

Equity Release Market Insight

Q4 2025



Introduction

Paul Carter, Pure Retirement CEO

Welcome to the latest edition of our quarterly Equity Release Market Insight report, focusing on the key trends and headlines from the end of 2025. Read on for insight from Advice Guru's Stuart Wilson, some of the trends and patterns that we've uncovered from our own data, and the leading headlines from across the sector covering demographics, consumer habits, and key updates from the market.



How have usage patterns evolved during the end of the year?

We found that the proportion of people listing home improvements as the primary reason for releasing equity from their homes is the highest it's been for 12 months. The usage figures for Q4 showed that one in four (25%) of people in Q4 2025 took out a lifetime mortgage to improve their homes, representing a 2% annual increase, and a 4% rise compared to Q3 2025.

However, debt and mortgage repayments continue to be the most common primary reason for taking out a lifetime mortgage - albeit with the 26% proportion seen in Q4 equating to a 4% decrease compared to Q3. Holidays, cars and gifting continue to round out the top five most common usage reasons, accounting for 7-10% apiece.

What other noticeable demographic changes were there?

We also noted a comprehensive shift in age profiles, with over-70s accounting for 24% of new business in Q4 2025, representing a 6% increase on both a quarterly and annual basis.

We saw a noticeable change in plan type preferences on a quarterly basis too. In Q3 63% of new customers took out a new lifetime mortgage on a lump sum basis, while Q4 saw it revert to a near-even split, with 51% of new lifetime mortgages being taken out on the same basis - comparable to the figures seen in Q4 2024.

Additionally, the gender split among single life applicants saw the proportion of new female customers at the highest point seen over the last 12 months, sitting at 65% - this equated to a 2% annual increase, and a 7% uplift compared to Q3 2025.

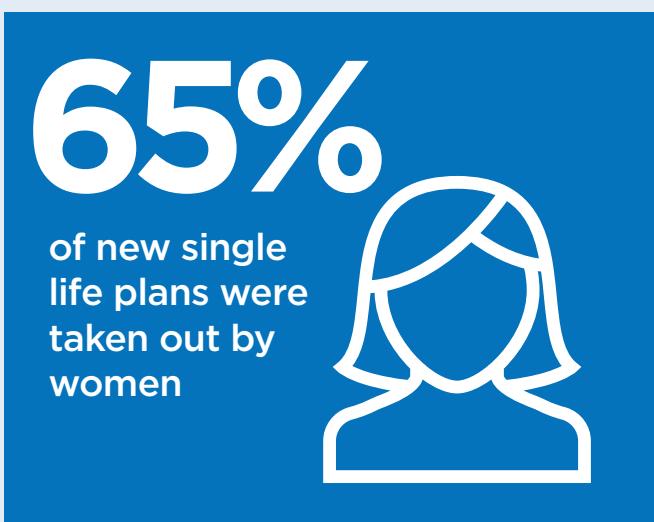
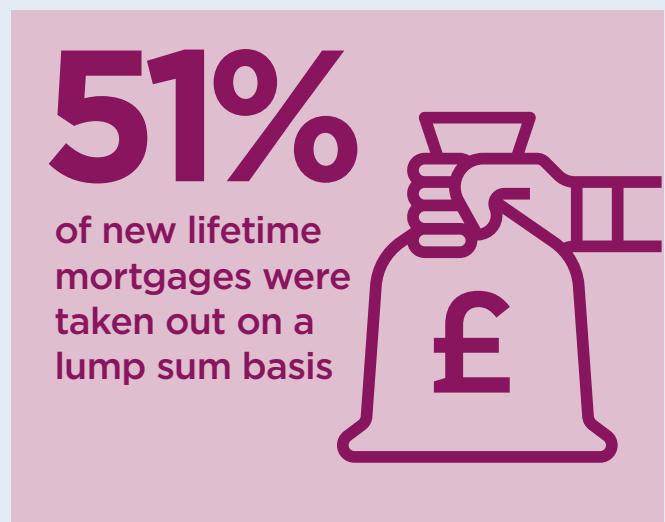
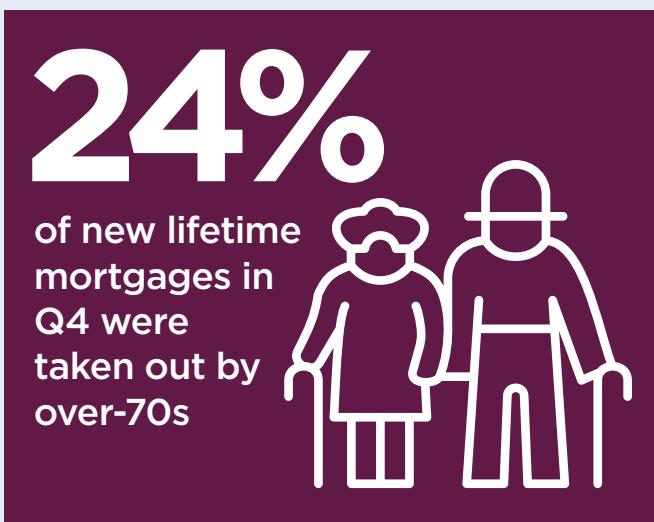
What does this mean for 2026?

