

**Equity Release IFA Confidence Index – Summer 2009:
One Year On**

ISSUE 5: The Hodge Lifetime Equity Release IFA Confidence Index is a quarterly report looking at the concerns/perceptions and issues expressed by IFAs operating within the equity release industry. Results are based on a survey of a cross section of IFAs throughout the UK.

HIGHLIGHTS

- **75%** of IFAs feel that interest in equity release amongst consumers has either increased or stayed the same over the last year.
- **100%** of IFAs felt their confidence in advising on equity release has increased or stayed the same over the last year, with **30%** feeling it has considerably increased.
- Effect upon state benefit entitlement remains the most important area of advice (**33%**).

Interest and Confidence

Despite the turbulent economic climate, all IFAs surveyed believed that their confidence in advising on equity release over the last year has increased or remained the same. 75% also believe that interest amongst customers has remained consistently high during the same period.

94% of advisers anticipate enquiry levels to increase a flourishing equity release market over the coming three months. Just under 15% believed the number of completed applications would increase by over 20%.

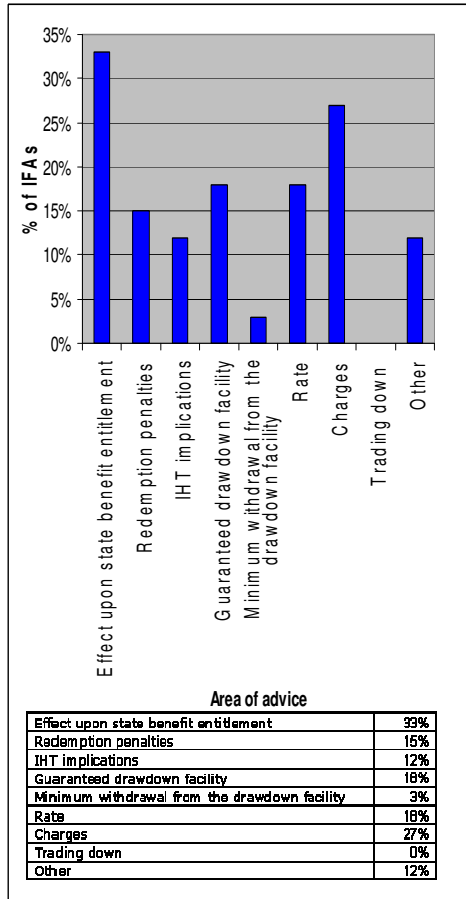
However, a sure sign that the recession has impacted largely on people's confidence levels, is shown by 96% of advisers who believe that general consumer confidence in equity release products has declined as a result of the continued uncertainty in the banking sector.

Tailored Advice

The effect of equity release upon state benefit entitlement remains the most important area of advice (33%) and charges and guaranteed drawdown facility ranked second and third (27% and 18% respectively). Interestingly, these areas have changed from 2008 where redemption penalties ranked highest, followed by rates. Only 15% of advisers now believe rates to be the most important area of advice.

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Figure 1: Most important areas of advice



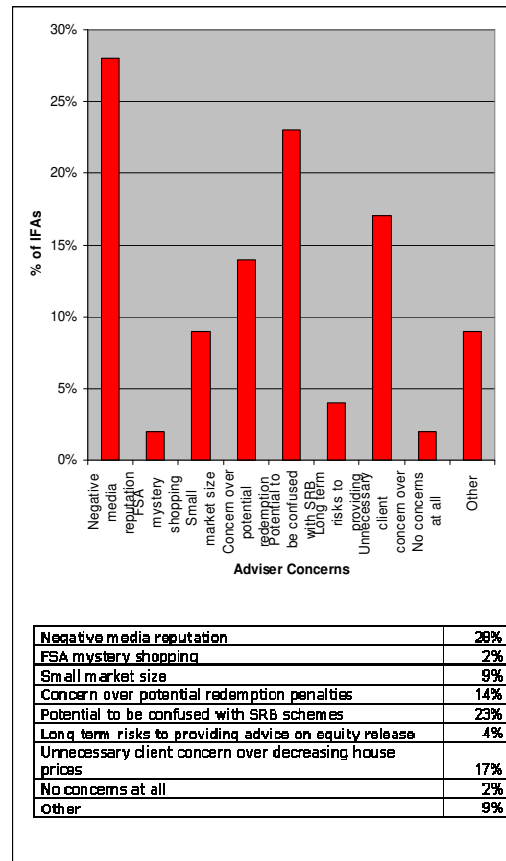
Concerns

28% of IFAs feel that the negative reputation of equity release portrayed in the media is their greatest concern when advising on equity release, with 23% still worried about the potential for equity release to be confused with sale and rent back schemes.

On a related note, 26% of advisers feel that positive media coverage is the main catalyst for increasing the growth of the equity release market.

Removing the concept of last resort (22%) and pledged support from the Citizens Advice Bureau (17%) came second and third. These findings mirror those from the first IFA Confidence Index in summer 2008 where there has been little change in the top three.

Figure 2: Greatest concerns about advising on equity release products



Future of the market – a stronger position for IFAs

Of the IFAs surveyed, 30% said that in order to strengthen and expand their business, they planned to network more with local solicitors and mortgage advisers. 23% said



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they would make use of more direct marketing within the immediate local area and the same number also hope to obtain more referrals from existing clients.

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