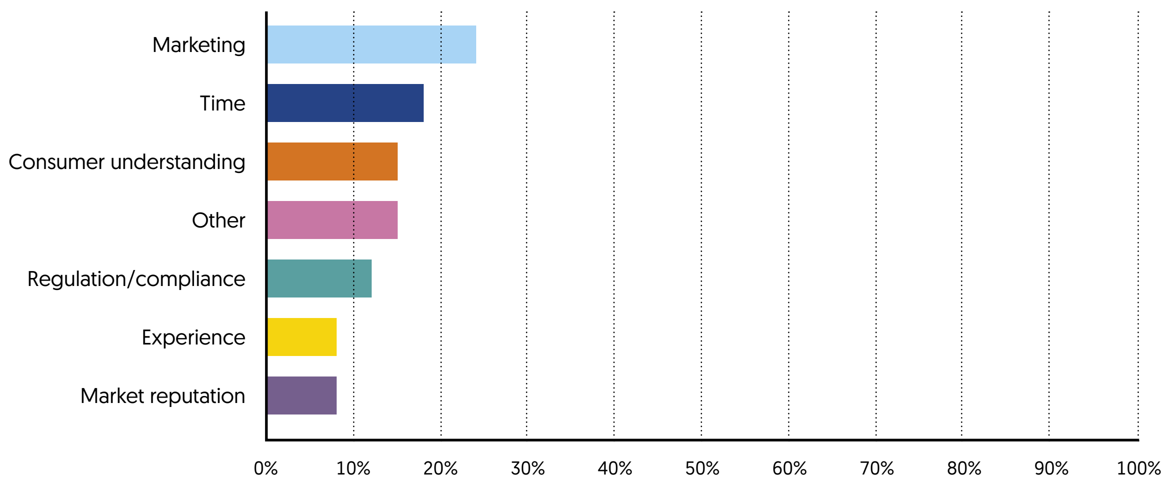


1.08 IMPEDIMENTS

When asked what stops them from writing more later life business, there was no single issue they united behind. Marketing (24%) was the most popular reason cited, with time, regulation, consumer understanding and 'other' all reaching double figures.

One respondent said that while they were new to writing later life business, they wanted to specialise in this area: "It is really about marketing what I do to my target client base."

Figure 1.09: What is the biggest impediment to you writing more later life lending business?



1.09 SENTIMENT

Advisers were asked how they would, in a few words, describe to another adviser what it is like to provide advice on later life lending. The over-riding sentiment was one of reward. Respondents repeatedly talked about finding providing advice in the sector as very satisfying.

Other comments talked about the workload, meetings, profitability and the benefits of specialisation.

ADVISER COMMENTS:

"Later life provides an extra dimension to your business and creates extra business opportunities"

"Later life is a very rewarding sector to be in, but it can be very complex. Patience and understanding are important"

CHAPTER 2
EQUITY RELEASE

Until the onset of the Covid-19 crisis, 2020 had started well for the equity release market. The Equity Release Council stated that £1.06bn of property wealth was accessed via equity release products in the first quarter of 2020, up by 14% from £936m a year earlier.

The standards body said this was driven by the return of consumer confidence in the early months of 2020, following 2019 and its Brexit-related uncertainty, before the onset of coronavirus and UK lockdown measures.

There was a 2% increase in new equity release plans agreed by homeowners aged 55+ to 11,079 in the first quarter, the largest total for any first quarter period since records began in 1991.

Although no industry figures were available at the time of going to press, the coronavirus outbreak is extremely likely to have severely affected market growth in the short term, at the very least. However, the industry was quick to respond to the lockdown and its restrictions. During the early weeks of the lockdown, the Equity Release Council temporarily changed the requirement for equity release customers to receive legal advice in a face-to-face setting.

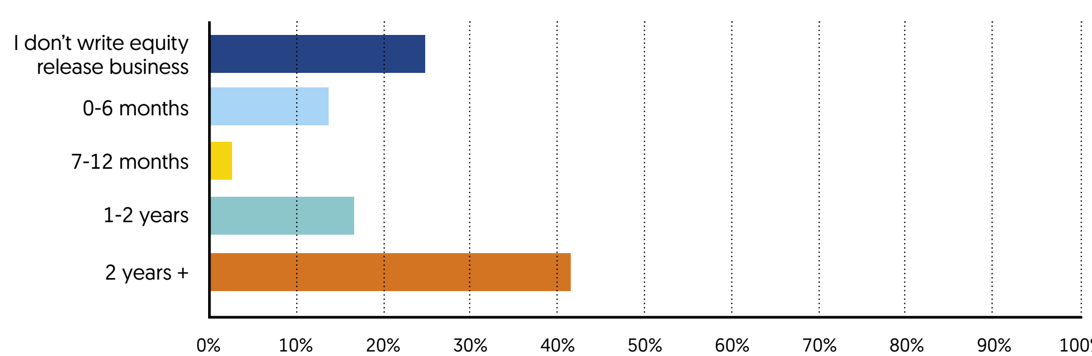
The agreed approach ensured multiple, mandatory contact points between the solicitor and customer before committing to take out an equity release plan. It involved a combination of written advice and documented video or telephone calls, which boost the total number of interactions between customers and legal advisers as a result.

2.01 ADVISER RESEARCH

The advisers surveyed have been active in the equity release market for different periods of time. While one quarter (24%) of advisers said they didn't conduct any equity release business at all, 42% have been involved in the sector for two years or more.

Meanwhile, 17% have been writing business for 12 months or less; an indication perhaps that advisers are responding to the opportunities available from later life lending and feel comfortable operating in the market.

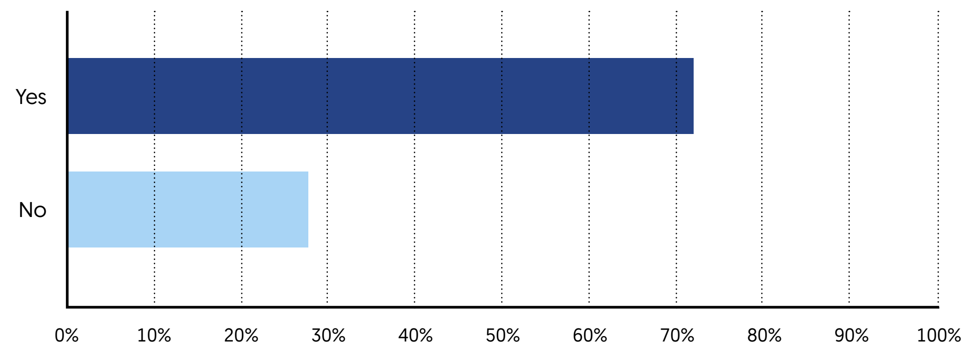
Figure 2.01: How long have you been writing equity release business?



The Chartered Insurance Institute (CII) offers the level 3 Certificate in Equity Release. It meets the FCA's requirement for mortgage advisers and those advising on equity release schemes. It is for those seeking to give mortgage and equity release advice, as well anyone working in the mortgage and equity release market in non-advisory roles.

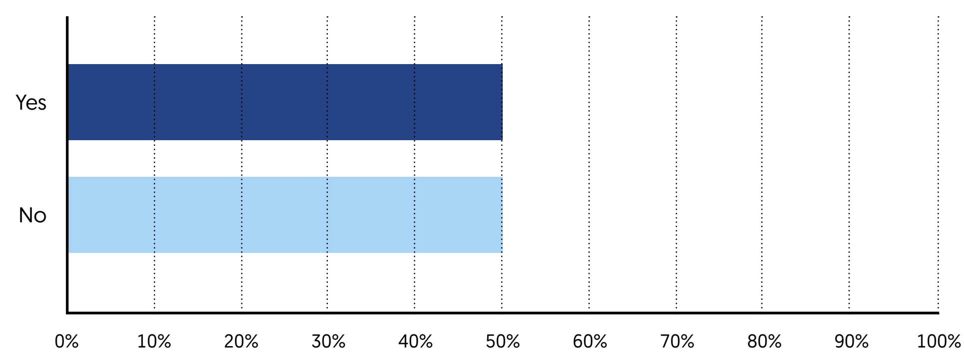
In addition, the London Institute of Banking & Finance provides the Certificate in Regulated Equity Release (CeRER). Mortgage advisers who have already completed CeMAP or an equivalent Level 3 mortgage qualification just need to complete two units to achieve CeRER.

Figure 2.02: Do you have a relevant equity release qualification?



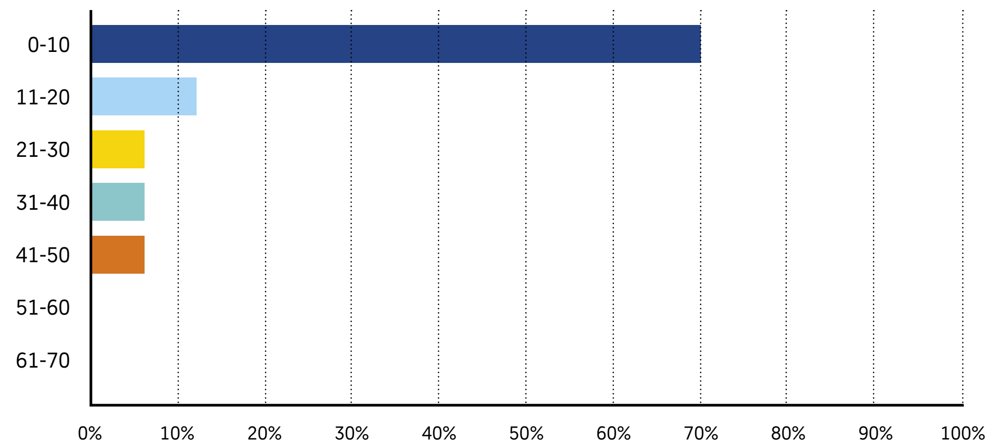
There was a balance between those who would seek to get qualified and those who would not.

Figure 2.03: If you do not have a relevant equity release qualification, do you intend to get one?



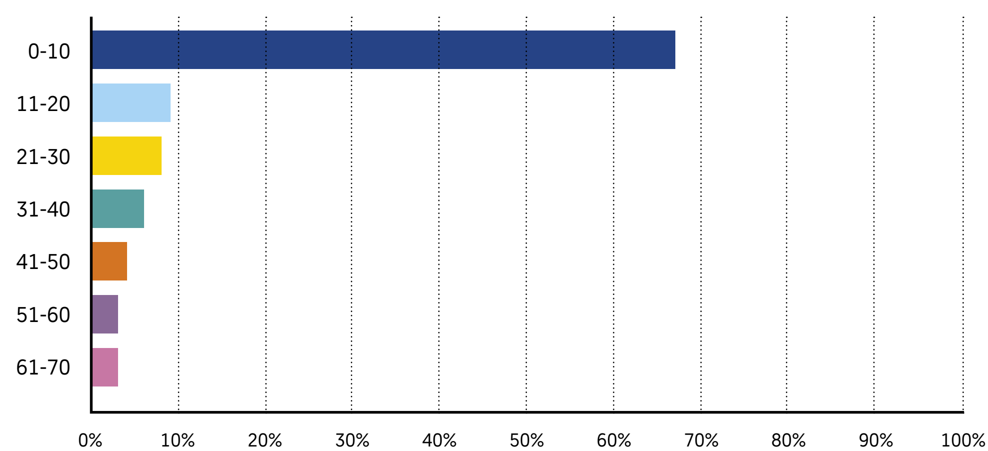
There is diversity in number of cases written by the advisers surveyed. While 70% wrote 10 or fewer cases last year, the remaining 30% wrote up to 50 cases in the 12-month period.

Figure 2.04: How many equity release cases did you write in 2019?



Advisers were optimistic about their business volumes before the coronavirus pandemic took hold. The data suggests advisers expected to do more business than in 2019 and that some who had not previously written any equity release cases would do.

Figure 2.05: Before the Covid-19 pandemic, roughly how many cases did you expect to write in 2020?



2.02 LENDING

Of the providers who disclosed their lending figures, Legal & General lent the most in lifetime mortgages last year, with £965m.

More2Life and Aviva came next, lending between £800m-£900m.

Figure 2.06: Value of lifetime mortgages in 2019

PROVIDER	LENDING
Legal & General	£965m
More2Life	<£900m
Aviva	£800m
Hodge Lifetime	£550m
Just Group	£416m
LV=	£338m
Canada Life	–
Pure Retirement	–
Responsible Lending	–

2.03 VALUE OF HOME REVERSION PLANS PAID IN 2019

Home reversion plans are now a niche part of equity release, with Bridgewater Equity Release being the only business in the survey currently providing new plans.

The Equity Release Council reported that appetite for home reversion plans remained low in the first quarter of 2020, as they continue to make up less than 1% of new plans agreed.

Figure 2.07: Value of home reversion plans paid in 2019

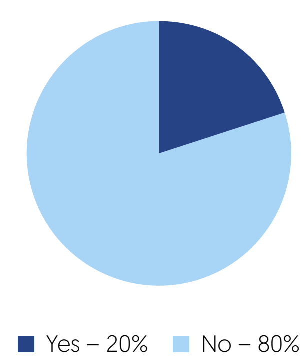
PROVIDER	VALUE
Bridgewater Equity Release	<£1m

2.04 MEDICAL EVIDENCE

Three providers may ask for medical evidence for customers who apply on an enhanced basis.
It is not required in every case.