The shifts in customer profiles we've seen in a relatively short period of time shows the dynamic and ever-changing nature of the people benefitting from lifetime mortgages as a tool to reach their financial goals in later life.

With noticeable movement on a number of demographic markers, this data shows the importance of keeping on top of emerging trends and being able to respond to them in an agile fashion to meet consumer need.

In addition to using data to shape our own offering, we hope that sharing these findings will also aid in ensuring the later life sector remains a relevant and consumer-focused part of the financial services landscape."

Q4 2025, In Focus: The Key Stories & Headlines



When the Tide Stops Rising

Stuart Wilson, Marketing Director, Advice Guru

John F. Kennedy once observed that “a rising tide lifts all boats.” For much of the last decade, that was an accurate description of the later life lending market. Between 2015 and 2022, favourable conditions, growing awareness and large-scale advertising meant advisers did not need to row particularly hard. The tide was doing much of the work.

That is no longer the case.

Following the post-2022 reset, the market adjusted to a new normal of higher interest rates, lower maximum loan-to-values and more cautious consumers. With reported lending volumes rising in 2025, the headline figure - around +11% - is understandably welcome. But beneath that number sits a more sobering reality. New customer growth was less than 1%.

The tide did not come back in. Progress was driven by larger loads on the same vessels, not by an increase in the number of boats on the water.

This matters when set against adviser expectations for the year ahead. At a recent series of adviser events run by **Guru Growth Solutions**, more than 150 advisers were asked how their 2026 business levels would compare with 2025. The average response was a striking **+92%**.

Ambition is healthy. But ambition does not create customers.

Currently, around 1,700 advisers operate in the space, collectively writing roughly 5,000 new plans per quarter - about one case per adviser per month. Those volumes have proven relatively stable. Without meaningful growth in customer numbers, expectations of near-doubling individual output cannot be delivered by market conditions alone.

Historically, advisers could rely - at least indirectly - on top-down demand creation. Large national TV advertising campaigns by major brands helped raise awareness and generate inbound enquiries across the sector. That support has

largely disappeared and is unlikely to return.

The implication is clear. Growth in the later life market will no longer be delivered from the top down. It must now be built from the bottom up.

That places planning firmly back at the centre of success. Business planning and marketing planning are no longer optional disciplines. In a flat-tide market, advisers cannot rely on optimism or favourable conditions to deliver 92% growth. Without a credible plan to find more customers, most advisers' 2026 results are likely to look very similar to 2025.

There is, however, a genuine opportunity for those prepared to plan properly. Equity release now accounts for around **10% of the wider later life lending market**. For advisers focused solely on traditional forms of equity release, the addressable market is smaller than it needs to be.

For some, meaningful growth will only come from broadening their proposition into a more holistic later life lending advice approach - engaging customers earlier and across a wider range of needs. For others, growth will hinge on a more focussed approach to marketing, networking and customer relationship management.

But again, this requires intent. Expanding a proposition demands structured planning, clearer positioning, targeted marketing and stronger professional connections.

The later life market remains real, relevant and full of potential. Demand exists, but it is no longer automatically delivered. When the tide was rising, everyone moved forward together. Now the water is flat. Progress depends on rowing—and rowing without a plan rarely gets you very far at all.



Customer Demographics



34%

of people don't know how much they should contribute to their pension each year



Source: Hargreaves Lansdown

The number of pensioners falling into the

60%

tax bracket has more than doubled in the past three years



Source: Interactive Investor



Nearly

two-thirds

(64%) of mid-retirees (those aged 65-75) haven't discussed with family and friends who would manage their finances if they became unable to do so

Source: Aviva

26%

of UK adults don't know who their pension provider is



Source: Standard Life

56%

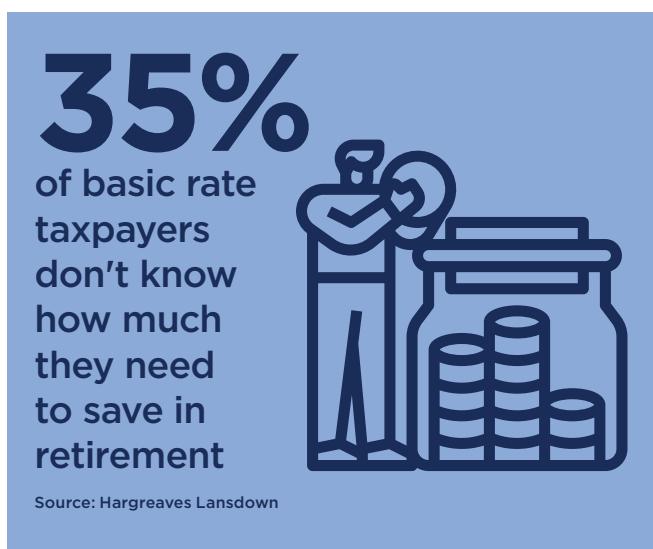
of 65 year-olds were 'economically inactive' in 2025



