

# My outlook on the later life lending landscape

Georgina Oxton, October 2022

The later life lending sector continues to grow, despite wider inflationary pressures and recession woes. Figures from the Equity Release Council\* revealed that total lending reached £1.71bn in Q3 2022. New customer numbers increased by 34% year-on-year, with 13,452 new equity release plans agreed between July and September. These record breaking figures show the shift in the landscape and that lifetime mortgages are now being considered to enhance later life plans, and are no longer perceived as a last resort.

## So what does this mean for mainstream financial planning?

Retirement is no longer viewed as a cliff-edge event, making later life planning a more complex process. Combine this with turbulent macroeconomic conditions and you'll find increased concern amongst retirees who are trying to juggle the financial implications of extended retirement and uncertain future care costs.

## But, here lies the opportunity for all of us.

Since the pandemic, more customers are reflecting on their lifestyles in retirement, and later life lending can play an important part here.

Our Wealth and Wellbeing Monitor research (June 2022)\*\* revealed that nearly half of retirees (47%) retired earlier than planned and, nearly a third (31%) did so because they could afford to. A quarter of those who retired earlier than planned did so due to ill health or injury. For others who retired early, stress/mental health and redundancy also played a role. And, for many of these people longevity of income will be vital, as they progress through their extended retirement and consider how to fund any emerging care needs.

Clients are increasingly seeking a single point of advice, presenting an opportunity for financial advisers to take a truly holistic approach to retirement planning. This means taking into account the clients' property, as well as their pension, savings and investments.

Furthermore, the continued and substantial growth in house prices across the UK, which increased by 13.6% in the year to August 2022\*\*\*, has resulted in many over 55s having a large amount of wealth locked up in their home. Therefore, it may be wise for clients to consider how they could deploy their property wealth to help them afford and enjoy the later life lifestyle they desire.

## What does LV= see on the horizon for the sector?

As lifetime mortgage propositions continue to evolve and offer clients increased flexibility on their income, equity release is becoming a more viable and mainstream solution. The sector is starting to awaken to the idea of later life lending being a key component in retirement planning, by considering property wealth alongside clients' pensions, savings and ISAs. This presents an exciting opportunity for partnerships between wealth advisers and equity release specialists to emerge, creating growth and value through holistic and long-term client relationships, with equity release positioned as part of an overall solution.

## How can LV= help you to support your clients?

We're developing our product and support proposition to better meet the needs of advisers and their clients in these challenging times. We recognise that recent market turbulence may create uncertainty and that you and your clients may need additional information and support.

In addition, we're working hard to give more clients access to LV= lifetime mortgage solutions with increased lending flexibility. Our sales team are happy to help with whatever you need, so please don't hesitate to call us.

## Contact us:



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