



Media Release

OLDER AUSTRALIANS DESERVE MORE CHOICES NOT MORE OBLIGATIONS -SEQUAL CALLS FOR GOVERNMENT TO SUPPORT EQUITY RELEASE

SYDNEY, Tuesday 29th March, 2011 -A call for the asset rich to use equity release to fund their aged care needs is being debated at a series of public hearings conducted by the Productivity Commission.

Responding to the “Caring for Older Australians” draft report, the peak equity release body (SEQUAL) argues that whilst older Australians should be encouraged to access the wealth they have accumulated through home ownership, they should not be discriminated against either on the basis of their success or age.

The report states that, “Many participants to the inquiry, including consumer organisations, called for greater aged care contributions from those older Australians who had the financial capacity to do so, provided that those in need were protected”.

However, the SEQUAL Chief Executive, Kevin Conlon said today that “Equity release strategies are likely to emerge as a significant part of retirement funding and the current debate around the levels of Aged Care co-contributions needs to be carefully considered against that growing demand”.

“There is good reason to explore the options provided through equity release in order to meet the challenge of living longer in retirement”, explained Conlon.

The Australian Housing and Urban Research Institute (AHURI) surveyed 1,600 home owners aged 55 and found that more than 90 per cent of those surveyed wanted to stay in their home, with only 63 per cent saying they were happy to consider living in a retirement village if they needed help.

Conlon argues that, “With the emergence of the Australian equity release market, senior Australians now have the ability to tap into the stored wealth of their home in order to live well in retirement and stay in their home”.

The two primary investments for many Australians will be superannuation and their family home but for those now approaching retirement, compulsory super came too late for a generation that can expect to live longer than any generation before them and intends to live well in retirement.

The good news is that the majority of senior Australians have achieved the “Great Australian Dream” of owning their own home. Total Home Equity (Owner Occupied) was \$887 billion, at the end of 2005. The Over 60s accounted for \$345bn (39%). Source: Australian Bureau of Statistics.

However, the so-called Boomers have relied heavily on property ownership to create wealth and this has made them asset-rich but cash-poor. In the past, any retiree in this difficult position, had two choices; reduce their living standards or sell the home (often having to then move away from family and friends).

Mr Ian Yates, Chief Executive of the Council on the Ageing is reported as saying that his organisation has been “telling governments for years that older Australians want to stay in familiar surrounds”.

Conlon asserts that, “the family home is now an intrinsic part of the planning process” and warns that, “It is vital senior Australians have choices and are well-placed to make fully informed decisions about their retirement funding”.

The two main types of equity release products are Reverse Mortgages and Home Reversion Plans. Each product type offers the opportunity to release equity as either a lump sum or as an ongoing income stream, without an obligation to make regular monthly repayments.

The strategies for Equity Release are diverse. For some retirees they are an effective means to supplement income or to provide access to capital. For others, equity release can be a tool to help manage market volatility. For frail retirees with poor health, it can provide them with choices for accessing the care they need and provides the ability to pay the aged care fees.

When used effectively, Equity Release may help senior Australians to access the significant wealth they have accumulated in their home in order to more effectively live the life that they choose.

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Senior Australian's Equity Release Association (SEQUAL)

SEQUAL is comprised of the major financial institutions offering Equity Release products.

Since its inception as the peak industry body for the Australian Equity Release market, SEQUAL has worked in the interest of the community by imposing high standards of professionalism on those who design and distribute Equity Release products for Senior Australians.

SEQUAL is committed to the development of an ethical and efficient Seniors Equity Release market in Australia.

More Information: www.sequal.com.au

Kevin Conlon the CEO of SEQUAL is highly regarded for his ability to combine technical knowledge with strong communication skills. He holds a Master of Finance degree and has broad experience in both domestic and international financial markets and is an acknowledged expert in Australia's rapidly-growing Equity Release market.

Kevin Conlon is available to discuss:

- Asset-rich cash-poor retirees
- The financial stress those approaching and deep in retirement are facing
- The financial options available to retirees
- SEQUAL research which found the majority of retirees wealth is tied up in their home, but they rely on the aged pension to fund retirement
- SEQUAL's commitment to ensuring retirees can easily identify and access properly-trained market practitioners to assist them to carefully consider all the options

To arrange an interview, please contact:

Kevin Conlon
0411 094 495
kevin@sequal.com.au

Pauline Negline
0407 700 653
pauline@sequal.com.au