Figure 2.08: Medical evidence

PROVIDER	MAY BE REQUIRED
Aviva	Yes
Bridgewater Equity Release	No
Canada Life	No
Hodge Lifetime	No
Just Group	Yes
Legal & General	No
LV=	No
More2Life	Yes
Pure Retirement	No
Responsible Lending	No



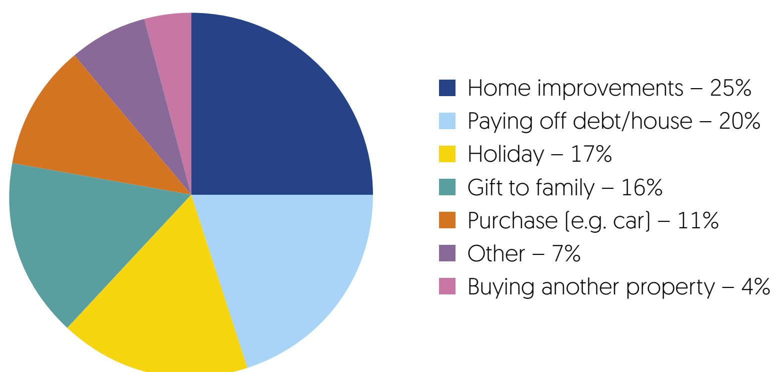
2.05 REASONS

Providers were asked to rank reasons for clients taking out equity release.

As is the case with RIO mortgages, home improvement Is the most popular reason for taking out equity release.

It is likely that the Covid-19 crisis will see fewer people taking out equity release to fund a holiday of a lifetime.

Figure 2.09: Reasons for equity release



2.06 PRODUCTS

Lump sum lifetime mortgages provide the borrower with money as a single, one-off amount. They are therefore often popular with those looking to fund home improvements, repay debts or help children and/or grandchildren financially.

Drawdown lifetime mortgages provide a flexible cash reserve facility that offers borrowers easy access to their funds.

A drawdown facility eliminates the need to leave unused equity release funds in the bank, and, instead, leaves surplus cash funds with the lender instead.

The borrower is therefore not charged interest on the monies left with the lender, only on that which has been withdrawn.

An interest-only lifetime mortgage is a relatively new kind of equity release plan where the borrower can pay the interest due on a monthly basis, so the size of their loan repayment never increases.

A home reversion plan provides a method to sell all or part of a home, and in return, be given a tax-free cash lump sum or regular income, and a lifetime lease.

Research from independent analysts AKG, published in the first quarter of 2020, found that equity release customers increasingly value the ability to make interest payments and capital repayments as products develop.

The analysis found that 63% of advisers believe clients most value the ability to make capital repayments, while 58% say clients are interested in being able to make interest payments.

The flexibility from drawdown products is rated the most important feature by 68% of advisers, while 72% say the 'no negative equity guarantee' on plans is the most attractive.

Appetite for home reversion plans remains low as they continue to make up below 1% of new plans agreed.

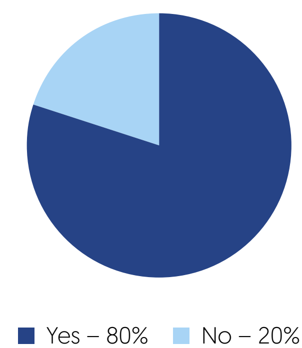
2.07 LUMP SUM LIFETIME MORTGAGES

Lump sum lifetime mortgages are provided by 80% of the providers in our survey, with only Legal & General and home reversion plan provider Bridgewater Equity Release not offering them.

They made up 43% of new plans arranged in the first quarter of 2020, up from 36% in Q1 2019, with 4,811 new plans taken out in total.

Figure 2.10: Lump sum lifetime mortgages

PROVIDER	LUMP SUM LIFETIME
Aviva	Yes
Bridgewater Equity Release	No
Canada Life	Yes
Hodge Lifetime	Yes
Just Group	Yes
Legal & General	No
LV=	Yes
More2Life	Yes
Pure Retirement	Yes
Responsible Lending	Yes



2.08 DRAWDOWN LIFETIME MORTGAGES

90% of providers offer lifetime mortgages with flexible 'drawdown' cash release.

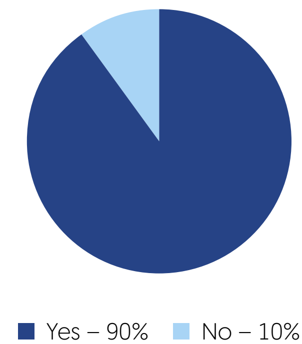
Similarly, the Equity Release Council found that, in the first quarter of 2020, drawdown lifetime mortgages remained the most popular type of new plan agreed, albeit with a lower share (57%) than a year earlier (64%) as the number of new drawdown plans totalled 6,267.

The average size of the first instalment of new drawdown plans rose 2% from the final quarter of 2019 to reach £68,492, with a further £39,214 reserved for future use.

Returning drawdown customers continued to increase in number, as a result of more people having taken out these products in recent years, allowing them to access property wealth in stages from an agreed pot and limit interest costs.

Figure 2.11: Drawdown lifetime mortgages

PROVIDER	LIFETIME WITH DRAWDOWN
Aviva	Yes
Bridgewater Equity Release	No
Canada Life	Yes
Hodge Lifetime	Yes
Just Group	Yes
Legal & General	Yes
LV=	Yes
More2Life	Yes
Pure Retirement	Yes
Responsible Lending	Yes



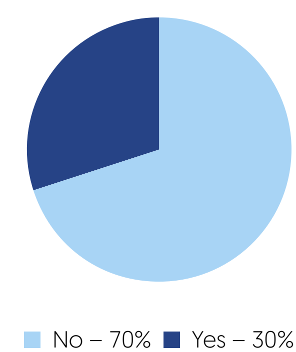
2.09 INTEREST-ONLY LIFETIME MORTGAGES

These products are offered by a minority of the equity release providers (30%). This could in part be explained by the fact that they are a relatively new form of equity release product.

The Equity Release Council did not publish first quarter data for interest-only lifetime mortgages.

Figure 2.12: Interest-only lifetime mortgages

PROVIDER	INTEREST-ONLY LIFETIME
Aviva	No
Bridgewater Equity Release	No
Canada Life	Yes
Hodge Lifetime	No
Just Group	Yes
Legal & General	No
LV=	No
More2Life	No
Pure Retirement	No
Responsible Lending	Yes

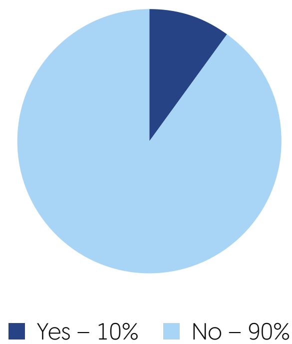


2.10 HOME REVERSION PLANS

Bridgewater Equity Release is the only provider currently offering home reversion plans. Hodge Lifetime has historically lent in this area but is not providing any new plans at present.

Figure 2.13: Home reversion plans

PROVIDER	HOME REVERSION
Aviva	No
Bridgewater Equity Release	Yes
Canada Life	No
Hodge Lifetime	No
Just Group	No
Legal & General	No
LV=	No
More2Life	No
Pure Retirement	No
Responsible Lending	No



2.11 AVERAGE LIFETIME MORTGAGE LTV

One-third of the lifetime mortgage providers did not disclose their average loan to value. Of those that did, Just Group's average LTV of 39.7% was over 15 percentage points higher than the next, More2Life, with 24%.

Hodge Lifetime had the lowest LTV with 16%.

Figure 2.14: Average lifetime mortgage LTV

PROVIDER	AVERAGE LTV
Just Group	39.7%
More2Life	24%
LV=	21%
Responsible Lending	19%
Hodge Lifetime	16%
Aviva	-
Canada Life	-
Legal & General	-
Pure Retirement	-

2.12 AVERAGE HOME REVERSION PLAN RTV

As home reversion plans do not involve lending and repayment, the relevant metric is 'release to value' (RTV).

Figure 2.15: Average home reversion plan RTV

PROVIDER	AVERAGE RTV
Bridgewater Equity Release	67% release to value

2.13 MAXIMUM LTV AT AGES 60/70/80

Over recent years, equity release providers have been adding flexibility and more features to their products. One result of this is that maximum LTVs have been increasing.

It is important to understand that these LTVs are not necessarily available on all products and to all borrowers.

The average maximum LTVs are 30% at age 60, 36% at 70 and 50% at 80.

Figure 2.16: Maximum LTV at ages 60/70/80

PROVIDER	60	70	80
Aviva	24.5%	35%	46%
Canada Life	31%	41%	51%
Hodge Lifetime	20%	30%	40%
Just Group	32%	42%	53%
Legal & General	32%	43.5%	53.5%
LV=	27%	37%	45%
More2Life	43.6%	53.5%	54.5%
Pure Retirement	32%	42%	52.5%
Responsible Lending	28%	40%	50.5%

2.14 MAXIMUM HOME REVERSION RTV

Figure 2.17: Maximum home reversion RTV

Home reversion schemes can typically allow a homeowner to unlock more of their equity and this is reflected in Bridgewater Equity Release's figures.

PROVIDER	MAXIMUM RTV
Bridgewater Equity Release	67%

2.15 MINIMUM LOAN SIZE

While most lenders have a minimum loan size of just £10,000, there are two providers, Canada Life and LV=, who buck the trend by having a minimum loan size of £70,000.

The mean minimum loan size is £24,444 and the mode is £10,000.

Figure 2.18: Minimum loan size

PROVIDER	MINIMUM
Aviva	£10,000
Just Group	£10,000
Legal & General	£10,000
More2Life	£10,000
Pure Retirement	£10,000
Responsible Lending	£10,000
Hodge Lifetime	£20,000
Canada Life	£70,000
LV=	£70,000

2.16 AVERAGE LIFETIME MORTGAGE SIZE

Only half of lifetime mortgage providers revealed their average lifetime mortgage size. The average lifetime mortgage was worth £67,050.

Figure 2.19: Average lifetime mortgage size

PROVIDER	AVERAGE
More2Life	£80,000
LV=	£72,888
Responsible Lending	£72,000
Just Group	£70,000
Hodge Lifetime	£60,000
Aviva	-
Canada Life	-
Legal & General	-
Pure Retirement	-

2.17 AVERAGE HOME REVERSION PLAN SIZE

As previously noted, Hodge Lifetime is not providing any new home reversion plans, which could explain in part the disparity in size when compared to Bridgewater Equity Release.

Figure 2.20: Average home reversion plan size

PROVIDER	AVERAGE
Bridgewater Equity Release	£118,000
Hodge Lifetime	£50,000

2.18 PERMITTED CUSTOMER AGE RANGE

55 is the minimum age for those applying for equity release with the providers. LV= and (home reversion plan provider) Bridgewater Equity Release set their minimum age at 60.

Of the providers who set a maximum age level, LV= has the highest at 95 years.

Figure 2.21: Permitted customer age range

PROVIDER	AGE
Aviva	55+
Bridgewater Equity Release	60-90
Canada Life	55-90
Hodge Lifetime	55-88
Just Group	55+
Legal & General	55-90
LV=	60-95
More2Life	55+
Pure Retirement	55+
Responsible Lending	55-84

2.19 FEATURES

The equity release sector reflects the wider mortgage market with the use of product features and incentives, such as free or assisted fees.

It should be noted that that these features are not necessarily available on all of a provider's products and to all borrowers.

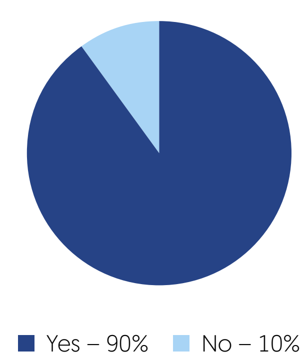
2.20 FREE APPLICATION FEES

All of the providers except Aviva have options which do not include a fee for submission of an application.

Aviva's application fee is £5.

Figure 2.22: Free application fees

PROVIDER	FREE APPLICATION FEES
Aviva	No
Bridgewater Equity Release	Yes
Canada Life	Yes
Hodge Lifetime	Yes
Just Group	Yes
Legal & General	Yes
LV=	Yes
More2Life	Yes
Pure Retirement	Yes
Responsible Lending	Yes

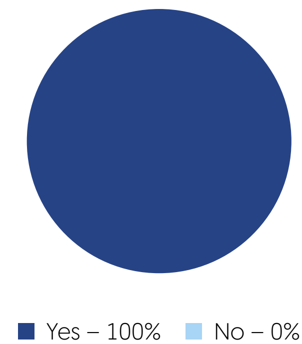


2.21 FREE VALUATIONS

All of the equity release providers featured offer free valuations.

Figure 2.23: Free valuations

PROVIDER	FREE VALUATION
Aviva	Yes
Bridgewater Equity Release	Yes
Canada Life	Yes
Hodge Lifetime	Yes
Just Group	Yes
Legal & General	Yes
LV=	Yes
More2Life	Yes
Pure Retirement	Yes
Responsible Lending	Yes

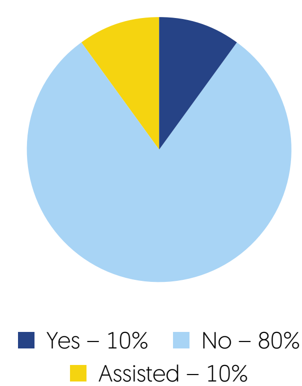


2.22 FREE LEGALS

Free or assisted legals are commonplace in the mainstream mortgage market. However, only one equity release provider - Pure Retirement - offers any contribution towards the legal costs.

