



**FIFTH ANNUAL SHIP MEMBER SURVEY**

**IDENTIFIES FACTORS THAT WILL POINT TO FUTURE GROWTH**

**FOR EQUITY RELEASE MARKET**

16 February 2010: The fifth annual SHIP members' survey identified several factors which providers believe bodes well for a vibrant equity release sector in the future. These factors include products fulfilling a growing consumer need (58%), the high level of regulation (21%) and increasing political awareness of the importance of equity release (5%). In addition, SHIP's strong code of conduct was considered a strength by 32% of respondents.

The findings of this SHIP survey – which represents over 90% of the equity release market – highlights the fact that whilst providers are hopeful for the future of the sector there is still some feeling that negative perception of the industry is stopping industry participants and consumers from becoming more involved.

Indeed, 38% of those who answered the survey saw reputation as the biggest challenge that providers needed to overcome when speaking to consumers, funders and intermediaries. The second largest challenge – cited by 25% of respondents - was the fact that providing funding for this sector had yet to become a priority for many institutions.

The majority of providers believed that 2010 would be a challenging year with 80% believing that the market will stay at 2009 levels rather than shrink. Other predictions for 2010 included the belief that additional funding streams will open up (60%), the government will become more involved in the market (60%) and new entrants may enter the market (40%).



Andrea Rozario, Director General of SHIP, the equity release trade body, comments:

"The equity release industry has developed considerably over the years and has strong safeguards in place to protect consumers and intermediaries\*\*. It is a concern that our members still find that a negative perception of equity release is affecting the number of consumers who can benefit from these products.

"There will be more than 18 million over 55s in the UK by 2011\*\*\* – many with insufficient retirement savings but significant housing equity – therefore it is vital that consumers have the confidence to speak to an expert about equity release rather than struggle to survive.

"On a more positive note, given lack of funding has been a serious issue for some of our members we are pleased to see that many providers feel additional funding will be achieved in 2010. With more and more institutions looking for solid long term investments, we hope that more will take a serious look at the benefits of equity release assets.

"We are also delighted to see that our members believe that 2010 will be the year when the government will become more involved. We have campaigned long and hard for all political parties and relevant Government departments to seriously consider the role of equity release in easing the retirement funding crisis and are confident that this is the year when we will see concrete results."

-ENDS

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### **Notes to Editors:**

\* = This survey was of SHIP members in December 2009 and January 2010.

\*\* = Safeguards for Equity Release Customers:

All equity release products are fully regulated by the Financial Services Authority and any intermediary who advises on them needs to have relevant qualifications. In addition, SHIP offers a code of conduct for its members which provide the following guarantees:

- To allow customers to remain in their property for life provided the property remains their main residence.
- To provide customers with fair, simple and complete presentations of their plans. This means that the benefits and limitations of the product together with any obligations on the part of the customer are clearly set out in their literature. It should include all costs that the customer has to bear in setting up the plan as well as the tax implications, their position on moving house and the effects of changes in house values on their loan.
- The right to move their plan to another suitable property without any financial penalty
- The right for the customer to choose an independent solicitor of their own choice to conduct their legal work. The firm must provide the solicitor with full details of the benefits their client will receive prior to the completion of the plan. The solicitor only signs a certificate once he or she is satisfied that their client fully understands the risks and benefits of the plan.
- The SHIP certificate signed by the solicitor is there to ensure clients are aware of the terms and implications of the plan including the impact of equity release on their estate.
- All SHIP plans carry a no negative equity guarantee. This means customers will never owe more than the value of their home and no debt will ever be left to the estate.

\*\*\* = Office of National Statistics

### **About SHIP Equity Release:**

Safe Home Income Plans (SHIP) is the UK's trade body for equity release product providers. Launched in 1991 to promote safe plans, SHIP is dedicated to the protection of the planholder and the safe growth of the industry. SHIP represents approximately 90% of the providers in the UK.