Later Life Finance and the New Age of Equity Release

in Ireland 2023

Spry FINANCE

Contents

Introduction

What will it mean for us to grow up, live and age in a society where one in five of us is over the age of 60? What will it mean for how we work, live and access healthcare in the years to come? A common misconception is that older citizens are at best experiencing few, if any, difficulties.

You might think that our older citizens are, at best experiencing few, if any, difficulties. We are regularly reminded that older people are wealthier homeowners who receive generous supports from the Government. But this report shows that the truth is more nuanced. For many older people, the dream of a mortgage-free, comfortable retirement is just that – a dream. Reduced incomes, insufficient pensions, longer mortgage terms and higher interest rates mean that many older people are finding it increasingly difficult to live the life they expected in later life.

Our research confirms that older people are feeling increasingly excluded from access to credit and loans. For some, downsizing, renting out a room, putting plans on hold or working longer may be the answer to their financial challenges. And for others, equity release may be the right option for their circumstances.

As Ireland's leading equity release specialist, we take our responsibility for setting and maintaining industry standards very seriously. We have already helped over 1,700 older people to release equity in their home to meet a variety of financial needs in later life. Whether it's to supplement day-to-day living expenses, upgrade the family home, help adult children get on the property ladder, or refinance debt including refinancing an existing mortgage, equity release is an increasingly popular and trusted way for many older people to access their wealth, by releasing the equity in their home.

Over the years, we have expanded our product offering to give customers more choice and flexibility. Customers can now choose to make regular interest payments, thus reducing the overall cost of the loan; and our new Green Loan offers a lower rate of interest to reward those customers using their loans to fund qualifying home energy upgrades.

We are also developing a range of new products to address growing customer needs for launch in 2024.

The socio-economic factors behind releasing equity are clear: older people are living longer, wealth is increasing but income is declining, and our customers want to help themselves and loved ones to live more comfortable lives.

At Spry, our purpose is to help people live a greater life in later life. That's why we're proud to support important initiatives like the HCCI Carer of the Year Award and the DCU Age-Friendly Programme led by Christine O'Kelly, who has very kindly written the Foreword to this report. And it's why we'll continue to support more people, and their advisors, to understand how modern later life lending could help them continue to live the life they love. Because – as we say at Spry – life never gets old.

John Moriarty
CEO, Spry

DCU
Ollscoil Chathair
Bhaile Átha Cliath
Dublin City University

Check out DCU Age-Friendly Programme
www.dcu.ie/agefriendly

Foreword

Population ageing is one of humanity's greatest triumphs and challenges.

When we look back at our parents and grandparents, how we perceived them and how they lived their lives, they are light-years away from the active and vibrant community of older people in Ireland today. This community is leading a revolution that will change the ageing narrative from one of dependency and decline to one of vibrancy, opportunity and valuable contributions to our country's social, cultural and economic capital.

This is a generation who, characterised by contradictions, defined the era of social change and led the charge through activism, social equality, and freedom. They opened our eyes to social attitudes with a decade of riots, boycotts, anti-war demonstrations, and protests for civil rights.

They have a strong universal commitment to service and volunteering, have fought for better workplaces, and have contributed to creating a society where change is possible. Curiosity and an ability to embrace change are evident in the number of older people who want to travel or invest their time in alternative life choices, with no time for a stereotypical retirement sitting by the fire in slippers and a mug of cocoa.

They also have remained curious and interested in having a say in what is happening. The growth of the Age-Friendly Cities Programme (WHO, 2006), a thematic framework informed by older people's views on what is needed to age well, is a testimony to their desire to remain engaged and informed. Throughout Ireland, Age-Friendly Older People's Councils inform policy and developments through local authorities, placing Ireland in the enviable position of being the first country in the world to be recognised as age-friendly by the World Health Organisation (2019).

Dublin City University (DCU) embraced the Age-Friendly Cities approach in 2012 and became the world's first age-friendly university. It committed to the Ten Principles of an Age-Friendly University to encourage older people to engage with higher education and enjoy the benefits of lifelong learning, make new friends, satisfy their curiosity and have a sense of purpose.

The benefits of lifelong and intergenerational learning (UNESCO, Institute for Lifelong Learning, 2020) are well-documented and academic research shows strong evidence linking lifelong learning to increased longevity and better ageing outcomes.

But it's not just about keeping older people engaged in education that matters. We need to do more to keep older people engaged in life.

Harnessing the value of increased longevity through positive, healthy ageing and the opportunity to follow one's dreams and contribute to a new narrative on ageing through travel, entrepreneurship and lifelong learning, provides possibilities that show older people can, with the right support, embrace a revolutionary way to age. For some older people, equity release could offer a welcome solution to help them realise ambitions which could never have been a reality for previous generations.

It is wonderful to see a growing awareness and recognition of the possibilities as well as the challenges of greater longevity. In particular, the innovative approach to the funding of a greater, later life that Spry Finance is proposing is very welcome.

Christine O'Kelly

Christine O'Kelly
The Age-Friendly University Coordinator at DCU

Summary of Findings

The trends and data that have been used to compile this report provide valuable insight into the challenges faced by an ageing Irish population, living longer and therefore needing to fund their longer later life and everything that it might bring.

They're older people, with less disposable income, concerns over pensions and healthcare, sometimes underserved by traditional financial institutions, and yet they still want to do as much as possible to help people financially while they're still alive. 80% of Irish over 40s own their own home, and the main driver of older people's reported wealth is the family home. The ability to release equity from their home via a lifetime loan is a valuable option for many, providing a real choice in how to manage the demands of later life living.