Figure 2.24: Free legals

PROVIDER	FREE LEGALS
Aviva	No
Bridgewater Equity Release	No
Canada Life	No
Hodge Lifetime	No
Just Group	No
Legal & General	No
LV=	No
More2Life	Yes
Pure Retirement	Assisted
Responsible Lending	No



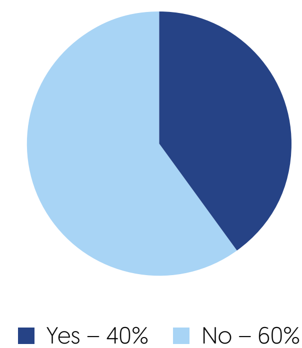
2.23 MEDICAL ENHANCEMENTS

The pension annuity market shows that appetite for enhanced medical or lifestyle enhanced products is significant.

40% of the providers offer options on the grounds of health and lifestyle. For example, Aviva's medical enhancements consist of either a reduced interest rate or an increased LTV for those who qualify.

Figure 2.25: Medical enhancements

PROVIDER	MEDICAL ENHANCEMENTS
Aviva	Yes
Bridgewater Equity Release	No
Canada Life	No
Hodge Lifetime	No
Just Group	Yes
Legal & General	Yes
LV=	No
More2Life	Yes
Pure Retirement	No
Responsible Lending	No

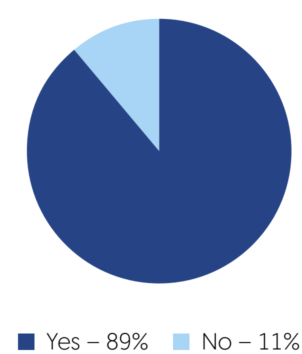


2.24 CASH FACILITY

Nearly all of the lifetime mortgage providers offer a cash facility, with Hodge Lifetime being the exception.

Figure 2.26: Cash facility

PROVIDER	CASH FACILITY
Aviva	Yes
Canada Life	Yes
Hodge Lifetime	No
Just Group	Yes
Legal & General	Yes
LV=	Yes
More2Life	Yes
Pure Retirement	Yes
Responsible Lending	Yes



2.25 EARLY REPAYMENT CHARGES

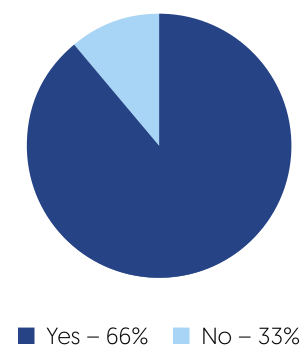
Two-thirds (66%) of providers have plans or products with periods where there is no Early Repayment Charge (ERC).

For instance, Legal & General states that, in any 12-month period, starting on completion and thereafter on each anniversary of completion, borrowers can repay up to 10% of the amount borrowed.

There are no repayments with home reversion plans so Bridgewater Equity Release does not feature.

Figure 2.27: Early Repayment Charges

PROVIDER	PERIOD
Aviva	Yes
Canada Life	No
Hodge Lifetime	No
Just Group	No
Legal & General	Yes
LV=	Yes
More2Life	Yes
Pure Retirement	Yes
Responsible Lending	Yes



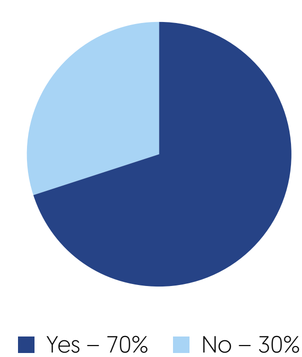
2.26 RING-FENCING/INHERITANCE PROTECTION

A number of lifetime mortgages have an inheritance protection guarantee, which allows the customer to select a percentage of the property value that they want to protect. Consequently, the higher the percentage selected, the smaller the maximum loan amount available.

70% of the providers offer inheritance protection or some other form of ring-fencing.

Figure 2.28: Ring-fencing/inheritance protection

PROVIDER	RING-FENCING
Aviva	Yes
Bridgewater Equity Release	Yes
Canada Life	Yes
Hodge Lifetime	Yes
Just Group	No
Legal & General	Yes
LV=	No
More2Life	Yes
Pure Retirement	No
Responsible Lending	Yes



2.27 AVERAGE APPLICATION-TO-OFFER TIME

The average application-to-offer time for the providers who submitted their data was 21 working days.

Both Aviva and More2Life had the fastest average turnaround time with nine days, while LV= reported 56 days.

LV= is currently developing its technological proposition so it should expect to have improved turnaround times by the next edition of this report.

Only 3% of advisers surveyed said speed of completion was the most important factor in selecting a product [section 1.03].

Figure 2.29: Average application to offer time (Q4 2019)

PROVIDER	WORKING DAYS
Aviva	9
Bridgewater Equity Release	24
Canada Life	–
Hodge Lifetime	11
Just Group	–
Legal & General	14
LV=	56
More2Life	9
Pure Retirement	–
Responsible Lending	–

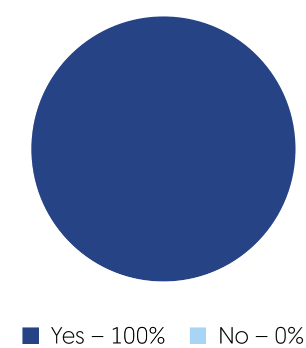
2.28 TECHNOLOGY

All of the equity release providers have some form of electronic portal for intermediaries. These typically offer case submission and tracking as a minimum.

The providers compare favourably with the RIO lenders, of whom 20% do not offer an intermediary portal.

Figure 2.30: Intermediary portals

PROVIDER	PORTAL
Aviva	Yes
Bridgewater Equity Release	Yes
Canada Life	Yes
Hodge Lifetime	Yes
Just Group	Yes
Legal & General	Yes
LV=	Yes
More2Life	Yes
Pure Retirement	Yes
Responsible Lending	Yes

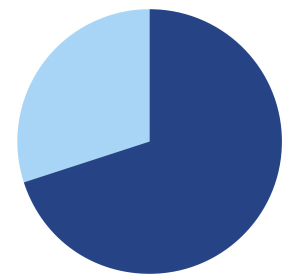


2.29 NETWORKS/MORTGAGE CLUBS

70% of the providers state they have relationships with selected networks and/or mortgage clubs. For example, Canada Life says it works closely in partnership with networks and mortgage clubs, while Just offers exclusive products to certain intermediary partners.

Figure 2.31: Arrangements with networks or mortgage clubs for later life lending

PROVIDER	ARRANGEMENTS
Aviva	Yes
Bridgewater Equity Release	Yes
Canada Life	Yes
Hodge Lifetime	No
Just Group	Yes
Legal & General	Yes
LV=	Yes
More2Life	Yes
Pure Retirement	No
Responsible Lending	No



2.30 PRODUCT SOURCING

Most of the equity release providers have their products available on the same sourcing systems: Advise Wise, Air Sourcing, Assureweb and Iress.

Other systems include Defaqto, Synaptic and Twenty7Tec, while Canada Life and Hodge Lifetime's products are also available on criteria search system Knowledge Bank.

Responsible Lending says that a bespoke sourcing system is coming soon.

Figure 2.32: Product sourcing

PROVIDER	SOURCING SYSTEMS
Aviva	Advise Wise, Air Sourcing, Assureweb, Defaqto, Iress
Bridgewater Equity Release	Air Sourcing
Canada Life	Advice Wise, Air Sourcing, Assureweb, Iress, Knowledge Bank
Hodge Lifetime	Air Sourcing, Assureweb, Iress, Knowledge Bank, Synaptic, Twenty7Tec
Just Group	Advise Wise, Air Sourcing, Assureweb, Defaqto, Iress, Knowledge Bank, Moneyfacts, Twenty7Tec
Legal & General	Advice Wise, Air Sourcing, Assureweb, Iress, Twenty7Tec
LV=	Advice Wise, Air Sourcing, Assureweb, Iress, Synaptic
More2Life	Air Sourcing, Assureweb, Iress, Synaptic
Pure Retirement	Advise Wise, Air Sourcing, Assureweb, Iress
Responsible Lending	

CHAPTER 3
RETIREMENT INTEREST ONLY MORTGAGES

The Retirement Interest Only (RIO) mortgage market as we know it came into existence in 2018, when the Financial Conduct Authority (FCA) classified RIOs as mainstream mortgages rather than equity release products.

A RIO mortgage is very similar to a standard interest-only mortgage, with two key differences. The loan is usually only paid off when the borrower dies, moves into long term care or sells the house. Secondly, the borrower(s) only has to prove they can afford the monthly interest repayments.

As the borrower only pays off the interest each month, their monthly repayments will be lower.

While there is no minimum age requirement, RIO mortgages are typically aimed at older borrowers, such as the over 55s, over 60s and pensioners.

RIO mortgages are popular with building societies, seeking to help their older members with mortgage finance.

This report concentrates on the providers who conduct intermediary business in the RIO space.

3.01 ADVISER RESEARCH

Advisers responding to the survey paint a picture of low levels of RIO mortgage advice. Almost half (47%) of advisers said they had not written a single RIO case last year, while only 2% wrote more than three.

The vast majority of advisers who had written a RIO mortgage wrote only one or two.

When looking at pre-Covid-19 expectations, the situation was an improving one.

31% didn't expect to write a RIO mortgage this year, a 16 percentage point drop compared to 2019.

Meanwhile, 42% of advisers expected to write more than three RIO mortgages during 2020, with 9% believing the number or RIO cases they would write would be in double figures.

Figure 3.01: How many RIO mortgages did you write in 2019?

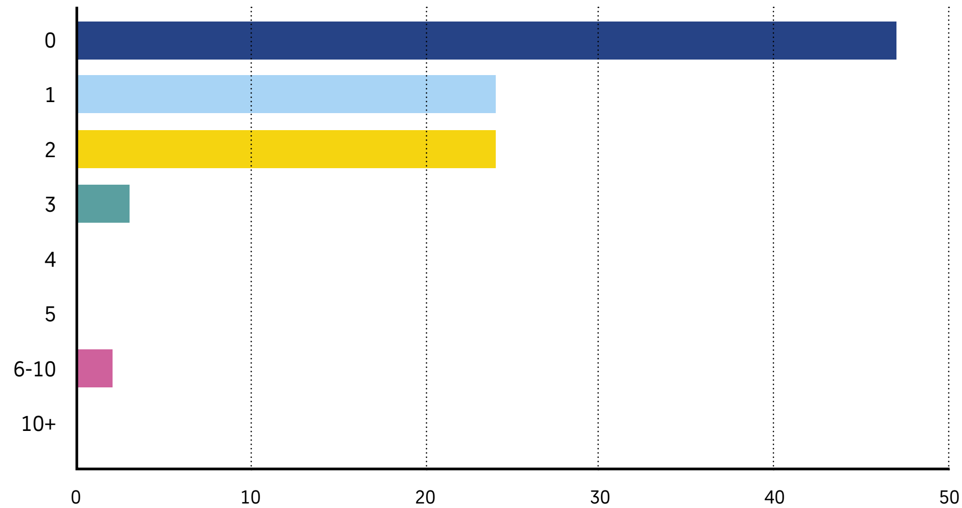
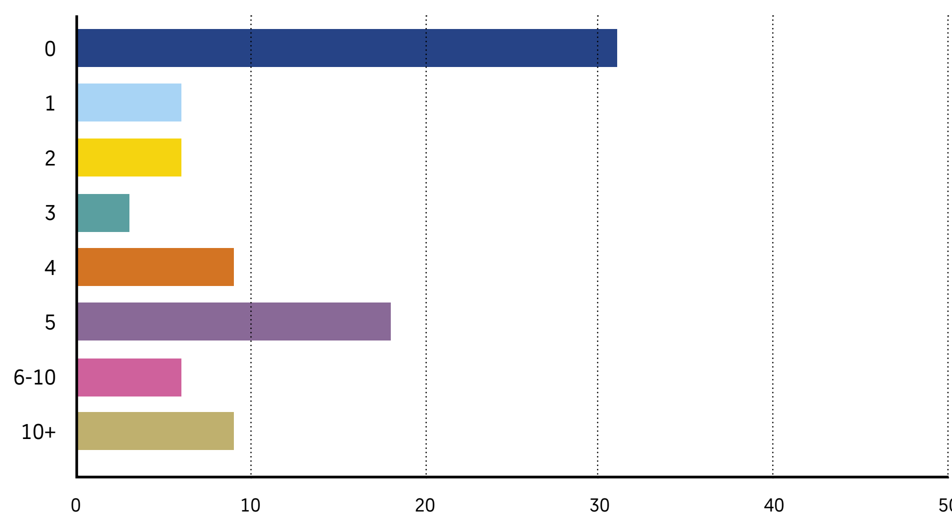


Figure 3.02: Before the Covid-19 pandemic, roughly how many RIO mortgages did you expect to write in 2020?

