

## Homeowners continue to use equity release to support loved ones

- Legal & General Home Finance customers continue to use property wealth to provide financial support for families and to invest in their homes
- The desire to help loved ones will likely remain consistent throughout 2023

Lifetime mortgage customers are continuing to use the value of their property to help financially support their families and to make changes to their homes, according to customer data from Legal & General Home Finance (LGHF) <sup>1</sup>.

Data shows that Legal & General customers use the value hidden in their homes to help family members meet financial goals, in 11% of drawdowns. With the average house price for a first-time buyer standing at £245,522 toward the end of last year, according to Land Registry data<sup>2</sup>, financial gifts remain crucial to helping new buyers meet the cost of a deposit. Using equity to support family members in this way is likely to remain consistent during 2023.

Home improvements remain the most common reason for drawing down funds from the home, in 53% of applications. With the market still challenging, many homeowners may be considering improving rather than moving. However, the type of home improvements people are making could be changing. Legal & General's [Equity Economy](#) research<sup>3</sup>, carried out last year, found that 13% of those surveyed had accessed property wealth to finance energy efficiency improvements, with insulation ranking as the most popular improvement in this group.

**“The home is still likely to be one of the most significant financial assets many homeowners have, and it can play a key role in supporting retirement needs and goals. Looking ahead this year, we expect that gifting and home improvements will remain popular uses of equity release. A living inheritance can help to provide support to younger family members at a time when it’s needed most.**

**“Lifetime mortgages remain a practical solution for many people looking to fund later life. A stringent financial advice process, along with robust industry standards and safeguards, ensure equity release customers are supported in their decision making. We make sure customers are aware any additional drawdowns they take are at the prevailing rate which, in the current climate, may well be higher than when they originally took out a lifetime mortgage, and we’ve put in place enhanced procedures for drawdowns to make sure our customers clearly understand the impact of their financial decisions.”**

**Craig Brown, CEO Legal & General Home Finance**

**-ENDS-**

<sup>1</sup> LGHF data analysing Loan Purpose Drawdowns from 2022

<sup>2</sup> [UK House Price Index, first time buyer data, November 2022](#)

<sup>3</sup> The Equity Economy 2022, Centre for Economics & Business Research (Cebr) report for Legal & General, April 2022. Cebr was commissioned by Legal & General to analyse the equity release market in the UK. As well as drawing on existing data sources from the Equity Release Council and the Office for National Statistics this report gains fresh insight from a bespoke survey of more than

2,000 homeowners, of which 339 are equity release customers. Fieldwork for the survey was undertaken between 31st March – 7th April 2022 by Opinium.

## **Notes to editors**

### **About Legal & General**

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with over £1.4 trillion in total assets under management\* of which a third is international. We also provide powerful asset origination capabilities. Together, these underpin our leading retirement and protection solutions: we are a leading international player in pension risk transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

*\* at 31<sup>st</sup> December 2021*

### **About Legal & General Retail**

As of 1<sup>st</sup> January 2022, Legal & General Retail Retirement and Legal & General Insurance (our two retail businesses) have been combined into one division, Legal & General Retail, to enable us to better serve the needs of our retail customers.

Legal & General Retail helps protect the lives and futures of our customers; the division covers the savings, protection and retirement needs of our c12 million retail policyholders and workplace members. In 2021, we wrote £957 million of annuity premiums, and issued £848 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.4 million members, while in the UK we paid out a total of £1,133.8 million in insurance claims.

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