The Ageing Globe

- Ireland is ageing faster than anywhere else in Europe and now has the highest life expectancy at birth of all EU countries
- Every year, the number of over 65s in Ireland increases by more than 20,000 people
- Since 2002, the average age has increased by 3.7 years
- Every county in Ireland recorded an increase in average age between 2016 and 2022

The 'Asset Rich, Cash Poor' Generation

- More than six out of ten 65+ households have net wealth greater than the national median (€267,500)
- The median net wealth for a two-adult household, where one is aged 65 or older, was €361,800 in 2020, up from €328,300 in 2018
- Older people living alone have the lowest household income. Households composed of one adult aged 65 or over have the lowest median household disposable income at €16,840 compared with €79,959 for households composed of three or more adults (over 18) with no children. *(CSO, SILC, 2022)*
- Older single-person households are particularly at risk of poverty. Over a third (33.6%) of households with one adult aged 65 or over are 'at risk of poverty'

Work, Retirement and Pensions

- There are more than 100,000 people aged 65 and over still in employment
- 66% of workers aged 20–69 have private or occupational pension cover of some form, a figure rising to 75% of workers aged 55–69
- The maximum weekly state pension for 2023 is €265.30 (contributory)
- In 2021, 468,734 people received the state pension in Ireland
- According to Irish Senior Citizens Parliament, a body that represents and protects the interests of older people in public policy, only two thirds of recipients get the full rate of state pension
- Amongst Spry customers the average woman's pension provision is less than half that of a man's

Health, Care and Caring

- The proportion of people experiencing a health condition stands at 76% among people aged over 85
- The proportion of people experiencing a health condition or difficulty increases sharply after age 74
- Almost one-in-five people aged over 75 report some difficulty with personal care
- An additional 45,000 nursing home beds will be required to fulfil current projected demand by 2031 – between 2014 and 2022 just 4,219 additional beds were provided
- There was no growth in the number of care homes in Ireland in 2020 to 2022

The Mortgage-Free Myth

- Of the 1.85 million occupied dwellings in Ireland, 639,268 (35%) are occupied by over 60s
- The age at which the majority of householders owned their dwelling outright is 59 (in 1991 it was 56)
- 73% of 60+ dwellings are owned outright
- 9% of 60+ households still have a loan or mortgage
- 4.4% of 60+ dwellings are renting from a private landlord
- 522,486 adult children were living with parents in 2022
- In 2020 over 14% of mortgages held by people aged 65 – 69 were in arrears

Inheritance and Gifts

- Just over a third (36%) of Irish households have received at least one inheritance or substantial gift at some point
- Spry research shows that 66% of people aged 60 and over had received an inheritance at an average age of 48 years
- Median value of inheritance was €99,200, median value of a gift was €15,900
- 70% of those who received a transfer received it from their parents
- 72% want to financially help people they care about while they are still alive
- 42% of first-time buyers used financial gifts as part of their deposit during the first half of 2021

The New Age of Equity Release

- Equity release is a way for the over-60s to access their wealth, by borrowing against the value in their home
- Homeowners are using equity release to manage or refinance existing mortgages, and to fund much-needed home maintenance and upgrades
- Other common uses include meeting day-to-day living expenses, helping adult children get on the property ladder or to supplement pension provision
- Funding later life care is becoming increasingly important, especially amongst older customers
- 'Gifts to family' is increasingly given as a reason for releasing equity in the family home
- Spry Finance is the sole provider of equity release products in the Irish market
- The company has served the needs of 1,700 customers since launch in 2021
- Spry believes that its market share will grow to €150 million per annum by 2025 as the market expands
- Growth from its current product range (actual and predicted) is expected to deliver around 60% of the growth, with the remainder generated by new products, new market opportunities, and continuing innovation

About Spry Finance

Spry Finance, launched in 2021, is the retail arm of Seniors Money, an Irish-owned lifetime loan provider that has been operating successfully in Ireland since 2006 and has €400m of assets under management across its lending and servicing platform, and loan portfolios.

The company is regulated by the Central Bank of Ireland and is authorised as a Retail Credit Firm. It is fully-funded by a number of major international financial institutions including Canada Life Reinsurance. Spry Finance is a customer-focused company, providing older people with real options for living a greater life in later life.

About Spry Finance Lifetime Loans

A lifetime loan allows people to release equity in their home – without having to sell it or move out – by borrowing a lump sum secured on the property. The amount is dependent on their age and the value of their house; for example, a 60 year old can borrow up to 15% of the house value, a 70 year old can borrow up to 25%, and an 85 year old could borrow up to 40%.

The borrower continues to own their home and does not have to make regular repayments. The interest is added to the loan each month, meaning the loan balance grows over time. However, as the interest rate is fixed for life at the beginning, there is certainty about what size the outstanding loan balance will be at any time in the future. Borrowers can choose to make monthly or periodic interest payments (with yearly limits) to help manage the loan balance over time.

There are two types of Lifetime Loans available from Spry Finance – the standard Lifetime Loan and the Green Lifetime Loan. The latter has a reduced interest rate but is subject to certain qualifications.

The Spry Finance 'No Negative Equity Guarantee' ensures that even if the property drops substantially in value and the loan balance grows to exceed the home's value, the borrower will never owe more than the value of their home. The loan does not have to be repaid until 12 months after the death of the last surviving borrower or 12 months after they permanently move out of the home.

The Ageing Globe

The Ageing Globe

The population is getting older, stretching the public sector's ability to meet all our later life needs.

Never in human history have so many lived for so long. This change will utterly transform our global societies, forcing us to reimagine work, housing and healthcare.

Like the global population, Ireland's population is getting older. According to Eurostat (Health in Ireland – Key Trends 2022), Ireland is ageing faster than anywhere else in Europe and now has the highest life expectancy at birth of all EU countries. Without comprehensive intervention and change, this shift will stretch the public sector's ability to respond to citizens' needs in later life.