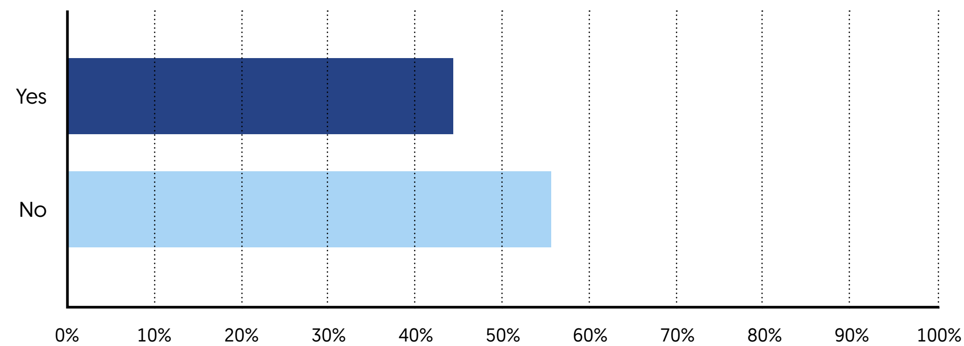


3.02 CHANGES

Advisers said they wanted the criteria for RIO mortgages to be relaxed, with some suggesting that wider sources of incomes should be taken into account.

There are typically two common issues cited by critics in the mortgage market: affordability and lack of security of tenure.

Figure 3.03: Should rules around RIO mortgages be reformed?



Advisers offered their views on possible improvements that could be made with regards to RIO mortgages.

A minority requested easier sourcing; the next iteration of the research will seek to identify which sourcing systems advisers use and where specific improvements could be made.

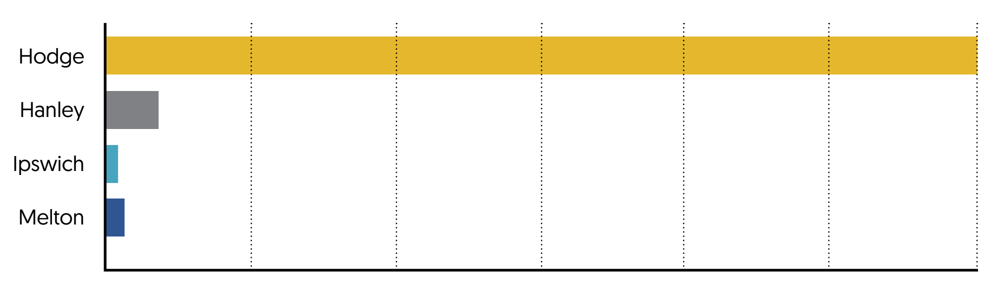
Others mentioned flexibility, with one respondent suggesting space for a third type of later life lending product - "something in between a RIO and lifetime mortgage."

3.03 2019 LENDING

Only 40% of the lenders featured reported their lending figures for 2019. We hope that these RIO providers see the benefits from increased transparency in the marketplace and submit figures for the next survey.

Hodge Lifetime lent by far the largest amount in the RIO space with £30m. Possible reasons for this could in the fact it offers the highest loan to value at 70%, was already a well-established later life lender when RIO mortgages were introduced and is not a building society, which have other capital responsibilities and are often perceived to be more conservative in their approach.

Figure 3.04: Value of RIO mortgages lent in 2019



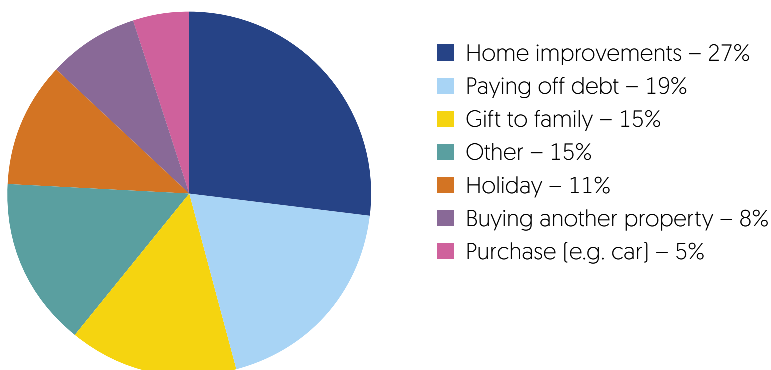
3.04 REASONS

Lenders were asked to rank reasons for clients taking out a RIO mortgage.

Home improvement was the most popular reason for a RIO.

Somewhat surprisingly, several lenders said they did not have data on the subject.

Figure 3.05: Purposes for RIO mortgage

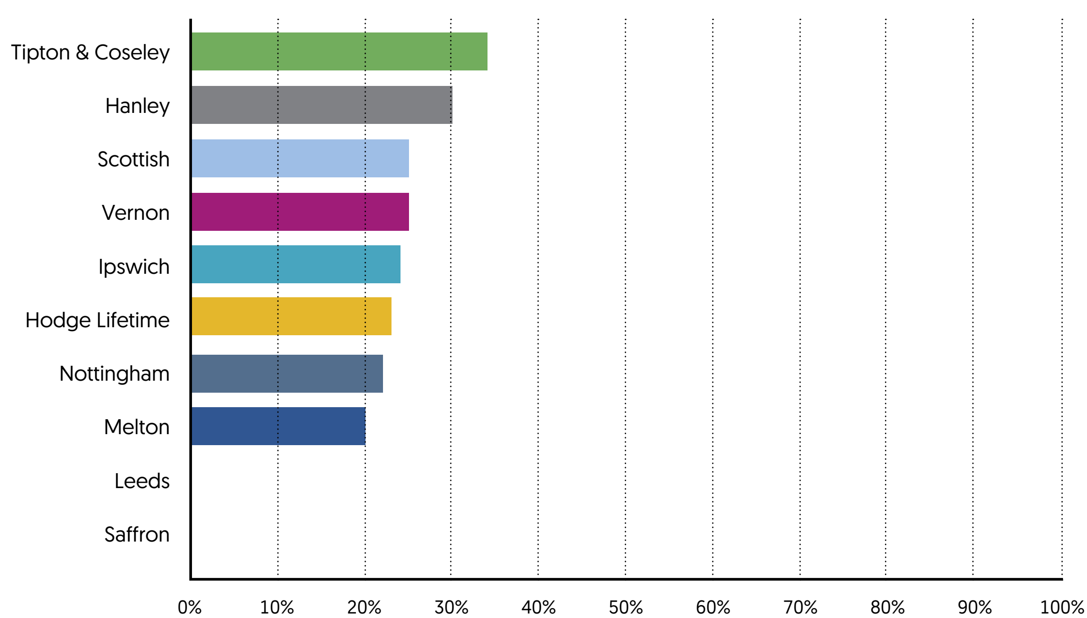


3.05 AVERAGE LTV

Due to the restrictions around and nature of the product, the average RIO loan to value is markedly different from the mainstream mortgage market, where, according to FCA data, the median LTV for sales made in 2019 was approximately 71%.

In comparison, the average loan to value offered by the lenders which submitted figures was 25%.

Figure 3.06: Average mortgage LTV



3.06 MAXIMUM LTV

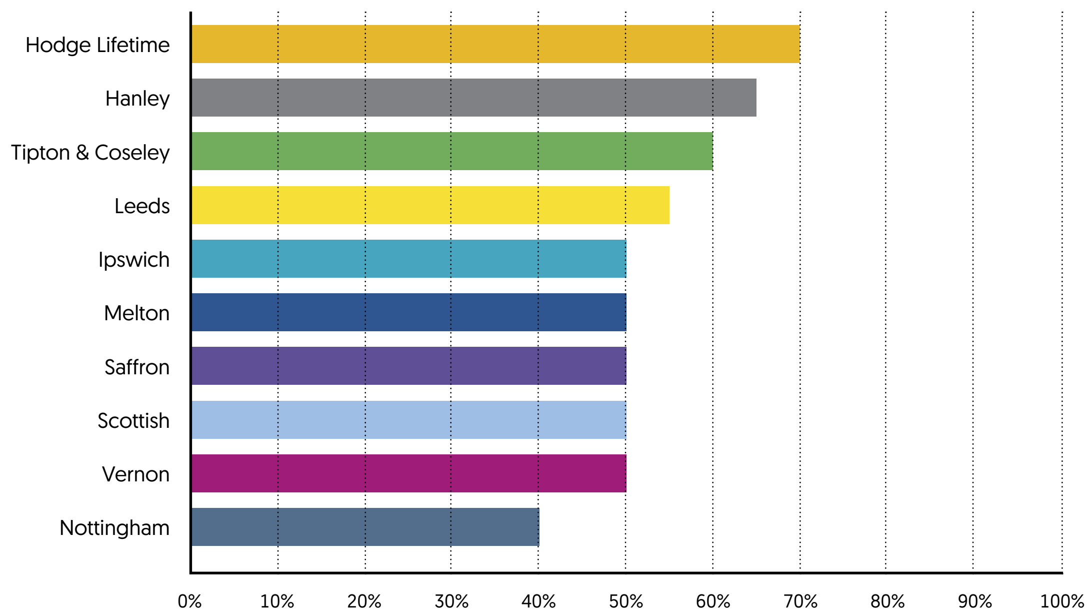
There is a marked difference between the maximum LTV that lenders are offering and their average LTV.

For all lenders which submitted figures, their average LTV is under half of the maximum they will permit. Less than half of the providers have a maximum LTV about 50%.

The average maximum LTV is 54%.

Again, Hodge Lifetime heads the chart and is the only provider to reach 70% LTV.

Figure 3.07: Maximum LTV

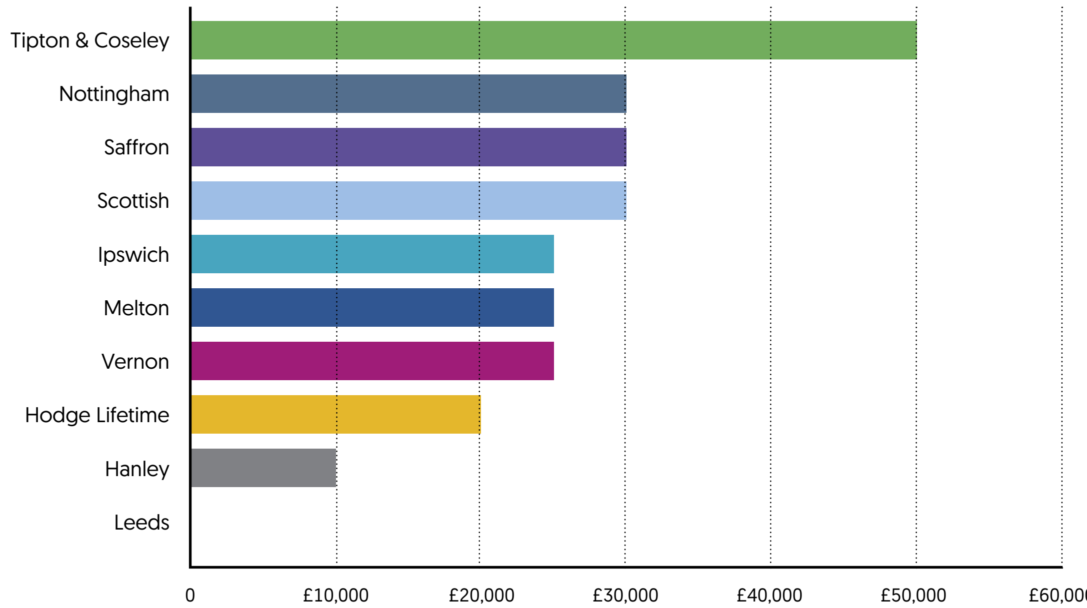


3.07 MINIMUM LOAN SIZE

The average minimum loan size for the providers is 27.2%. The Hanley Building Society has a £10,000 minimum loan size, which is £10,000 less than the next provider.

Another mutual, the Tipton & Coseley Building Society, has a minimum loan rise of £50,000. This is a sizeable £20,000 greater than the next provider in the list.

Figure 3.08: Minimum loan size



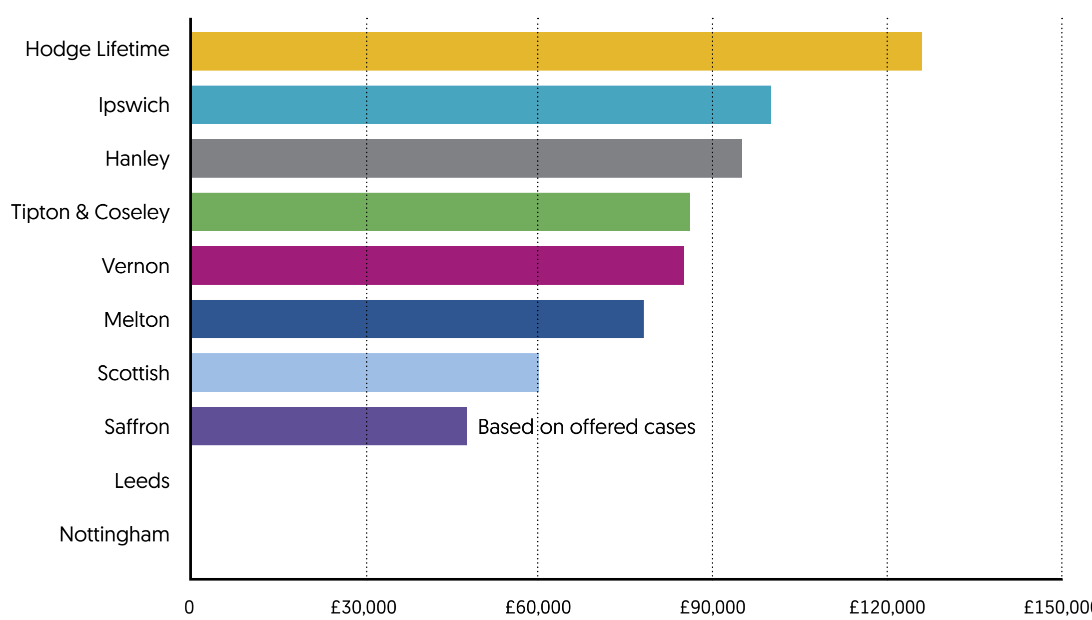
3.08 AVERAGE LOAN SIZE

The average value of a RIO mortgage is £84,688.

