

Helping older home owners to stay in their homes for longer

Overcoming obstacles to equity release

Richard Gibson

Consultant to the

Joseph Rowntree Foundation

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The need

JRF concerned that older people can continue to live in their own home for longer

Home owners on low incomes cannot afford to pay for additional help at home

About 1 million older home owners entitled to Pension Credit have homes worth over £100,000

So, JRF commissioned work to identify and tackle obstacles to equity release for such people



Obstacles to equity release for those on Pension Credit

- Equity release has had a poor reputation
 - there have been bad products in the past
- Equity release seen as expensive compared to mortgage loans for house purchase
- Arranging an equity release deal looks daunting
- High risk of losing benefits if equity release deal is set up to provide a regular income



JRF Equity Release Task Group

April 2008 – October 2009



JRF set up this Group to

- see how perceptions of equity release could be improved
- work with SHIP to design a product for home owners on Pension Credit
- support SHIP in finding a potential provider
- encourage local authorities to set up pilot schemes to see if equity release is an effective way to help people pay for additional help at home



Outcome of the JRF Task Group

3 LAs were interested in piloting equity release if a suitable product was on offer

SHIP approached equity release providers

Just Retirement agreed to develop product for LA pilots, needing no public subsidy

Product designed for home owners on Pension Credit & available in small amounts

Just Retirement Solutions agreed to offer benefit checks & advice on whether product suitable



Features of the pilot schemes



LAs and voluntary bodies signpost the scheme for those it might help

Home owner contacts Just Retirement Solutions; gets benefits check; is advised what solution would be best

If using the product designed for the pilots, has strong consumer protection (FSA rules, SHIP's guarantee, requirement to use own solicitor) plus alertness for risk of financial abuse



Pilot equity release schemes



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA



3 LAs have embarked on pilots

All envisage uses additional to JRF's focus
on additional help at home

Each pilot will share experiences with the
others

JRF is undertaking an independent
assessment of the pilots (November 2009
to June 2011), reporting in autumn 2011

JRF has published today a paper on the
development of the pilot schemes



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