Financial products like investments, private pensions and equity release loans will become increasingly important as people seek to provide a living-income over a longer life.

The UN predicts that there will be 2.1 billion people over 60 by 2050. Hence, by 2050, over one in five (21%) people on the planet will be over 65, compared to just over one in ten (12%) in 2015. (United Nations, Promoting Inclusion Through Social Protection, 2018).

This global ageing trend is reflected in Ireland. In April 2022, there were 768,900 people over 65 living in Ireland, an increase of 139,100 since 2016. By 2051, the number of people aged 65+ is projected to double to 1.6m (CSO, Older Persons Information Hub, 2022).

It's not just the absolute numbers that matter. Policy makers keep a watchful eye on the Old Age Dependency Ratio. This indicator is calculated by expressing the population aged 65 and over as a percentage of the population aged 15 – 64 years. Higher ratios are indicators of the added pressures that social security and public health systems will have to withstand. In 2022, Ireland's old age dependency ratio increased to 23.1 (meaning there are 3 working people for everybody over 65 years old), from 17.4 in 2011. The CSO predicts that this could increase to 34 in 2041 and to 41 by 2051 – in other words 1.5 people working for everyone over 65 years old.

Irish Statistics at a glance

3.7 years
the increase in the average age since 2002.

38.7
the average age of a person in Ireland. Up from 37.4 in 2016.

20,000
the increase in the number of people over 65 every year.

3 people working for
every older dependent.

Kildare
the county recording the largest growth in average age in Census 2022, where the average age rose by 2 years.

Fingal, Kildare & Meath
have the youngest age on average.

Mayo, Kerry, Roscommon & Leitrim
have the oldest populations.

Every county in Ireland recorded an **increase in average age** between 2016 and 2022.

The 'Asset Rich, Cash Poor' Generation

The 'Asset Rich, Cash Poor' Generation

As older people's later life income is among the lowest in society, they are the group most at risk of poverty today.

Older households are typically wealthier than younger ones. However, over 65s are no longer the wealthiest age group in Ireland (that title now goes to those lucky 55 – 64 year olds).

Unsurprisingly, the main driver of older people's reported wealth is the family home. However, a significant number of older people are still making mortgage repayments on these homes. Our own data shows that just over a fifth of Spry Finance equity release loans approved last year were used to refinance an existing mortgage.

Despite their relative wealth, older people's incomes are amongst the lowest in society and they are making compromises to make ends meet. Older people are now the group most at risk of poverty in Ireland. For many older people who own their own homes, equity release could free up much needed income to fund their later life.

At Spry Finance, during the first six months of 2023, most funds released were used to cover **day-to-day living expenses** (26% of funds) or to supplement **pension income** (21% of funds).

As wealth is typically accrued over a lifetime, it is not surprising that older households are wealthier than younger households. According to the CSO, the median net wealth of households where the reference person is 65 or older is €291,600.

However, older no longer means wealthier. The wealthiest households in Ireland are now in the more middle-aged 55 – 64 age group, where median net wealth is now €318,700.

The chief component of wealth is the family home. In 2020, the median value for households' main residence was €260,000.

However, higher wealth does not necessarily mean a higher standard of living. Despite their comparative wealth, many older people are struggling to make ends meet. Over 65s report the lowest median household income of any age group at just €29,165. That compares to €50,519 for households in the 50 – 65 category – a drop of over 42%.

Recent CCPC research found that people aged over 60 report the highest levels of financial satisfaction in Ireland – 73% of people aged over 60 completely

At a glance

More than **6-in-10** older (65+) households have net wealth greater than the national median.

1-in-3 households with one adult aged 65 years and over are 'at risk of poverty'.

€30,200 the average income of a Spry customer in 2023.

agree or agree that they are satisfied with their financial situation. However, the same research also found that people over 60 are also more likely to report that they are "just getting by financially". *(CCPC, Financial Wellbeing in Ireland: Financial Literacy and Inclusion in 2023)*

The European Anti-Poverty Network (EAPN) noted that a major challenge in recent times has been the steep rise in the cost of living.

Recent CSO data confirms the difficulties faced by older people *(SILC: Enforced Deprivation, 2022)*:

46.9%

Almost half of households with one adult over 65 reported having at least some difficulty in making ends meet in 2022.

41.9%

Over 4 in 10 households, with two adults in which at least one is over 65, reported some difficulty.

While the proportion of people in every other age group at risk of poverty declined or remained stable between 2020 and 2022, the proportion of 65+ at risk of poverty almost doubled from 9.8% in 2020 to 19% in 2022. People aged 65 and over are now the group most at risk of poverty in Ireland.

54%

Spry's own customer data also shows just how tight money is getting for older people – even amongst those with significant housing wealth. Data from the first six months of 2023 reveals that 54% of our customers report having net disposable income of €250 or less per month after normal expenses and their median house value was €420,000.

90%

the proportion of people at age 70 who own their own home with or without a mortgage.

€361,800

the median net wealth, as of 2020, for a two adult household where one is aged 65 or over – the highest of any household type.

54%

of Spry customers reported net disposable income after expenses of less than €250 per month.

Ready to Retire?

Work, Retirement and Pensions

Ready to Retire?

Work, Retirement and Pensions

We can all expect to live longer, but provision for our retirement was never meant to cover these extra years.

Although the age at which a person is entitled to an Irish state pension is 66, most of us consider 65 as 'retirement age'. This prevailing retirement standard dates back to American and German social insurance conventions of the 1930s. However, in the 1930s average life expectancy was far lower than today. In 1936 Ireland, average life expectancy was just 58 years for men and 59 for women; several years lower than retirement age. Today we can expect to live more than 15 years beyond retirement age. The problem is that how, and how much, we provide for our retirement was never designed to cover such a long period of time.