Once again, Hodge tops the chart, with an average of £126,000, a full £26,000 highest than the next provider.

The Saffron Building Society has the lowest average RIO size, but this is based on offered cases and also unsurprising given the fact the mutual is new to the RIO market.

Figure 3.09: Average RIO mortgage size



3.09 SAMPLE ILLUSTRATION

Providers were asked what rate they would offer for 30% LTV on a house valued at £250,000.

The rates shown below are the lowest [by headline rate] and do not take into consideration true total cost. They could be fixed or discounted rates, for instance.

The Leeds, Nottingham and Vernon building societies did not provide any information for this question.

Figure 3.10: Sample illustration

PROVIDER	RATE
Scottish	2.79%
Hanley	2.99%
Melton	2.99%
Tipton & Coseley	2.99%
Ipswich	3%
Hodge Lifetime	3.10%
Saffron	3.14%
Leeds	–
Nottingham	–
Vernon	–

3.10 PERMITTED CUSTOMER AGE RANGE

80% of providers have no upper age limit for those applying for a RIO. The exceptions are the Leeds Building Society [80] and Hodge Lifetime [88].

70% of the providers have 55 as their minimum age of a client at time of application. Hodge starts at the age of 50, while the Scottish Building Society has 60 and the Melton Building Society has opted for 65.

Figure 3.11: Permitted customer age range

PROVIDER	AGE RANGE
Hanley	55+
Hodge Lifetime	50-88
Ipswich	55+
Leeds	55-80
Melton	65+
Nottingham	55+
Saffron	55+
Scottish	60+
Tipton & Coseley	55+
Vernon	55+

3.11 FEATURES

The RIO market sees providers offering various product features and incentives, such as free or assisted fees.

It should be noted that that these features are not necessarily available on all of a provider's products and to all borrowers.

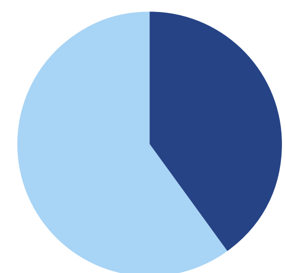
3.12 FREE APPLICATION FEES

The majority of lenders do not provide application fee-free options.

The four providers with the largest average loan size all do not offer free application fees.

Figure 3.12: Free application fees

PROVIDER	FREE APPLICATION FEES
Hanley	No
Hodge Lifetime	No
Ipswich	No
Leeds	Yes
Melton	No
Nottingham	Yes
Saffron	No
Scottish	Yes
Tipton & Coseley	No
Vernon	Yes



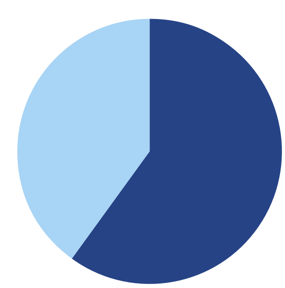
3.13 FREE VALUATIONS

Again, there is a 60-40 split in providers, with the majority offering options with free valuations.

The Scottish Building Society offers free valuations up to £375.

Figure 3.13: Free valuations

PROVIDER	FREE VALUATION
Hanley	No
Hodge Lifetime	Yes
Ipswich	Yes
Leeds	Yes
Melton	No
Nottingham	Yes
Saffron	No
Scottish	Yes
Tipton & Coseley	Yes
Vernon	No



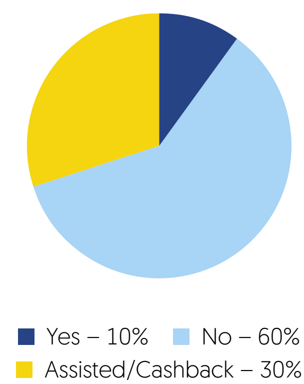
3.14 FREE LEGALS

40% of RIO providers offer some form of help with legal costs. Hodge provides free options, while the Ipswich and Scottish building societies provide assistance with legals.

The Tipton & Coseley Building Society offers legal fee cashback on some remortgage products. Applicants must appoint their own solicitor, but will receive £150 cashback towards their legal costs.

Figure 3.14: Free legals

PROVIDER	FREE LEGALS
Hanley	No
Hodge Lifetime	Yes
Ipswich	Assisted
Leeds	No
Melton	No
Nottingham	No
Saffron	No
Scottish	Assisted
Tipton & Coseley	Cashback
Vernon	No



3.15 EARLY REPAYMENT CHARGES

All the lenders who provided information on ERCs offer some form of charge-free option.

The Hanley, Saffron, Scottish and Tipton & Coseley building societies all have no ERC, while the Ipswich, Leeds and Nottingham building societies all have product offerings with reduced or no ERC.

Hodge does not require an ERC if the borrower is selling the property, moving out and repaying the mortgage in full.

Figure 3.15: Early Repayment Charges

PROVIDER	EARLY REPAYMENT CHARGES
Hanley	No ERCs or mortgage exit fee
Hodge	No ERCs if selling the property, moving out and repaying the mortgage in full
Ipswich	Fixed rate products: Up to 50% fee free overpayments on fixed rate products
Leeds	Discount products: Unlimited fee free overpayments
Melton	No
Nottingham	There are ERCs on the initial product period for all products, but full or partial redemptions after this are fee-free
Saffron	No ERCs
Scottish	No ERCs
Tipton & Coseley	No ERCs
Vernon	–

3.16 RING-FENCING/INHERITANCE PROTECTION

Unlike the equity release sector, the RIO market providers do not offer any form of inheritance protection or ring-fencing facility.

The Hanley Building Society does offer a 0.5 percentage point discount if the borrower has a Lasting Power of Attorney [LPA] in place.

Figure 3.16: Ring-fencing/inheritance protection

PROVIDER	RING-FENCING/INHERITANCE PROTECTION
Hanley	0.5% discount with LPA
Hodge Lifetime	No
Ipswich	No
Leeds	No
Melton	No
Nottingham	No
Saffron	No
Scottish	No
Tipton & Coseley	No
Vernon	No

3.17 AVERAGE APPLICATION-TO-OFFER TIME

Lenders were asked to provide the average length of time in days it took to get from application to offer during the final quarter of 2019.

The average across the providers was 26 days.

There was a noticeable spread in app-to-offer times. Hodge and the Leeds Building Society both had an average or two weeks or less, while the Melton and Vernon building societies both had average times of 40 days or more.

The Scottish Building Society did not provide data, while the Saffron Building Society had not completed any cases by the end of 2019.

Figure 3.17: Average-application-to-offer time

PROVIDER	AVERAGE APPLICATION-TO-OFFER TIME (WORKING DAYS)
Hodge Lifetime	13
Leeds	14
Hanley	21
Ipswich	21
Tipton & Coseley	21
Nottingham	35
Melton	40
Vernon	42
Scottish	–
Saffron	n/a

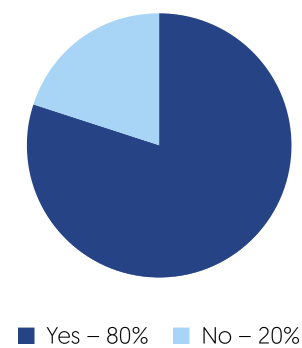
3.18 TECHNOLOGY

Lenders were asked whether they provided a portal for intermediaries. Only the Melton and Tipton & Coseley building societies do not currently offer one to advisers and use a paper-based process.

Typically, a portal allows the intermediary to register, submit and track applications from Decision in Principle to completion.

Figure 3.18: Intermediary portals

PROVIDER	INTERMEDIARY PORTAL
Hanley	Yes
Hodge Lifetime	Yes
Ipswich	Yes
Leeds	Yes
Melton	No
Nottingham	Yes
Saffron	Yes
Scottish	Yes
Tipton & Coseley	No
Vernon	Yes



3.19 NETWORKS/MORTGAGE CLUBS

Unlike the equity release market, where 70% of the providers have relationships with selected networks and/or mortgage clubs, only one provider, the Vernon Building Society, has such relationships.

Figure 3.19: Arrangements with networks and/or mortgage clubs for later life lending

PROVIDER	ARRANGEMENTS
Hanley	No
Hodge	No
Ipswich	No
Leeds	No
Melton	No
Nottingham	No
Saffron	No
Scottish	No
Tipton & Coseley	No
Vernon	Yes

3.20 PRODUCT SOURCING

Sourcing systems are the mortgage adviser's go-to tool for selecting and recommending products to clients. It is therefore not surprising that the vast majority of RIO providers have their products on systems from Mortgage Brain, Trigold (Iress) and Twenty7Tec, the most popular mainstream mortgage sourcing systems.

40% of providers also have their RIO products on Air Sourcing's system, which a specialist platform for later life lending.

Figure 3.20: Product sourcing

PROVIDER	SOURCING SYSTEMS
Hanley	Mortgage Brain, Trigold and Twenty7tec
Hodge Lifetime	Air Sourcing, Mortgage Brain, Trigold and Twenty7tec
Ipswich	–
Leeds	Air Sourcing, Mortgage Brain, Trigold and Twenty7tec
Melton	Mortgage Brain, Trigold and Twenty7tec
Nottingham	Air Sourcing, Mortgage Brain, Trigold and Twenty7tec
Saffron	Air Sourcing, Mortgage Brain, Trigold and Twenty7tec
Scottish	Mortgage Brain, Trigold and Twenty7tec
Tipton & Coseley	Mortgage Brain, Runpath, Trigold and Twenty7Tec
Vernon	Mortgage Brain, Trigold and Twenty7tec

PROFILES LATER LIFE LENDING PROVIDERS

Aviva

With over 31,000 employees, Aviva is a large savings, retirement and insurance business, with 33.4 million customers. Aviva can trace its roots back to the establishment of the Hand in Hand Fire & Life Insurance Society in London in 1696.

Today's business was largely created when Norwich Union merged with insurer CGU in May 2000.

It paid out £33.2 billion in benefits and claims to customers in 2019.

Year started providing equity release	1998
Value of lifetime mortgages lent in 2019	£0.8bn
Value of home reversion plans paid in 2019	n/a
Lump sum lifetime mortgages	Yes
Drawdown lifetime mortgages	Yes
Interest-only lifetime mortgages	No
Home reversion plans	No
Average lifetime mortgage LTV	-
Average home reversion plan RTV	n/a
Maximum LTV for equity release at ages 60/70/80	Pricing is personalised to each individual customer. **Lifestyle Lump Sum Max:** 60: 24.5%; 70: 35%; 80: 46% **Lifestyle Flexible Option:** 60: 18%; 70: 32%; 80: 41%
Minimum loan size	**Lifestyle Lump Sum Max:** £10,000 initial lump sump **Lifestyle Flexible Option:** £10,000 initial lump sum, £5,000 cash reserve
Average lifetime mortgage size	-
Average home reversion plan size	n/a
Free application fees	No
Free valuation	Yes
Free legals	No
Medical enhancements	Yes
Cash facility option	Yes
No Early Repayment Charge period	Yes
Ring-fencing/inheritance protection	Yes
Average application to offer time (Q4 2019)	9 days
Support for advisers	Access to Aviva for Advisers which provides calculators; tools; training guides; CII exam support and product literature and applications. Webinars also available
Medical evidence requirement	May ask for medical evidence for customers who apply on an enhanced basis
Top three customer reasons for funds	Home improvements; holiday; other purchase
Applicant age	55+
Arrangements with networks or mortgage clubs for later life lending	Has relationships with most mortgage clubs. Does not offer exclusives
Online intermediary portal	Yes (view-only portal)
Sourcing system availability	Air Sourcing; Advise Wise; Defaqto; iPipeline and Iress

Bridgewater Equity Release

Bridgewater Equity Release is one of a number of companies which operate as part of the Retirement Bridge Group.

Bridgewater offers home reversion plans with fixed rent, escaling rent or no rent.

Over time, the group has accumulated home reversion plans that were originated by a number of providers including Bridgewater, Norwich Union, Aviva, Home and Capital, AMP, Sovereign, In-Retirement Services and Cavendish.

The provider says it has no product development planned for 2020.

Year started providing equity release	Home & Capital: 1978 (acquired in 2011) Bridgewater: 1998
Value of lifetime mortgages lent in 2019	n/a
Value of home reversion plans paid in 2019	<£1m
Lump sum lifetime mortgages	No
Drawdown lifetime mortgages	No
Interest-only lifetime mortgages	No
Home reversion plans	Yes
Average lifetime mortgage LTV	n/a
Average home reversion plan RTV	67% release to value in 2019
Maximum LTV for equity release at ages 60/70/80	**With Rent Plan:** 60: 80%; 70: 80%; 80: 80% **No Rent Plan:** 60: 31%; 70: 45%; 80: 59%
Minimum loan size	n/a
Average lifetime mortgage size	n/a
Average home reversion plan size	£118,000 (in 2019)
Free application fees	Yes
Free valuation	Yes
Free legals	No
Medical enhancements	No
Cash facility option	No
No Early Repayment Charge period	n/a
Ring-fencing/inheritance protection	Yes. With partial plans, there is a ring-fenced share. Also has an optional Early Vacancy Guarantee
Average application to offer time (Q4 2019)	24 days
Support for advisers	Product brochure and Plan Summary with supporting literature, 'Quick KFI' facility via a specific adviser portal'. Registered advisers can produce KFIs
Medical evidence requirement	No
Top three customer reasons for funds	Gift to family; holiday; home improvements
Applicant age	60-90
With home reversion plans, do you underwrite your rates on the basis of postcode?	No
With home reversion plans, do you underwrite your rates on the basis of medical condition?	No
With home reversion, what is the maximum you would give a 65-your old couple for 30% of their home which is worth £250,000?	£18,857
Arrangements with networks or mortgage clubs for later life lending	Yes
Online intermediary portal	Yes. Portal allows for processing new business applications including pre-application enquiries, application, and producing KFIs and offers
Sourcing system availability	Air Sourcing

Canada Life

In October 2018, Canada Life becomes the brand name for the product range of retirement income specialists Retirement Advantage, following its acquisition in January 2018.

