

SEQUAL –Available for Comment

“A REVERSE MORTGAGE MAY BE RIGHT FOR MANY SENIOR AUSTRALIANS”

Sydney, 22nd June 2009 -SEQUAL welcomes the launch of ASIC’s “Thinking of using the equity in your home?” consumer guide to reverse mortgages as a positive step towards a better understanding of how equity release can assist Senior Australians to meet the challenge of “Living Longer and Living Well”.

The largest generation within the Australian population are now approaching retirement but many of the so-called Boomers are poorly prepared for life after work. “They often arrive at retirement with low levels of savings and inadequate superannuation. Yet this generation can expect to live longer than any generation before them and intends to enjoy an active retirement”, explains Kevin Conlon, CEO of the Senior Australians Equity Release Association of Lenders (SEQUAL).

The good news is that the vast majority of Baby Boomers have achieved the Great Australian Dream of owning their own home but with little or no planning for transition into retirement, this has simply made them “Asset Rich” and “Cash Poor”.

In the past, anyone in the same position as the Boomers, had two choices; reduce their living standards or sell their home and down grade which, often means having to move way from friends and family.

With the emergence of the Australian Equity Release Market, Baby Boomers have another option –tap into the stored wealth of their home through equity release.

A Reverse Mortgage is currently the most common equity release product in Australia.

With a Reverse Mortgage, senior Australians can use the equity in their home as security to borrow money. A Reverse Mortgage can be structured as a lump sum, a regular income stream, as a line of credit, or as a combination of these options.

Because Reverse Mortgage customers don’t need to make repayments on the money they borrow while they live in their home, the balance outstanding grows as fees and interest are added and the interest compounds. The Reverse Mortgage must be repaid in full if the customer permanently vacates their home (e.g. sells their home or dies).

Although research shows that some people find it difficult to understand these products, there is clear evidence that reverse mortgages are being used wisely. The most recent market survey conducted by Deloitte confirmed that reverse mortgage customers drew down only 70 per cent of the total facility approved and the most common use of funds were to supplement income, repay debt and to modify the home to make it more suitable for elderly occupants.

SEQUAL is a self-regulatory body which, was set up by lenders themselves to promote the development of an efficient and ethical Reverse Mortgage market in Australia in order to help protect the interests of consumers.

SEQUAL has also established an Industry Accreditation protocol in order to raise the professional standards of the Brokers, Planners, Accountants and Lawyers that assist consumers to make informed decisions about Reverse Mortgages.

Market practitioners that achieve Industry Accreditation through SEQUAL gain the designation of Reverse Mortgage Consultant (“RMC”). The RMC designation forms an important part of SEQUAL’s commitment to assisting consumers to easily identify properly-trained market practitioners. Visit: www.SEQUAL.com.au

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For more information about SEQUAL® approved lenders and reverse mortgages go to www.sequal.com.au.

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