The majority of older people with current or previous employment will have some sort of pension cover to supplement any state pension they may receive. For many the income this generates will be insufficient to maintain their standard of living throughout later life. The problem is amplified for those who will rely on the state pension or other social welfare payments to support them in retirement.

With two thirds of us expecting to use 'other assets' to fund our retirement, making it easier to release the equity in the family home, without risking tenure or security, will become an important and mainstream later life financial planning tool.

As life expectancy increases and the retirement age continues to hover around 66 years, many of us are experiencing longer retirements than ever before. Our working lives are stretching too, as more of us are choosing to continue working beyond traditional retirement age. According to the CSO, there were 106,000 people aged 65 and over still in employment in 2022.

Nonetheless, for most of us, turning 65 still marks that point where retirement or semi-retirement kicks in. For many, the loss of their regular income is a shock – over 65s report the lowest median household income of any age group at just €29,165. That compares to €50,519 for households in the 50 – 65 category – a drop of over 42%.

At a glance

€277.30

from Jan 2024 is the maximum weekly state pension for 66–79 year olds.

Although most will have paid off their mortgage by this stage, that's still a significant drop in disposable income. For many, the state pension – currently €265 (Contributory) and €253 (Non-Contributory) – is a lifeline. A recent study by Irish Life estimated that a quarter of over-65s rely on the state pension.

Amongst those currently or previously in employment, most have some form of private pension coverage. According to the CSO, 75% of workers aged 55 – 69 have private or occupational pension cover of some form. However, the data also suggests that many of these pensions are generating insufficient income.

And Spry's customer data shows that women's pension pots are, on average, less than half the size of their male counterparts.

Almost half of households with one adult aged over 65 years reported having some difficulty making ends meet in 2022 *(CSO, Survey on Income and Living Conditions 2022)*. According to Irish Senior Citizens Parliament, a body that represents and protects the interests of older people in public policy:

"In 2021, in Ireland, pensions from all sources received by people aged 65 -74 replace 39% of the earnings from work of people aged 50–59. The EU average was 58% and the highest rates were 81% in Luxembourg and 79% in Spain...Ireland's pension system had the third lowest income replacement rate in the EU."

(Source: Eurostat, Aggregate replacement ratio for pensions – EU-SILC Survey, 2023)

This pension income gap means that many older people will have to use other assets to fund their retirement. Research by CCPC found that about two thirds of respondents already intended to use financial assets to fund retirement. In Ireland, 'other assets' generally means the family home – the Household Main Residence (HMR) contributed 60% to total value of assets in 2020. *(CSO, Household Finance and Consumption Survey, 2020).*

2-in-3

feel that it is more difficult for people their age to secure a bank loan.
(Spry Research, 2023)

468,734

the number of people who received the state pension in 2021.

106,000

people aged 65 and over are in employment.

Who Cares?

Health, Care and Caring

Who Cares?
Health, Care and Caring

Whether through choice or a lack of care home places, older people will stay in their homes for longer – and will need to plan for it.

The vast majority of older people continue to live in their communities, largely independently and often alone in their own homes. The 2022 Census reported that 190,000 people aged 65 and over are living alone.

Health economists and experts in older age healthcare generally agree that, where possible, supporting older people to age in their own communities is best for their physical, psychological and social wellbeing. However, for some people, the level of care required in later life may mean admission to a nursing home. Only about 5% of people over 65 currently live in nursing homes in Ireland, but the combination of high occupancy rates, increasing demand and low growth in supply, means nursing home beds will be increasingly difficult to find.

This means that, whether through choice or lack of appropriate options many older people will remain in their own homes for longer. This suggests that, as a society, we need to reconsider how we plan and pay for our later life living arrangements.

Although funding later life care is not currently a major driver of equity release activity in Ireland, there are signs that it is becoming increasingly relevant.

In 2023, Spry research amongst over 60 homeowners found that over half of people surveyed agreed that funding later life care is a major stress for older people, yet a similar proportion have no plans in place.

For some older people, especially those with lower dependency care needs, equity release could enable them to remain in – and receive care in – their own home. Over a third of people surveyed agreed that they would consider equity release to fund nursing home or home care.

Living longer brings many benefits to both the individual and society. But it also brings challenges, especially when it comes to health and care.

At a glance

ZERO
the growth in the number of care homes in Ireland in 2020 to 2022.

According to Census 2022, the proportion of people experiencing a long-lasting condition or difficulty to any extent generally increases with age, peaking at 76% amongst people aged over 85 years. The proportion of people experiencing a long-lasting condition or difficulty to a great extent increases sharply after age 74.

This creates an increased need for care provision amongst older people. Almost one-in-eight people over the age of 65 report some difficulty with personal care. Of these, two thirds say they receive help with their personal care. Amongst people aged over 75, almost one-in-five report some difficulty, with 72% of those saying they receive help with their personal care.

For some, the level of care required will ultimately mean admission to a nursing home. As of May 2022, according to Nursing Homes Ireland, there were 453 registered nursing homes with 26,561 beds in Ireland. With occupancy rates at or above 90%, nursing homes are providing care to over 25,000 residents every year.

Based on population changes alone, it is estimated that an additional 45,000 nursing home beds will be required to fulfil current projected demand by 2031. This would require a dramatic increase in supply – between 2014 and 2022 just 4,219 additional beds were provided by the sector. *(BDO/NHI, Private & Voluntary Nursing Home Survey Results, 2020/2021).*

Despite some recent capital investment by the HSE and private providers, it is likely that there will be a significant shortage of nursing home beds in the medium term. It, therefore, seems likely that many more older people will choose to – or be forced to – remain in their own home with any care needs being met by family, friends and private providers.