All Retirement Advantage products continued under the Canada Life brand, with the Retirement Advantage Equity Release business becoming Canada Life Home Finance.

Year started providing equity release	2006
Value of lifetime mortgages lent in 2019	-
Value of home reversion plans paid in 2019	n/a
Lump sum lifetime mortgages	Yes
Drawdown lifetime mortgages	Yes
Interest-only lifetime mortgages	Yes
Home reversion plans	No
Average lifetime mortgage LTV	-
Average home reversion plan RTV	n/a
Maximum LTV for equity release at ages 60/70/80	60: 31%; 70: 41%; 80: 51%
Minimum loan size	£70,000
Average lifetime mortgage size	-
Average home reversion plan size	n/a
Free application fees	Yes
Free valuation	Yes
Free legals	No
Medical enhancements	No
Cash facility option	Yes
No Early Repayment Charge period	No
Ring-fencing/inheritance protection	Yes
Average application to offer time (Q4 2019)	-
Support for advisers	Online equity release calculator, KFI generator and application system. Also provides exam, standards and lead generation workshops, as well as webinars and thought leadership whitepapers
Medical evidence requirement	n/a
Top three customer reasons for funds	Debt consolidation; home improvements; holiday
Applicant age	55–90 (upon completion)
Arrangements with networks or mortgage clubs for later life lending	Yes. Doesn't currently offer exclusives
Online intermediary portal	Yes. Has an online KFI generator and application system. Both systems have in-built underwriting criteria
Sourcing system availability	Air Sourcing; Advice Wise; Assureweb; Iress; Knowledge Bank

Hodge Lifetime

Providing retirement solutions since 1965, Hodge Lifetime offers both equity release products and Retirement Interest Only mortgages.

The Hodge Foundation, a charity supporting the welfare, medical, academic and educational sectors, owns 79% of the business.

Year started providing equity release	1965
Value of lifetime mortgages lent in 2019	£550m
Value of home reversion plans paid in 2019	No new home reversion plans
Lump sum lifetime mortgages	Yes
Drawdown lifetime mortgages	Yes
Interest-only lifetime mortgages	No
Home reversion plans	Yes
Average lifetime mortgage LTV	16%
Average home reversion plan RTV	n/a
Maximum LTV for equity release at ages 60/70/80	**Standard Range:** 60: 20%; 70: 30%; 80: 40% **Extended LTV:** 60: 24%; 70: 34%; 80: 44%
Minimum loan size	**Lump sum lifetime mortgage:** £20,000 **Flexible Lifetime Mortgage:** £15,000 with £5,000 cash withdrawal
Average lifetime mortgage size	£60,000
Average home reversion plan size	£50,000
Free application fees	Yes
Free valuation	Yes
Free legals	No
Medical enhancements	No
Cash facility option	No
No Early Repayment Charge period	No
Ring-fencing/inheritance protection	All products have downsizing protection from day one
Average application to offer time (Q4 2019)	11 days
Support for advisers	Online content and downloadable resources
Medical evidence requirement	No
Top three customer reasons for funds	Doesn't ask for loan purpose
Applicant age	55-88
Arrangements with networks or mortgage clubs for later life lending	No
Online intermediary portal	Yes
Sourcing system availability	Air Sourcing; Assureweb; iPipeline; Iress; Knowledge Bank; Synaptic; Twenty7Tec

Just Group

Just specialises in segments of the UK retirement income market. It provides retirement income products and services to individual and corporate clients.

During the Covid-19 crisis, Just reduced the lifetime mortgage interest rate on the properties of customers who have died or been admitted into long term care, as many of these properties can't be sold as the government effectively closed the housing market.

It also moved from physical property valuations by surveyors to accept remote desk-based valuations from its surveyors.

Year started providing equity release	2004
Value of lifetime mortgages lent in 2019	£415.8m
Value of home reversion plans paid in 2019	n/a
Lump sum lifetime mortgages	Yes
Drawdown lifetime mortgages	Yes
Interest-only lifetime mortgages	Yes
Home reversion plans	No
Average lifetime mortgage LTV	39.7%
Average home reversion plan RTV	n/a
Maximum LTV for equity release at ages 60/70/80	60: 33%; 70: 43%; 80: 54%
Minimum loan size	£10,000
Average lifetime mortgage size	£70,000 (for business completing in 2019)
Average home reversion plan size	n/a
Free application fees	Yes
Free valuation	Yes
Free legals	No
Medical enhancements	Yes
Cash facility option	Yes
No Early Repayment Charge period	No
Ring-fencing/inheritance protection	No
Average application to offer time (Q4 2019)	-
Support for advisers	Dedicated adviser website offers online request forms; delivered KFIs; literature and marketing support; tools and calculators. Also holds free workshops, webinars and presentations
Medical evidence requirement	Yes (J5 LTV series only)
Top three customer reasons for funds	Home improvements; holiday; debt consolidation
Applicant age	55+
Arrangements with networks or mortgage clubs for later life lending	Yes
Online intermediary portal	Yes
Sourcing system availability	Advise Wise; Air Sourcing; Assureweb; Defaqto; Iress; Knowledge Bank; Moneyfacts; Twenty7Tec

Legal & General

Legal & General is a top 20 global asset manager and the UK's largest provider of individual life assurance products.

Founded in London in 1836, the business today helps over 10 million people globally with saving, investing, building retirement income and insuring.

It entered the lifetime mortgage market in 2014 by acquiring New Life Home Finance.

Year started providing equity release	2015
Value of lifetime mortgages lent in 2019	£965m
Value of home reversion plans paid in 2019	n/a
Lump sum lifetime mortgages	Yes
Drawdown lifetime mortgages	Yes
Interest-only lifetime mortgages	No
Home reversion plans	No
Average lifetime mortgage LTV	-
Average home reversion plan RTV	n/a
Maximum LTV for equity release at ages 60/70/80	60: 32%; 70: 43.5%; 80: 53.5%
Minimum loan size	£10,000
Average lifetime mortgage size	-
Average home reversion plan size	n/a
Free application fees	Yes
Free valuation	Yes
Free legals	No
Medical enhancements	No
Cash facility option	Yes
No Early Repayment Charge period	Repay up to 10% of the amount(s) drawn with no ERCs (annually)
Ring-fencing/inheritance protection	Yes
Average application to offer time (Q4 2019)	14 days
Support for advisers	Provides advisers with an interactive calculator. LGHF provides advisers with marketing tools and support and has launched a Digital Hub so that advisers can study ER1 at their own convenience. Also runs workshops focused on how advisers approach the lifetime mortgage market, once they are qualified
Medical evidence requirement	Not for LTM
Top three customer reasons for funds	Home improvements; holiday; debt consolidation
Applicant age	55-90
Arrangements with networks or mortgage clubs for later life lending	Does not currently offer network exclusive products
Online intermediary portal	Has an online portal where advisers can produce an illustration and submit an application digitally. A valuation is automatically instructed on acceptable cases
Sourcing system availability	Advice Wise; Air Sourcing; Assureweb; Iress; Twenty7Tec

LV=

LV='s 1.28m customers, 1.25m of which are members, hold a variety of products with the business, including life insurance, income protection, investments and retirement income solutions such as equity release, fixed term annuities and drawdown products.

Throughout 2020, LV= is looking to expand and grow its existing proposition in line with the increased demand seen across the equity release market.

Additionally, during the year the business plans to land a new platform with the aim of helping advisers facilitate a superior customer journey for potential clients.

Year started providing equity release	2006
Value of lifetime mortgages lent in 2019	£178,180,838 (including further advances and withdrawals) £160,063,399 without
Value of home reversion plans paid in 2019	n/a
Lump sum lifetime mortgages	Yes
Drawdown lifetime mortgages	Yes
Interest-only lifetime mortgages	No
Home reversion plans	No
Average lifetime mortgage LTV	21%
Average home reversion plan RTV	n/a
Maximum LTV for equity release at ages 60/70/80	**Lump Sum+**: 60: 27%; 70: 37%; 80: 45% **Flexible:** 60: 20%; 70: 30%; 80: 40%
Minimum loan size	£70,000
Average lifetime mortgage size	£72,888
Average home reversion plan size	n/a
Free application fees	Yes
Free valuation	Yes
Free legals	No
Medical enhancements	No
Cash facility option	Yes
No Early Repayment Charge period	Yes
Ring-fencing/inheritance protection	No
Average application to offer time (Q4 2019)	56 days
Support for advisers	Provide quarterly webinars that provide CPD certificates to attendees, educational infographics, market commentary articles and resources
Medical evidence requirement	Not normally
Top three customer reasons for funds	Debt consolidation; home improvements; top-up income
Applicant age	60-95
Arrangements with networks or mortgage clubs for later life lending	Has a number of specific special deals with adviser networks and mortgage clubs that are determined on a case-by-case basis. These can include free valuations and/or increased commission rates.
Online intermediary portal	Yes. Provides product details, literature and contact details. No current quote/application functionality
Sourcing system availability	Advice Wise; Air Sourcing; Assureweb; Iress; Synaptic

more2life

Offering equity release for over a decade, more2life is part of the Key Group.

In dealing with the coronavirus crisis, it has increased the focus on the need to bring more digital solutions into this sector in order to serve customers who want or need to access their housing equity at this time.

more2life has been one of lenders driving the increased adoption of this digital approach to equity release and believes its rebrand and the launch of its manifesto in February reconfirms and builds on this.

Currently supported by five funding partners, it says it is actively working to encourage additional funders to consider the benefits that equity release assets might bring to their portfolios. Increased funding, it says, would provide additional opportunities to support advisers and their clients with innovative approaches to product development.

Year started providing equity release	2008
Value of lifetime mortgages lent in 2019	>£900m
Value of home reversion plans paid in 2019	n/a
Lump sum lifetime mortgages	Yes
Drawdown lifetime mortgages	Yes
Interest-only lifetime mortgages	No
Home reversion plans	No
Average lifetime mortgage LTV	24%
Average home reversion plan RTV	n/a
Maximum LTV for equity release at ages 60/70/80	**Enhanced terms:** 60: 43.6%; 70: 53.5%; 80: 54.5% **Non-enhanced terms:** 60: 34.4%; 70: 44.4%; 80: 54.5%
Minimum loan size	£10,000
Average lifetime mortgage size	£80,000
Average home reversion plan size	n/a
Free application fees	Yes
Free valuation	Yes
Free legals	Yes
Medical enhancements	Yes
Cash facility option	Yes
No Early Repayment Charge period	Yes
Ring-fencing/inheritance protection	Yes
Average application to offer time (Q4 2019)	9.3 days
Support for advisers	Has a new website which provides support tools including a lending criteria tool which helps advisers identify if clients qualify for its products as well as partial repayment, inheritance and loan to value calculators. Also has The Learning Lab which includes a range of on demand CII accredited webinars as well as videos and marketing assistance
Medical evidence requirement	Yes (with Tailored Plus)
Top three customer reasons for funds	Home improvements; purchase (e.g. car); holiday
Applicant age	55+
Arrangements with networks or mortgage clubs for later life lending	Yes. Has arrangements with a number of mortgage clubs
Online intermediary portal	Yes. Fastpath is more2life's intermediary portal, designed to reduce administration and streamline the process, taking advisers from KFI, to application, through to offer and completion in a seamless digital journey
Sourcing system availability	Air Sourcing; Assureweb; Iress; Synaptic

Pure Retirement

Pure Retirement is a Leeds-based business offering lifetime mortgages.

As well as offering desktop valuations, the provider responded to the coronavirus crisis by launching a new online portal which it says allows advisers to create KFIs 65% faster than before. It streamlines the process for advisers with just a single login needed throughout the application process, whether creating a KFI, making an online application or tracking ongoing cases.

Year started providing equity release	2014
Value of lifetime mortgages lent in 2019	-
Value of home reversion plans paid in 2019	n/a
Lump sum lifetime mortgages	Yes
Drawdown lifetime mortgages	Yes
Interest-only lifetime mortgages	No
Home reversion plans	No
Average lifetime mortgage LTV	-
Average home reversion plan RTV	n/a
Maximum LTV for equity release at ages 60/70/80	60: 32%; 70: 42%; 80: 52.5%
Minimum loan size	£10,000
Average lifetime mortgage size	-
Average home reversion plan size	n/a
Free application fees	Yes
Free valuation	Yes
Free legals	Contribution
Medical enhancements	No
Cash facility option	Yes
No Early Repayment Charge period	Yes
Ring-fencing/inheritance protection	No
Average application to offer time (Q4 2019)	-
Support for advisers	Provides a marketing toolkit as well as marketing insight reports. Also conducts a number of roadshow type events. Sales team frequently present webinars explaining major business updates and product developments
Medical evidence requirement	No
Top three customer reasons for funds	-
Applicant age	55+
Arrangements with networks or mortgage clubs for later life lending	-
Online intermediary portal	Yes. Has online portal for advisers with a single login needed throughout the application process, whether creating a KFI, making an online application or tracking ongoing cases. User can select a maximum initial loan and maximum drawdown facility, while functionality captures all of the customer's KFI information, allowing advisers to select a product and download a KFI all from one page
Sourcing system availability	Advisewise; Air Sourcing; Assureweb; Iress

Responsible Lending

In October 2019, Responsible Lending advised on a record volume of lifetime mortgages for customers, which it says puts it on a run rate of £500m.

