



ISSUE 4: 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

- **84%** of IFAs expect to see an increase in business over the next three months
- **32%** of IFAs saw an increase in clients using equity release to supplement retirement income over the last three months
- **52%** of IFAs remain concerned about the negative reputation portrayed in the media and **43%** are worried about unnecessary client concern over decreasing house prices, but a rising number are now concerned about redemption penalties (**32%**)

Business Growth

Despite the current recession, IFAs remain confident about the future of equity release, with **75%** thinking that interest in the sector has either increased or stayed the same over the past three months.

Of the business witnessed by IFAs, **84%** expect to see an increase over the next three months and **48%** think that there will be at least a **5%** increase in the number of completed equity release applications over this period.

Tailored Advice

IFAs remain confident about the level of advice they are offering, with **98%** believing that their confidence in advising on equity release has either increased or stayed the same over the past three months.

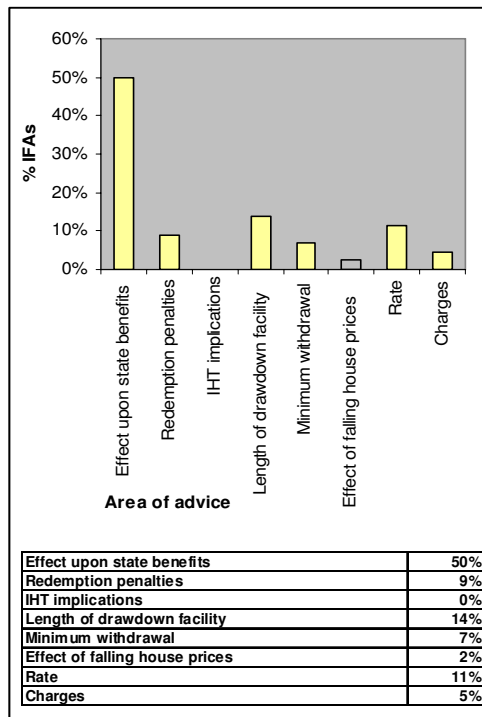
Offering clear, concise and accurate advice remains crucial and the areas of advice ranked by IFAs as most important were:

- Effect upon state benefit entitlement
- Length of drawdown facility
- Interest rates

An increasing number also felt that charges and minimum withdrawal amounts were now important, with **32%** of IFAs seeing an increase in the number of clients using equity release solely to supplement their retirement income over the past three months alone.

Unsurprising in the current environment, the number of IFAs who remain anxious about the unnecessary client concern over decreasing house prices has remained steady at **43%**, a concern which is unlikely to ease.

Figure 1: Most important areas of advice

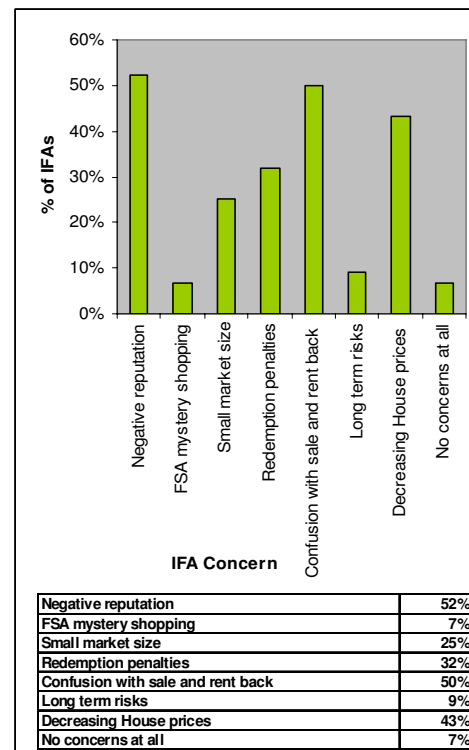


Concerns

As well as the ongoing concerns about the media (**52%**), many IFAs also continued to express unease at the potential for equity release to be confused with sale and rentback schemes (**50%**).

However, a concern that has seen an increase in the past three months has been advice surrounding redemption penalties; **32%** of IFAs currently believe this to be the greatest concern when advising on equity release.

Figure 2: Greatest concerns about advising on equity release products



***Future of the market***

When questioned about the future of the equity release sector, **57%** of IFAs believe uncertainty in the banking sector will continue to affect the market over the next three months in the form of declining consumer confidence and changes to products.

With regards to catalysts for growth in the sector, **77%** of IFAs believed this only possible when positive media coverage is achieved, whereas **61%** felt that decreasing pension provision and annuity rates would eventually increase the requirement for equity release.

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