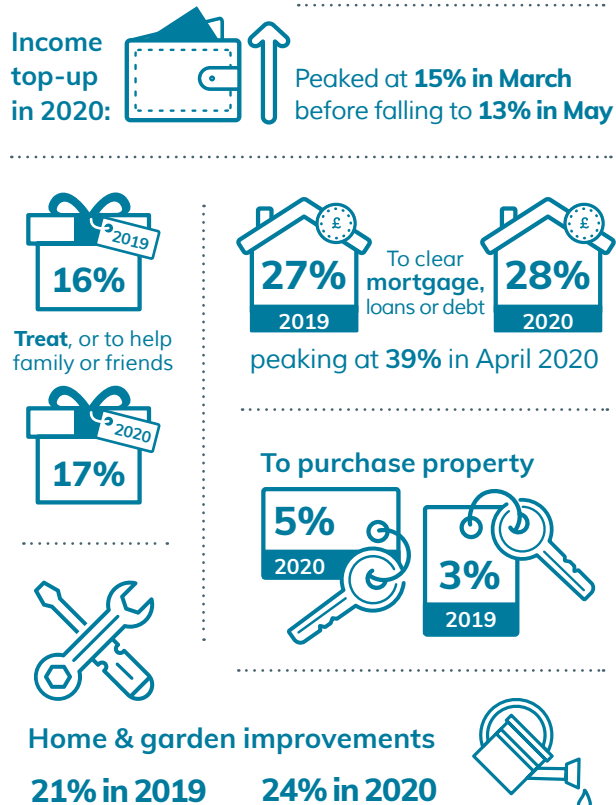


# The changing customer needs require a more flexible approach to equity release

It's fair to say that the equity release market continues to evolve and adapt to changing customer needs, but this also brings an element of complexity around product selection for advisers. Interestingly, the available product options now exceed 300, a 42% increase in the last year as reported by the Equity Release Council in their April 2020 report. In recent years, here at LV= we've seen changing trends in the way customers are leveraging their property to supplement their retirement income. Today's equity release customer is a lot more focused on planning for the future and having control over their finances. Naturally, this means flexible product options are the preferred route.

## How LV= customers use equity release Lump Sum+: Jan-May 2019 & Jan-May 2020



We see this option appealing to a particular type of customer: those who are financially stretched after entering retirement, but would like to make more time for hobbies, maintain their lifestyle, and spend more time with family and friends without having to worry about their income. Drawdown products can offer security and stability to customers looking for a comfortable retirement and with the ease of the further withdrawals process, customers can access cash when they need it the most. In addition, they offer the ability to access further funds on an ad-hoc basis helping is a great way for customers to manage day-to-day life and associated expenditure.

## Supporting your clients beyond their financial needs

Expert advice in this area is more important than ever with the increasing demand for care and the availability of funding options. A drawdown lifetime mortgage could provide a viable solution to fund care needs, allowing access to additional funds as care bills become due. This can provide peace of mind for customers and their families. And as providers we have a role to play in helping advisers help their clients – giving them the confidence they've recommended the right product and service. Value-added services are becoming more common across retirement and protection products, but LV= Equity Release is leading the way by offering Care Navigator and LV= Doctor Services to our lifetime mortgage customers.

To help customers navigate their way through the care system, we have teamed up with MorganAsh to offer Care Navigator. This is a service designed to help people looking for care options in later life. It provides specialist support and guidance for those facing the daunting challenge of care needs. LV= customers and members will get a 10% discount on the services offered and a free no obligation initial consultation. At the same time LV= Doctor Services gives customers access to fast and convenient medical support.

## Connecting with our customers and their new reality

Understanding our equity release customers has helped us to recognise what needs they may have after Covid-19, and to refine our new drawdown offering so that advisers feel confident that they're meeting clients' expectations.

When designing our new Lifetime Mortgage Drawdown+ product we reviewed the market context. We understand that customer circumstances can change and we therefore prefer to offer flexibility so they can vary both the amount and frequency of any interest repayments. So we allow customers to make up to six repayments each mortgage year, totalling up to 10% of the total amount of loan advances at the date of the repayment without being subject to an early repayment charge. The minimum repayment amount is just £250 which gives customers even more flexibility so they can manage their finances better.

**Today's equity release customer is a lot more focused on planning for the future and having control over their finances.**

Drawdown lifetime mortgage options will generally allow customers to reduce the lowest overall cost of borrowing as the interest only rolls up on money withdrawn when it is required.



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LV= Equity Release

## For more information



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