



EQUITY RELEASE ALLOWS OVER 65'S TO REMAIN IN THEIR HOMES, DESPITE COST OF CARE

- *Moving into residential care costs five times more than home care*
- *Retired homeowners hold £700 billion of equity in their homes which can be used to help pay for care*

SHIP (Safe Home Income Plans) - the body championing high standards of delivery from UK equity release providers – reveals that although the cost of care is soaring, there is a solution for older homeowners.

The cost of care in retirement can be very expensive, with the average annual cost of residential care in a home costing an average £32,000^[1]. This stands at five times more than the average annual cost of receiving care in the home, at £6,846^[2].

The average pensioner has an income of £13,884^[3], rendering both care choices expensive. 450,000 older people in need of care currently face some kind of shortfall in the formal support that they receive^[4] with 150,000 currently purchasing care at home privately^[5]. This gap has led to the growing care at home market being worth £51.91 billion^[6], a market that has to be funded the British pensioner's already overstretched finances.

Andrea Rozario, Director General of SHIP said:

“As their likelihood of needing private care increases, pensioners must consider how they would fund any care needed. Recent Governmental figures have announced the total of £700 billion^[7] tied up in home ownership by those in retirement; schemes such as Equity Release can provide a regular income in return for equity in a property. By taking out a lifetime mortgage or by selling part of the property in exchange for a regular income or a lump sum using a home reversion plan, pensioners can ensure that any domiciliary care costs are covered without a negative impact on their retirement finances.”

- ENDS -

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Notes for Editors

[1] Long Term Care in the UK can cost as much as £75,000 per year, the average is £32,000 per year. (Saga April, 2007)

[2] The average person has 11.6 hours home care per week (Community Care Statistics 2007 Home care services for adults, England) and the average price for a daytime hour of privately purchased care is £11.35 (UKHCA, Overview of UK Domiciliary care sector, May 2008) Over the course of a year the average cost totals £6,846.

[3] After deduction of housing costs, average income pensioner income stands at £267 a week. (The Pensioners' Incomes series 2005/6 (Revised) Office of National Statistics for the Department of Work and Pensions) This figure, annualised, is £13,884.

[4] 450,000 older people in need of care have some sort of shortfall in the formal care that they receive, with 275,000 older people getting no support at all from their local council (UKHCA, Overview of UK Domiciliary care sector, May 2008)

[5] 150,000 people purchase care at home privately (UKHCA, Overview of UK Domiciliary care sector, May 2008)

[6] The UK domiciliary market was worth £51.91 billion in 2007. This is estimated to grow to £59.56 billion by 2012 (UKHCA, Overview of UK Domiciliary care sector, May 2008)

[7] There is a total of £700 billion tied up in home ownership by those in retirement (David Blunkett speech to Counsel and Care, September 2008)

About SHIP:

Safe Home Income Plans (SHIP) is the UK's leading professional body for equity release product providers, representing the interests of its members who provide home income and equity release plans. It was launched in 1991 to promote safe schemes. At present, 90% of the equity release market (in volume terms) is represented by SHIP members.

SHIP's members: *Bradford & Bingley, Bridgewater Equity Release, Bristol & West Mortgages, Coventry Building Society, Dunfermline Building Society, Hodge Equity Release, Home & Capital Trust, In Retirement Services, Just Retirement, LV, More2Life, National Counties Building Society, New Life Mortgages, Norwich Union, Northern Rock plc, Partnership Home Loans, Prudential, Retirement Plus, Saffron Building Society, Standard Life, Stonehaven Equity Release, Stroud & Swindon Building Society.*