We hear a lot about older people as care users. But what about their role as care providers?

People aged between 50 and 59 were the group most likely to be providing regular unpaid care. Caring peaks amongst those aged 50–60, with almost one in seven (13.6%) providing regular unpaid personal help or support to a family member, neighbour or friend with a long term illness, health issue or an issue related to old age or disability. *(CSO, Census 2022)*

Almost a third of people aged 65–74 care for a non-family member on a weekly basis. Over half (51%) of persons aged 75 years and over who provide care, provide 20 or more hours of it per week. *(CSO, Older Persons Information Hub 2022).*

36%

the proportion of people over 60 who would consider equity release to fund nursing home or home care.
(Spry Research, 2023)

7%

the proportion of people over 60 who have a 'detailed plan' for their care in later life.
(Spry Research, 2023)

Inheritance and Gifts

Inheritance and Gifts

Older people are more likely both to receive and make wealth transfers. Financial transfers and gifts are important in enabling first-time home purchases.

Older people are more likely to receive a wealth transfer. According to the CSO, almost half of older households where the reference person was aged 55 – 64 years had received at least one inheritance or gift. Spry research amongst 60+ homeowners revealed that two thirds of people surveyed had been the beneficiary of an inheritance, with 48 years being the average age at which they received their inheritance.

The data suggests that intergenerational wealth transfers are doing little to enable younger people in general, and younger renters in particular, to buy their first home. Whilst older homeowners are likely to receive more and larger wealth transfers, younger renters are benefitting least.

However, recent data from the Banking and Payments Federation (BPFI) housing monitor for the first half of 2021 found that 42% of first-time buyers used financial gifts as part of their deposits during the first half of 2021. BPFI estimated that during the same period, the total value of gifts towards deposits was almost €210 million, including almost €150 million for first-time buyers. Similarly, Bank of Ireland's First-Time Buyer's Barometer Report (2020) found that just over half of first-time buyers reported receiving a financial gift from family or friends to fund their deposit, underlying the importance of financial transfers and gifts in enabling young people to buy their first home.

Products like Equity Release enable existing homeowners to release equity in the family home to fund a gift or 'living inheritance' to adult children to help them buy their first home. Amongst Spry customers, gifts to family is increasingly given as a reason for releasing equity in the family home. Recent Spry research revealed that over half of 60+ homeowners agreed that 'giving while living' is a better way to help children than traditional inheritance.

To date in 2023, **€14 in every €100** loaned by Spry, was intended to fund a 'living inheritance'.

Who doesn't dream of receiving a generous inheritance from an unknown benefactor? Unfortunately, the data suggests it's unlikely. Just over a third of Irish households have received at least one inheritance or substantial gift at some point, with 30% having received an inheritance and

At a glance

66% of people in our survey of homeowners aged over 60 had received an inheritance.

48

the average age at which homeowners aged over 60 had received an inheritance.
(Spry research, 2023)

€14
in every €100 loaned by Spry, was intended to fund a 'living inheritance'.

9% having received a gift. The median value of an inheritance was €99,200, and the median value of a gift was €15,900. Most of those (70%) who received a transfer, received it from their parents. *(CSO, Intergenerational Transfer of Wealth, 2020).*

Older people are more likely to receive a wealth transfer. Almost half of households where the reference person was aged 55–64 years received at least one inheritance or gift, compared with just 27% of households where the reference person was under 35.

Older people also receive bigger transfers. The value of inheritances or gifts received were substantially higher for older households. The median transfer value for households where the reference person was under 35 was €15,000 while the value for those aged 65 or over was €109,600.

The Mortgage-Free Myth

Home Ownership, Renting and Mortgages

The Mortgage-Free Myth
Home Ownership, Renting and Mortgages

Mortgage arrears and the need for renovations and upgrades are amongst the issues facing older homeowners.

Although the statistics suggest that the average older person is living a comfortable, mortgage-free lifestyle in their own home, the reality for many is very different. A significant minority are actually struggling to meet mortgage repayments and the costs of maintaining their homes.

Increasingly, homeowners are using equity release to manage or refinance existing mortgages, and to fund much-needed home maintenance and upgrades. In 2022, **'Re-financing secured debt'** was the second biggest reason given for taking out an equity release loan with Spry, just behind **'Supporting my Pension'** which was the biggest driver.

Although home ownership rates continue to fall – from 70% in 2011 to 66% in 2022 – the data shows that Ireland is still a nation of homeowners. According to summary results from Census 2022, of the 1.85 million occupied dwellings in Ireland, 639,268 are occupied by people aged over 60. *(Census 2022 Profile 2, Housing in Ireland, CSO, July 2023).*

Over 60s Households

466,397	73% are owner occupied without a mortgage or loan.
58,177	9% are owner occupied with a loan or mortgage.
114,694	18% are rented from private landlord, local authority, voluntary body or other.

"Owner occupied without a loan or mortgage" is the largest single tenancy type in Ireland, and older people are more likely than any other age group to own their own home outright.

Research by ESRI published in 2023 found that Ireland has one of the biggest gaps in home ownership between younger and older people in western Europe. Almost 80% of people over the age of 40 in Ireland own their own home, but just a third of adults under the age of 40 are homeowners. *(ESRI, Housing Affordability: Ireland in a Cross-Country Context, July 2023).*

At a glance

639,268
the number of occupied over 60s dwellings in Ireland.

522,486
adult children were living with parents in 2022.

However, not all older people are living the mortgage-free dream in their own homes. The number of older renters is on the rise. Compared with previous censuses, significant increases were recorded in the number of dwellings rented by people aged 60 years and over. Amongst those aged 65 and over, the number of properties rented from a private landlord increased by 83% since 2016, to nearly 17,000.