Its strategy for 2020 is to continue to grow the equity release industry through offering low interest rates and 'innovative' features; Responsible Lending claims to have "consistently set the lowest rates in the market'.

It is also seeking to widen its distribution footprint in 2020 through training new advisers in its product ranges.

Year started providing equity release	-
Value of lifetime mortgages lent in 2019	-
Value of home reversion plans paid in 2019	n/a
Lump sum lifetime mortgages	Yes
Drawdown lifetime mortgages	Yes
Interest-only lifetime mortgages	Yes
Home reversion plans	No
Average lifetime mortgage LTV	19%
Average home reversion plan RTV	n/a
Maximum LTV for equity release at ages 60/70/80	60: 28%; 70: 40%; 80: 50.5%
Minimum loan size	£10,000
Average lifetime mortgage size	£72,00
Average home reversion plan size	n/a
Free application fees	Yes
Free valuation	Yes
Free legals	No
Medical enhancements	No
Cash facility option	Yes
No Early Repayment Charge period	Yes
Ring-fencing/inheritance protection	Yes
Average application to offer time (Q4 2019)	-
Support for advisers	Provides an online wizard, as well as marketing support, webinars and guides
Medical evidence requirement	No
Top three customer reasons for funds	Home improvements; debt consolidation; holiday
Applicant age	55-84
Arrangements with networks or mortgage clubs for later life lending	No
Online intermediary portal	Full online application from start to finish
Sourcing system availability	Bespoke sourcing system coming soon

Hanley Economic Building Society

Headquarted in Hanley, Stoke-on-Trent, the Hanley Economic Building Society offers mortgages, savings products, investment advice and retirement products.

It does not have any plans to deliver new products into the RIO market at this time.

It was still offering later life lending products during the Covid-19 crisis.

Year started RIO lending	2018
Value of RIO mortgages lent in 2019	£1.8m
Average RIO mortgage LTV	30%
Maximum LTV for RIO at ages 60/70/80	65% across all ages
Minimum loan size	£10,000
Average RIO mortgage size	£95,000
Free application fees	No
Free valuation	No
Free legals	No
Medical enhancements	No
Cash facility	No
No Early Repayment Charge period	No ERCs or mortgage exit fee
Ring fencing/Inheritance Protection	0.5% discount if the borrower has an LPA in place
Average application to offer time (Q4 2019)	21 days
Support for advisers	RIO guide which explains the product in detail and the target market; available online and in print format
Medical evidence requirement	No
Top three customer reasons for funds	Home improvements; gift to family; debt consolidation
Applicant age	55+
Rate offered for a 30% loan on a £250k house	2.99%
Arrangements with networks or mortgage clubs for later life lending	Supported clubs/networks at later life events such as roundtables
Online intermediary portal	Standard portal which allows a broker to select a RIO product and take it through to application
Sourcing system availability	Mortgage Brain, Trigold and 27tec

Hodge Lifetime

Providing retirement solutions since 1965, Hodge offers both equity release products and RIO mortgages.

It was an early entrant into the RIO market, offering products in the final quarter of 2017.

The Hodge Foundation, a charity supporting the welfare, medical, academic and educational areas owns 79% of the business.

At the end of April 2020 it reacted to the coronavirus crisis by allowing capital raising across its entire later life product range, up to 60% LTV.

Year started RIO lending	2017
Value of RIO mortgages lent in 2019	£30m
Average RIO mortgage LTV	23%
Maximum LTV for RIO at ages 60/70/80	70%
Minimum loan size	£20,000
Average RIO mortgage size	£126,000
Free application fees	Product fee-free options
Free valuation	Free valuation (up to property price of £1m)
Free legals	Free legals on remortgages
Medical enhancements	No
Cash facility	No
No Early Repayment Charge period	No ERCs if selling the property, moving out and repaying the mortgage in full
Ring fencing/Inheritance Protection	No
Average application to offer time (Q4 2019)	13 days
Support for advisers	Dedicated later life lending help desk for product support. Hodge delivers face to face later life classes through its business development team direct to advisers. Case studies are also available
Medical evidence requirement	No
Top three customer reasons for funds	Debt consolidation; home improvements; gift to family
Applicant age	50-88
Rate offered for a 30% loan on a £250k house	Discounted rates start from 3.10%
Arrangements with networks or mortgage clubs for later life lending	No
Online intermediary portal	Portal launched in Q2 2020, allowing advisers to register, submit and track their applications from DIP to completion
Sourcing system availability	Air Sourcing, Iress/Trigold, Mortgage Brain, Twenty7Tec

Ipswich Building Society

The Ipswich Building Society is based in Suffolk and was formed in 1975 by the merger of the Ipswich & District Building Society and the Ipswich & Suffolk Building Society.

Founded in 1849, the society offers a wide variety of mortgages, including buy-to-let, self build, later life and products for expatriates, as well as savings products.

Regarding plans for 2020, the mutual simply states it will continue to develop its later life product range and adapt to market movements throughout the year.

It offers its later life lending prodcuts through an exclusive panel of selected intermediaries.

Year started RIO lending	2019
Value of RIO mortgages lent in 2019	£397,670
Average RIO mortgage LTV	24%
Maximum LTV for RIO at ages 60/70/80	50%
Minimum loan size	£25,000
Average RIO mortgage size	£100,000
Free application fees	No
Free valuation	Yes
Free legals	Fee assisted legals (remortgage only)
Medical enhancements	No
Cash facility	No
No Early Repayment Charge period	Yes
Ring fencing/Inheritance Protection	No
Average application to offer time (Q4 2019)	21 days
Support for advisers	
Medical evidence requirement	No. Applicants should ideally have a lasting power of attorney (LPA) in place
Top three customer reasons for funds	Holiday; home improvements; other purpose
Applicant age	55+
Rate offered for a 30% loan on a £250k house	2 year fixed rate: 3.25% 3 year fixed rate: 3.35% 2 year discount: 3% pay rate
Arrangements with networks or mortgage clubs for later life lending	RIO products are currently only available through a handful of intermediaries
Online intermediary portal	Intermediaries who have access to its RIO products can search and select them in the portal
Sourcing system availability	None

Leeds Building Society

The Leeds Building Society can trace its origins back to 1845 with the formation of the Leeds Union Operative Land and Building Society.

The UK's fifth-largest mutual had assets of £20.8bn at 31 December 2019.

It says throughout 2020 it will continue to support customers seeking later life lending options, while developing its proposition in line with customer expectations and feedback from borrowers and brokers.

The Leeds was the first to market with five, 10 and 15-year fixed rate RIOs, as well as cashback deals and improved criteria such as allowing the use of income drawdown pensions and SIPPs when assessing affordability. In December 2019, it became the first provider to offer RIO mortgages with cashback and no product fee.

Year started RIO lending	2018
Value of RIO mortgages lent in 2019	-
Average RIO mortgage LTV	-
Maximum LTV for RIO at ages 60/70/80	55%
Minimum loan size	-
Average RIO mortgage size	-
Free application fees	Yes - some products have no application/completion fee
Free valuation	Yes
Free legals	No
Medical enhancements	No
Cash facility	No
No Early Repayment Charge period	No
Ring fencing/Inheritance Protection	No
Average application to offer time (Q4 2019)	14 days
Support for advisers	Offers a range of supporting information and tools for advisers, including affordability calculators, application guides, guides to identify later life borrowers and who is right for RIO, along with guidance on how to identify and support vulnerable customers
Medical evidence requirement	No
Top three customer reasons for funds	Home improvements; debt consolidation; like-for-like remortgage
Applicant age	55-80
Rate offered for a 30% loan on a £250k house	-
Arrangements with networks or mortgage clubs for later life lending	-
Online intermediary portal	Yes
Sourcing system availability	Air Sourcing, Mortgage Brain, Trigold/Xplan, Twenty7Tec

Melton Building Society

The Melton is a building society based in Melton Mowbray, Leicestershire, in the East Midlands. The Melton was established in 1875 and is one of the oldest surviving building societies in the United Kingdom with over 65,000 members.

As well as offering self-build, renovation, buy-to-let and first time mortgages, the society entered the RIO market last year.

Year started RIO lending	2019
Value of RIO mortgages lent in 2019	£634,170
Average RIO mortgage LTV	20%
Maximum LTV	50%
Minimum loan size	£25,000
Average RIO mortgage size	£78,000
Free application fees	No
Free valuation	No
Free legals	No
Medical enhancements	No
Cash facility	No
No Early Repayment Charge period	No
Ring fencing/Inheritance Protection	No
Average application to offer time (Q4 2019)	40 days
Support for advisers	Provides a RIO hub on its broker website providing full details of the proposition, including a RIO specific affordability calculator
Medical evidence requirement	No. Requires LPA to be registered within 12 months of completion
Top three customer reasons for funds	Buying property; remortgage; home improvements
Applicant age	65+
Rate offered for a 30% loan on a £250k house	2.99% discounted for term
Arrangements with networks or mortgage clubs for later life lending	None
Online intermediary portal	Paper-based application process
Sourcing system availability	Mortgage Brain, Trigold, Twenty7Tec

Nottingham Building Society

The Nottingham Building Society is a building society founded in 1849. It currently has 67 branches across 11 counties.

The society argues that there should be a renewed focus on increasing awareness of later life lending and also educating brokers on suitability factors. To that end, it held three events with one of its network partners at the back end of last year to do just that and is looking at what more it can do in 2020 to help later life lending.

Year started RIO lending	2019
Value of RIO mortgages lent in 2019	-
Average RIO mortgage LTV	22%
Maximum LTV for RIO at ages 60/70/80	40%
Minimum loan size	£30,000
Average RIO mortgage size	-
Free application fees	Yes
Free valuation	Yes
Free legals	No
Medical enhancements	No
Cash facility	No
No Early Repayment Charge period	TERCs on the initial product period for all products, but full or partial redemptions after this are fee-free
Ring fencing/Inheritance Protection	No
Average application to offer time (Q4 2019)	35 days
Support for advisers	Access to tools on website or BDM can assist
Medical evidence requirement	No
Top three customer reasons for funds	Home improvements; debt consolidation; holiday/lifestyle purchase
Applicant age	55+
Rate offered for a 30% loan on a £250k house	-
Arrangements with networks or mortgage clubs for later life lending	-
Online intermediary portal	Yes. Advisers can submit a DIP "in less than seven minutes" that includes the affordability calculator and electronic eID&V. Can then convert it into a full mortgage application "in less than 10 minutes"
Sourcing system availability	Mortgage Brain, Trigold, Twenty7Tec

Saffron Building Society

The Saffron Building Society developed its later life product capability throughout 2019, launching RIO mortgages and the interest-only downsizing mortgage, which followed the removal of the maximum age from its entire product range.

Early in 2020 the mutual partnered with independent equity release advisers, the Equity Release Experts, who will search the whole market to find the best plan for the borrower's circumstances.

In addition, it offers independent financial advice, estate and funeral planning as third party services to assist with later life financial planning.

Year started RIO lending	2019
Value of RIO mortgages lent in 2019	£0 in completions
Average RIO mortgage LTV	50%
Maximum LTV for RIO at ages 60/70/80	50%
Minimum loan size	£30,000
Average RIO mortgage size	£47,500 (based on offered cases)
Free application fees	No
Free valuation	No
Free legals	No
Medical enhancements	No
Cash facility	No
No Early Repayment Charge period	No
Ring fencing/Inheritance Protection	No
Average application to offer time (Q4 2019)	n/a
Support for advisers	Telephone BDMs are on hand, while the website contains a RIO product guide, information pages and an article on helping identify customers. Also provides guidance notes on how to submit a RIO application
Medical evidence requirement	No
Top three customer reasons for funds	Debt consolidation; home improvements; gift to family
Applicant age	55+
Rate offered for a 30% loan on a £250k house	From 3.14%
Arrangements with networks or mortgage clubs for later life lending	Has partnered with independent equity release advisers, The Equity Release Experts
Online intermediary portal	Yes. Allows DIP submission, application, document upload, electronic ID check, etc
Sourcing system availability	All

Scottish Building Society

The Scottish Building Society is the oldest building society in the world.

In February 2013, the Scottish Building Society merged with its Edinburgh competitor Century Building Society. As a result of the merger, it became the only remaining building society to be headquartered north of the border.

It does not have any current plans to change its RIO proposition in 2020. It does however expect its average RIO loan to value to increase as its maximum LTV increased in July 2018.

