



PRESS RELEASE

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INDEPENDENT REVERSE MORTGAGE INFORMATION "ESSENTIAL"

The National Information Centre on Retirement Investments (NICRI) will today launch a new information service for people considering entering an equity release or reverse mortgage arrangement.

NICRI CEO, Wendy Schilg says the new service, funded by the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs, has been made "essential" as adverse investment conditions force more older consumers to consider using their home equity to live on.

"For the past 12 months many retirees have watched the value of their investments fall substantially and rather than being forced to sell investments at a loss they are considering reverse mortgages as a way to bolster their income levels," Ms Schilg says.

"Older investors in managed funds with suspended redemptions or those who fail to qualify for Centrelink help may see a reverse mortgage as their only option.

"Unfortunately, however, recent research indicates that many consumers using reverse mortgages don't fully understand how these products work or their long-term financial implications," she says.

"Now consumers considering one of these loans will be able to call the Equity Release/Reverse Mortgage Information Service for free, confidential and unbiased information via a toll-free number (1800 615 676) and speak directly to an information officer."

The service will cover a range of topics including:

- Compound interest
- Drawdown, lump sum or line of credit
- No negative equity guarantees
- Contract default clauses
- Social security consequences
- Provider details

The new website, <http://reversemortgage.nicri.org.au> provides basic, easy to understand information about reverse mortgages, a calculator so you can figure out your own loan scenarios and amounts of remaining equity. The service also provides a free booklet and checklist.

"There are a number of options and variations consumers face which can make the process of selecting a reverse mortgage quite complicated and stressful," says NICRI CEO, Wendy Schilg.

"It has become apparent that there is a need for consumers to have access to free and independent information so they fully understand the product," she says.

"NICRI is well known for providing consumers with information on investments, retirement income streams, superannuation and the financial planning process and is now trialling the new service to provide information to prospective reverse mortgage applicants," she says.

FOR MORE INFORMATION CONTACT:

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