And it's not all good news for older homeowners either. Age Action reported in 2020 that over 14% of mortgages held by people 65–69 were in arrears. Central Bank data from the same year showed that 22,264 mortgage accounts held by people aged over 50 were in arrears, with almost half (9,370) aged 60 or over.

In addition, 21,276 mortgage holders aged 60 or over still owed more than €150,000 in mortgage debt. Concerns were raised about the sustainability of these debts for people finishing their working lives and entering into retirement with significant mortgage debt, including some who may already be in arrears.

Spry's customer data highlights the same issue – in 2022, more than one euro in every five borrowed was used to refinance an existing mortgage.

Furthermore, many older people live in homes in need of renovation and upgrading. In 2016, CSO reported that 38% of people aged 75 years or over lived in BER energy inefficient rated properties (EFG). *(Domestic Building Energy Ratings from a Social Perspective, 2016, CSO).* At the extreme end of the scale, the most recent Census showed that there are still almost 7,000 people aged over 65 living without any central heating.

And the cliché of an older couple enjoying the luxury of an empty nest is also increasingly looking like a myth. Although older homes are likely to have fewer people compared to other age groups the averages are skewed by the high numbers of people over 65 living alone – 189,574 according to Census 2022. At the same time, the trend for adult children to remain in, or return to, the family home means that many older homes are still functioning as family homes. In 2022, 522,486 adult children were living with their parents. And recent research from Eurostat show that 68% of Irish adults aged between 25 and 29 were still living with their parents.

59 years

the age at which the majority of householders own their dwelling outright. (In 1991, it was 56 years.)

The New Age of Equity Release in Ireland

The New Age of Equity Release in Ireland

2022 growth in Irish equity release lending was underpinned by a 29% increase in the number of Spry loans being taken out.

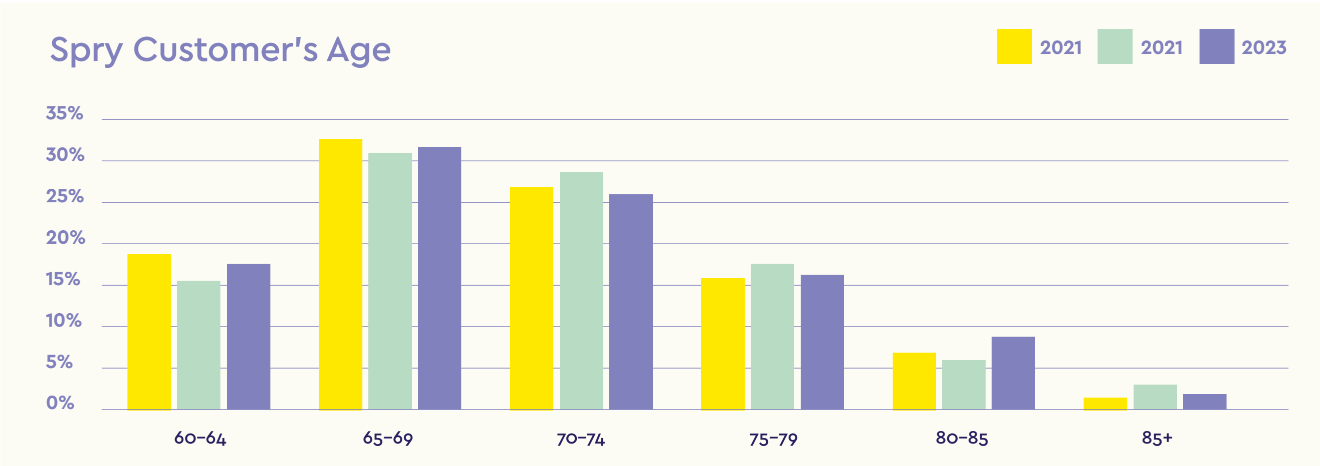
Ireland's equity release market continued to see robust growth in 2022 and into 2023. Whether it's to undertake home improvements, refinance debt, support family members or top up post-retirement income, more people are choosing equity release as a way to meet their financial demands and opportunities of later life.

Market growth has been largely driven by a combination of more people choosing equity release and high property values.

2022 saw a 35% increase in equity release lending from Spry. This growth was underpinned by a 29% increase in the total number of loans being taken out. To date, Spry has over 1,700 customers.

Most equity release customers were in the 65–74 age group, with an average age of 72.

Just over half of Spry equity release customers are joint customers, followed by women (31%) and men (18%). The average income of a Spry equity release customer was just over €30,000 per year, slightly above the national average for the same age group at €29,165.



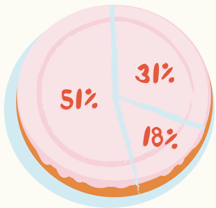
At a glance

51%
of borrowers are joint customers.

Dublin
had the highest property values.

% Borrower Mix Since Launch

31% women
18% men
51% joint couple



In 2023, the median property value of a Spry Customer increased by 5% to €420,000. Over the same period the median loan amount borrowed by a Spry customer remained unchanged at €75,000.