Year started RIO lending	2018 (although previously had a similar later life product available)
Value of RIO mortgages lent in 2019	-
Average RIO mortgage LTV	25%
Maximum LTV for RIO at ages 60/70/80	50%
Minimum loan size	£30,000
Average RIO mortgage size	c. £60,000
Free application fees	Yes
Free valuation	Up to £375
Free legals	£150 contribution
Medical enhancements	No
Cash facility	No
No Early Repayment Charge period	No
Ring fencing/Inheritance Protection	No
Average application to offer time (Q4 2019)	-
Support for advisers	All the Society's mortgage advisers are required to obtain the lifetime qualification even though not required for RIO. Intermediaries may refer to the mutual's advisers if they wish but will have a reduced procuration fee
Medical evidence requirement	No
Top three customer reasons for funds	Remortgage; debt consolidation; gift to family
Applicant age	60+
Rate offered for a 30% loan on a £250k house	From 2.79%
Arrangements with networks or mortgage clubs for later life lending	No special arrangements or exclusives
Online intermediary portal	Online submission available for all registered intermediaries, which allows the upload of applications and supporting documentation
Sourcing system availability	Trigold, MortgageBrain and Twenty7Tec

Tipton & Coseley Building Society

Founded in 1901 in the offices of a local solicitor, the Tipton & Coseley has four branches located in the heart of the West Midlands. The Tipton & Cosley became the first society to offer RIO mortgages with no end date or upper age limit.

Year started RIO lending	2018
Value of RIO mortgages lent in 2019	-
Average RIO mortgage LTV	34%
Maximum LTV for RIO at ages 60/70/80	60%
Minimum loan size	£50,000
Average RIO mortgage size	£86,000
Free application fees	No
Free valuation	Yes
Free legals	Cashback
Medical enhancements	No
Cash facility	No
No Early Repayment Charge period	No
Ring fencing/Inheritance Protection	No
Average application to offer time (Q4 2019)	21 days
Support for advisers	Nothing later life specific
Medical evidence requirement	No
Top three customer reasons for funds	No data available
Applicant age	55+
Rate offered for a 30% loan on a £250k house	From 2.99%
Arrangements with networks or mortgage clubs for later life lending	Whole of market
Online intermediary portal	No
Sourcing system availability	Trigold, Mortgage Brain, Runpath and Twenty7Tec

Vernon Building Society

Founded in 1924 in Stockport, Cheshire, the Vernon Building Society provides mortgages, savings and investment products.

In the final quarter of 2019, the Vernon rebranded, with a new look across all channels.

The lender also updated its dedicated Vernon Intermediary website, aiming to make it easier for mortgage brokers to quickly find the information they need.

The society says its new design reflects its “ambitious growth plans rather than its age”.

Year started RIO lending	2014
Value of RIO mortgages lent in 2019	-
Average RIO mortgage LTV	25%
Maximum LTV for RIO at ages 60/70/80	50%
Minimum loan size	£25,000
Average RIO mortgage size	£85,000
Free application fees	Yes
Free valuation	No
Free legals	No
Medical enhancements	No
Cash facility	No
No Early Repayment Charge period	Yes
Ring fencing/Inheritance Protection	No
Average application to offer time (Q4 2019)	42 days
Support for advisers	No specific support support for later life lending or RIOs that is in addition to the mainstream product support – affordability calculators, criteria guides, product grids, network/club events/roadshows
Medical evidence requirement	No
Top three customer reasons for funds	Gift to family; home improvements; holiday
Applicant age	55+
Rate offered for a 30% loan on a £250k house	-
Arrangements with networks or mortgage clubs for later life lending	Offers all products via certain networks and clubs. No current exclusives
Online intermediary portal	Online portal, purely for submission of full residential applications. Dis and ESIS are by manual request
Sourcing system availability	Trigold, MBL and Twenty7 Tec

AN EVOLVING MARKET

Chris Smyth, business development manager, equity release, LV=

Q: Has equity release become mainstream?
To an extent. I've been in the intermediary market for 10 years at various providers and I've seen it become a lot more mainstream than ever. One of the main drivers is the historically low interest rate environment within the market. Going back 5-10 years, equity release was probably seen as an option of last resort and that was often driven by a rate being 6-8%, even higher sometimes. But at points last year there were interest rates in the market of 2.5%, fixed for life with no repayments to be made. So it's becoming a lot more feasible for advisers to look at equity release as an option for clients.

Q: How has the purpose of the loan changed over the time?
Historically, equity release would be seen as a tool to repay an existing mortgage and, to an extent, it still is the biggest reason; it makes up about 36% of our book. But what we've seen is a dramatic change in other areas. Using equity release to purchase a property is a relatively new concept to a lot of people, but that's been rising within our book.

Probably the single biggest increase in popularity for equity release that we've seen within the last two to three years is using equity release to gift funds – another part of the Bank of Mum and Dad. We've seen a dramatic increase in using your own property to help get your kids onto the property ladder or to gift for various reasons; within the last three years, that's gone from 8%-16% of our book. It's also attracting a lot more high value properties, where the clients are not struggling for money and don't need to remortgage. Some wealth managers are looking at this as an IHT planning tool, to reduce your estate and gift away to your children.

We're also seeing clients gifting funds from their own property to their children to buy a property. The children then service the interest on the equity and start making repayments.

Q: How competitive is the marketplace in terms of products?
Going back to the beginning of the 2020 there were over 400 different types of plans available. Now, that doesn't sound that dramatic if you compare it to residential lending, but that was an increase in plans of around 150 within a year.

The competitiveness is absolutely there in terms of products, but also in how we price. For example, during a typical year at LV= we would make around 16 changes per year; but in 2019 we exceeded 50 different price changes.

Q: As an equity release provider, do you feel competition from the Retirement Interest Only side of later life lending?
They are obviously pretty new to the market and I think they've probably got a bit of a way to go, with two things which could possibly hold them back. Our view of RIOs is that there is no security of tenure for customers, while many applications are non-starters based on the affordability and stress testing that has to be done.

That said, the potential from the interest-only market is huge. There are around 70,000 a year maturing over the next 20 years; so what are those clients' exit strategies? There doesn't seem to be a huge number of them who have the funds to be able to redeem those interest-only mortgages. So short of downsizing, equity release and RIOs need to be looked at.

In fact, this has led in part to equity release plans becoming more flexible, because typically an interest-only residential client is younger, is likely still working, or does have the means to be able to keep servicing the interest. It led to innovation within the equity release space - now we are allowing for repayments to be made.

Q: Technology wise, what's the equity release market like in comparison to the residential mortgage market?
It's behind the innovation curve if you compare it to residential lending. An example of that would be the ability for advisers to quote and submit applications themselves online. The extraordinary situation we find ourselves in now in relation to Covid-19 has sadly delayed the launch of our online quote and apply platform.

The breakthrough period for the equity release market was between 2017 and 2018. In 2017, there was around £3bn in overall lending. 2018 saw £4bn written. That prompted providers to better support advisers by offering an online service and get away from being so paper-based and too manual.

Such systems have only been rolled out by providers over the past couple of years, but things are going in the right direction.

Q: How important is the equity release market to LV=?
It's a pivotal part of the LV= business. We're obviously seen to be one of the big players in the market and rightly so. The service that we provide and the brand speak for themselves. We design products and processes with the customer at the central core of our thought process. ■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RISING TO THE CHALLENGE

Paul Carter, CEO, Pure Retirement

It's safe to say that we're currently living in unprecedented and changeable times, and it's easy to be pessimistic about what the future may hold for the wider market in both the short-term and long-term. However, it's worth considering the resilience the market has shown in recent years in the face of other challenges, and the way it's held up under a changeable backdrop.

Last year ongoing political and economic uncertainty left many consumers within the wider financial services sector cautious and tentative about making major life decisions when it came to their finances, and the retirement planning industry was no different. Nonetheless, the equity release market recorded 10% year-on-year growth during Q1 of 2019, and despite external factors starting to bite, consumer confidence ultimately stabilised and maintained similar levels to those seen during the market's breakout 2018.

A lot the market's resilience can be attributed to its ongoing dedication to providing innovative product solutions and adapting to customer needs in order to provide products that offer them the flexibility to enjoy their retirement in the manner they desire. This increased competitiveness saw a 95% year-on-year increase on the number of plans available to consumers, averaging out at a new product appearing in the market once every 48 hours, and culminating in a rise from 161 products for 2018's full term to 314 by the end of October 2019.

In addition to a widening of available products, the market's ongoing quest to continue delivering retirement solutions to its customers has also seen a significant drop in rates and by late last year the average rate across the market had fallen below 5% for the first time ever. In addition, the market has reacted to changing customer needs by introducing increasing numbers of products with enhanced features including repayments options, downsizing protection, and lending on age-restricted properties.

That thinking has characterised our product development over the past 12 months or so, with our Heritage range offering whole-of-market ERC-free repayments from launch, and then adding in a raft of enhancements since. These have included reducing the minimum borrower age to 55 on both single and joint lives plans, expanding acceptable flat roof and acreage levels, and allowing lending on age-restricted and sheltered accommodation. Similarly, our Sovereign range has benefitted from being simplified for the benefit of customers and advisers alike, with a new bespoke series of plans aimed at the rising numbers of borrowers from the higher end of the property market.

All of this points to a sector which has become adept at meeting changing circumstances, and should bring solace in this incredibly uncertain and changing time. This same adaptability will doubtless be currently being used in general business practices. At Pure Retirement our dedication to technological development has meant we've been able to simultaneously protect the safety of our workforce through remote working while still processing new cases through our online portal. Essentially, we are still supporting advisers with the same levels of market-leading service that we remain dedicated to providing. The same mantra of 'service made possible through technology, made meaningful by people' that culminated in us being able to offer the market's first adviser-facing mobile app to ease the lives of field-based advisers is now being used to allow our advisers and customers to continue transacting with us, benefitting from the support and service levels that we're so well known for.

We, as a sector, are likely to witness a continued period where we'll have to think on our feet to continue finding solutions to these unforeseen circumstances, but if the past couple of years have demonstrated anything it's our collective ability to rise to the challenge. With many UK over-55s looking into the future with uncertainty, we have a responsibility to be on hand to provide them with a retirement solution should equity release ultimately be their preferred option. We at Pure Retirement continue to be dedicated to serving our customers – both new and existing – and we're sure it's a sentiment shared by the wider sector. ■

Pure Retirement


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THE WAY FORWARD

Stuart Wilson, corporate marketing director, more2life

Q: Are non-equity release advisers often under a misapprehension about products?
Without a doubt. If you talk to advisers and ask them to explain what equity release is, invariably they will describe something closer to a shared appreciation mortgage, for example, which died out many years ago, or a home reversion or a home income plan.

Over the last five years this market has gone through more change and innovation than it went through in the previous 25 years. There has been a huge change in terms of flexibility, with modern lending features, capital repayment, interest repayments, for example. Many advisers who are not part of the specialist world are completely unfamiliar with that. One of the most common misconceptions you find is that advisers think rates are high. When you tell them that actually there are products on the market right now that have got MERs and AERs that are as low as 3% and that the market average last year was only about 4.5% - and that's fixed for life - you get some quizzical looks. It shows how fast this market has moved and how different perception can be from reality.

Q: What advice would you give to advisers who want to do equity release but don't know where to start?
The first thing to do would be to get alongside a specialist firm that can not only give you that route to refer, but can also take you on that journey from being interested and engaged to getting to your first referral. That might include training, education, webinars, and downloads, for instance. There are a lot of organisations out there and I work for a group that has just such a referral channel, Key Partnerships, which has plenty of guides and content to help you do just that.

If your long-term goal is potentially to go further than that into this market, then once you've gone through your first few referrals and perhaps even gone out on some appointments with the adviser that's doing those for you, it's time to take the next step. So I'm thinking about the mortgage clubs out there. AIR Mortgage Club, for example, has a later life academy, which is a full training suite for advisers that are looking to develop their skills, not just in equity release, but in all later life lending matters such as vulnerability etc.

I would just really encourage people to take advantage of the wide variety of free resources available. It's certainly not a market to dabble in, there's lots of complexity and choice in this market now and that's going to grow. There'll be more and more products available in the future.

So go and talk to some of the specialists in this market and soak up as much of the information they've got as possible.

Q: What part do providers need to play to meet the nascent demand for later life lending solutions?
Our job is to help advisers navigate through an ever increasingly more complex world of later life lending. We've seen the number of products options increase exponentially over the last couple of years and we have Retirement Interest Only (RIO) mortgages come into the mix as well. At more2life we've certainly been looking at ways in which we can guide advisers through that maze and find a way to help them market themselves and position themselves as specialists.

That's the thing that advisers cry out for the most: how do I promote my services? It's where providers have been focussing a lot of attention on education and information.

Q: What do advisers need to do?
From an adviser's perspective it's the other side of that coin. Increasingly, advisers in this marketplace are recognising the need to really talk about what you do as a specialist adviser. Telling your clients about equity release, talking about later life lending, whether that's on your website, via social media, through a newsletter, podcast or a blog. There's a need to talk about the opportunities for releasing wealth and using the wealth that's locked up in your home.

Equity release has traditionally been regarded as a debt consolidation or debt repayment tool. The reality is that it's now increasingly being used in a variety of different ways, and that has only just starting to dawn on some advisers. Whether it's the Bank of Mum and Dad or intergenerational lending or gifting. There are all sorts of ways in which the wealth locked up in houses can be used. For advisers, the critical point is bringing that to the attention of their clients.

Q: How is technology helping the sector address the issues caused by the coronavirus crisis?
The equity release industry is one of the few areas of the property market that has continued to function during lockdown – mainly due to sheer determination and the use of technology. The use of remote valuations which use the local knowledge of a RICS surveyor and e.surv data - pioneered by more2life - is now widespread and both financial and independent legal advice is being provided by phone or Zoom. Providers have also stepped up the functionality on their portals which will benefit the industry in the longer term. From a tech point of view, we have grown up a lot over the last few months. ■

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INTELLIGENCE

May 2020