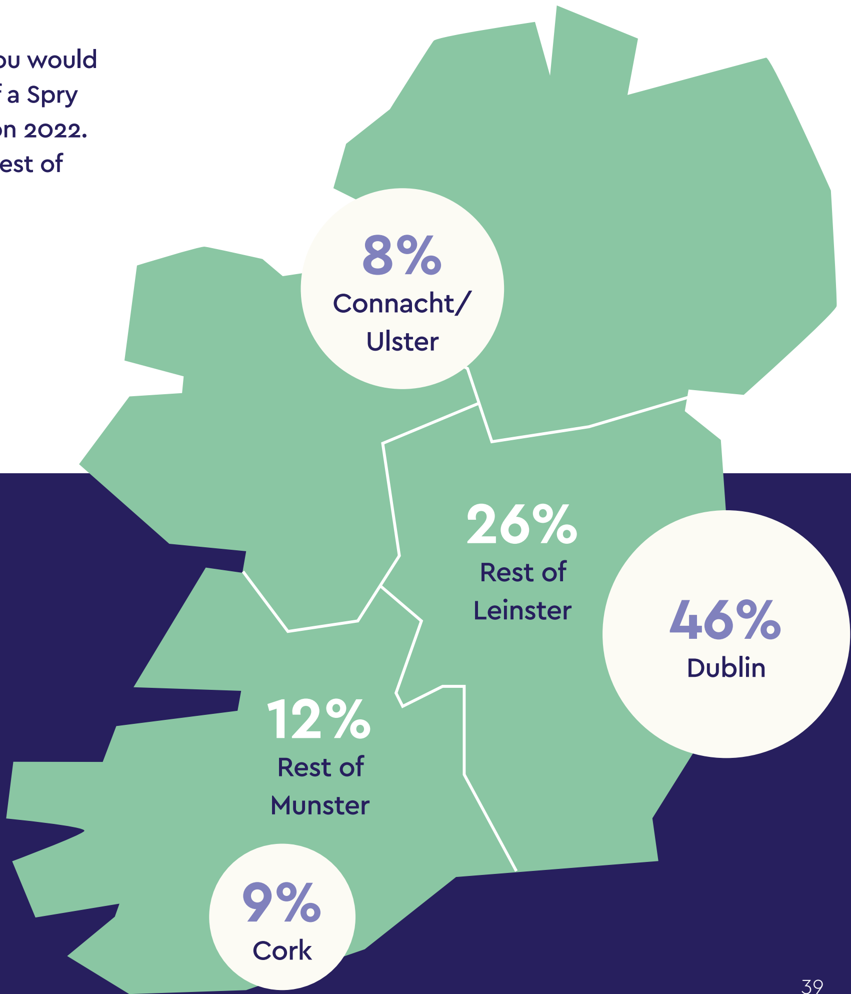
In overall terms, borrowers borrow on average, only 80% of the total maximum allowable amount based on their age.

Property prices were highest in Dublin, as you would expect, where the median property value of a Spry customer was €530,000 an increase of 1% on 2022. Elsewhere, median prices increased in the Rest of Leinster and fell in Munster.

Customer Property Values **Median Value*

Area	2021	2022	2023
Dublin	440,000	525,000	530,000
Rest of Leinster	300,000	285,000	390,000
Munster	300,000	365,000	340,000
Connacht	275,000	290,000	300,000
Ulster	300,000	245,000	315,000

Unsurprisingly, most of Spry's loans were to Dublin homeowners, 46% of the total, followed by the Rest of Leinster 26% and Munster 21%, of which Cork accounted for 9%. 8% of the total loans were written in Connacht/Ulster.



46%

of Spry customers are in Dublin, followed by 26% in the Rest of Leinster and 21% in Munster, with 9% in Cork.

Focus on Dublin

Given the concentration of homeowners in Greater Dublin, it's hardly surprising to learn that Dublin is a key market for Spry. Since we launched Spry in 2021, Dublin has accounted for approximately 56.5% of our total lending. In 2022, the median loan size in Dublin was €100,000.

With the exception of Dublin 1, Spry has loaned funds to homeowners in every Dublin district. Since Spry launched in 2021, 60% of our Dublin loans have been on Southside properties and 40% on Northside properties. Over that time the median value of customers' properties on the Southside has consistently reflected property market trends.

This property value difference means that average loan values on the Southside are on average higher than those on the Northside.

Median Property Values in Dublin	2021	2022	2023
Northside	€400,000	€447,500	€450,000
Southside	€475,000	€625,000	€650,000

Equity Release Uses

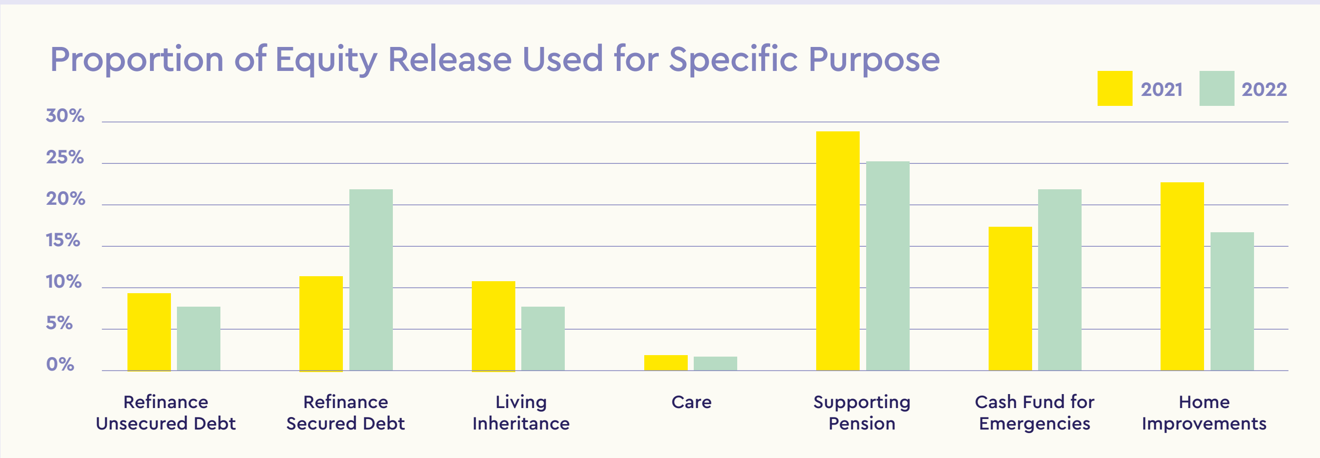
As the market leader in equity release, Spry has compiled the most comprehensive set of data on how the proceeds from equity release are used.

Topping up pension income remains a common use for equity release. In 2022, a quarter of loans were used to support pension income. 21% was used to re-finance secured debt (such as an existing mortgage) and 21% as a cash fund for emergencies. Other uses included home improvements (17%) and gifting to family members (7%).

This highlights the dominance of 'needs-based borrowing', a trend that is likely to continue as the cost of living crisis continues to bite. Over half of Spry customers report that they have disposable income of €250 or less per month; 33% report they have €50 or less.

All Spry customers reported declines in average disposable monthly income in 2022. Average monthly disposable income for joint customers declined from €635 per month in 2021, to €522 per month in 2022. For single male customers the decline was even more dramatic – from €727 in 2021 to €420 in 2022. Amongst single female customers the decline was less dramatic, but women continued to report the lowest average disposable monthly income at just €223 per month in 2022, only marginally more than half that of male customers.

In 2023 we are seeing more customers give "earlier inheritances" and more borrowing for pension supplements and living expenses. We will report on 2023 trends in 2024 once we have reviewed all our data to year end.



It's Good to be Green

Spry continues to expand the range of equity release loans available to older homeowners. In 2023, in response to the growing demand for equity release to fund home energy and efficiency upgrades, we introduced the new Green Loan which offers a reduced rate of interest on loans taken out to fund home energy upgrades.

To qualify, borrowers must use the loan to obtain, maintain or improve on their home's BER Certificate. In addition, at least 50% of the loan must be used for qualifying home improvements.

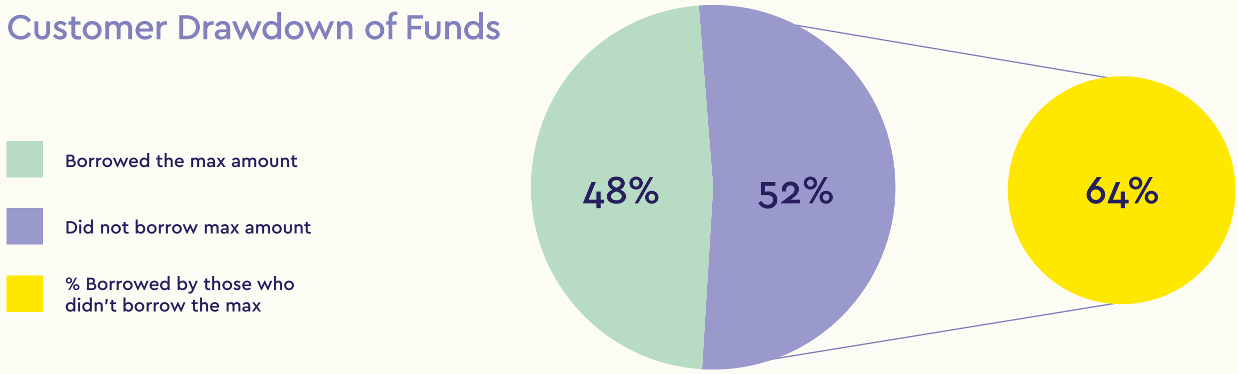
Since launch, 14% of all loans issued by Spry were Green Loans. Of those over two-thirds already had a BER A-C rating, with one third using the loan to undertake qualifying home improvements.

Amount Borrowed

The median amount borrowed by our customers nationally is €75,000. About half of our customers borrow the maximum amount and the other half borrow approximately two-thirds of the maximum amount that they could borrow based on their age and their property value.

- 48% of borrowers borrowed the max amount
- Of the 52% who didn't borrow the max, on average they borrowed 64% of max available to them

Customer Drawdown of Funds



2022 Data:

25% of Spry loans were used to support pension income.

17% of Spry loans were used for home improvements.

7% of Spry loans were used to gift to family members.

14% of all loans issued by Spry were Green Lifetime Loans.

Topping-up pension income remains a common use for equity release.

Just over **1-in-5** Spry loans are used to refinance secured debt (such as an existing mortgage).

€100,000

the median loan size in Dublin, 60% of our Dublin Loans have been on Southside properties and 40% on Northside properties.

€420,000

the median property value of a Spry customer in 2023.

For Lifetime Loans:

WARNING: While no Interest is payable during the period of the mortgage, the interest is compounded on a monthly basis and is payable in full in circumstances such as death, permanent vacation of or sale of the property.

WARNING: Purchasing this product may negatively impact on your ability to fund future needs.

For Fixed Rate Lifetime Loans:

WARNING: You may have to pay charges if you pay off a fixed rate loan early.

WARNING: Your home is at risk if you do not keep up payments on a mortgage or any other loan secured on it.

If your Lifetime Loan is being used for debt consolidation purposes:

WARNING: This new loan may take longer to pay off than your previous loans. This means that you may pay more than if you paid over a shorter term.

NOTICE: Under the Credit Reporting Act 2013 lenders are required to provide personal and credit information for credit applications and credit agreements of €500 and above to the Central Credit Register. This information will be held on the Central Credit Register and may be used by other lenders when making decisions on your credit application and credit agreements.

The central credit register is maintained and operated by the Central Bank of Ireland. For information on your rights and duties under the credit reporting act 2013 please refer to the factsheet prepared by the Central Bank of Ireland. This factsheet is available on www.centralcreditregister.ie. A copy can also be obtained on www.seniorsmoney.ie

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