Source: Government statistics

Customer Demographics

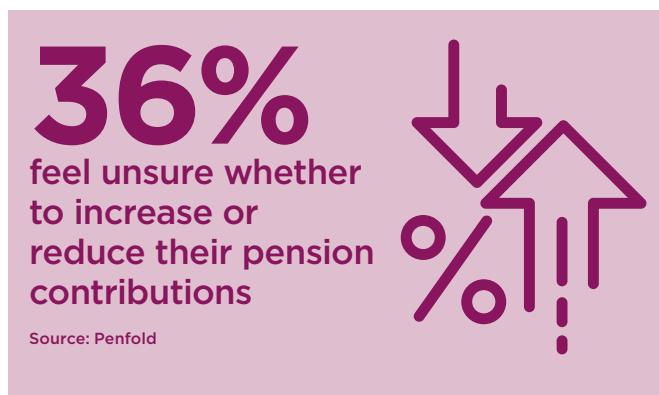
A lack of understanding around retirement continues to be a major issue in UK culture, with [research from Standard Life](#) revealing that one in four UK adults (26%) don't know who their current pension provider is, while two-thirds (66%) have never tried to track down lost pots – despite the average lost pot being worth £9,470. Additionally, a quarter (24%) of adults don't realise that moving employers can lead to multiple pension pots, and fewer than one in three (30%) have kept track of all their pensions from previous jobs. Meanwhile, two thirds (66%) of those who haven't consolidated their savings have never tried to track them down – and while 27% say they intend to, 39% have no plans to do so.



This lack of knowledge bleeds into retirement planning, with [research from Hargreaves Lansdown](#) highlighting that more than a third of people (34%) do not know how much they should be contributing to their pensions each year to achieve a decent income in retirement. Among those who did have an idea, 18% believed they should save between 6 and 10% of their salary each year, while a further 17% said between 11 and 15%. The research found that uncertainty was more pronounced among lower earners, with 35% of basic rate taxpayers saying they did not know how much they needed to save, compared to just 14% of higher rate taxpayers.

Additionally, the majority of those already in retirement haven't made appropriate provisions around power of attorney and financial management as they age, with [research by Aviva and Age UK](#) uncovering that nearly two-thirds (64%) of mid-retirees (those aged 65-75) haven't discussed with family and friends who would manage their finances if they became unable to do so. Among those in this age group who have a private pension, are on a moderate retirement income, and have not taken financial advice, 81% don't have a lasting power of attorney in place. Furthermore, 39% have not yet considered how they will manage their finances as they age, particularly into their 80s or 90s.

This is especially concerning given the fact that older people who experience cognitive decline face "sizeable and lasting" reductions in their financial wealth, [according to research from the Institute for Fiscal Studies \(IFS\)](#). While memory and cognitive scores remain relatively stable through people's 50s and early 60s, they begin to fall steadily from the late 60s, with sharp drops from the mid-70s onwards. By their late 80s, more than 40% of older adults record what the IFS defines as "low cognitive function" – scoring below seven out of 20 on a memory test, compared with an average score of 11. The financial implications of this decline were significant, as eight to 10 years after first experiencing low cognitive function, individuals had around £30,000 less in net financial wealth than similarly aged people whose cognition did not deteriorate.



This comes amid a backdrop of record high retirement ages, with the average age in 2025 at which men and women stopped working was around 66 years and 65 years respectively, [according to official statistics](#). The number of 65-year-olds who are 'economically inactive', which includes people who have retired, has also fallen over the past decade, from 72% in 2015 to 56% in 2025. This will doubtless be fuelled by the fact that a quarter of a million more people aged 60 to 64 are now living in relative income poverty compared with 2010, [according to a report from the Standard Life Centre for the Future of Retirement](#). When the state pension age rose from 65 to 66, the proportion of 65-year-olds in income poverty more than doubled, from 10% to 24%, while the employment rate for 64-year-olds has risen from 34% in 2013 to 54% today.



At the other extreme of the financial spectrum, [a freedom of information request from Interactive Investor](#) has revealed that the number of pensioners falling into the 60% tax bracket has more than doubled in the past three years. The FOI request to HMRC found that 77,000 pensioners (aged 66 plus) were caught in the 60% "tax trap", earning between £100,000 and £125,140, in 2024/25, which is more than double the 34,000 pensioners falling into this tax bracket in 2021/22. Much of this was recent growth, as the data showed that the number of pensioners paying 60% had more than doubled between tax-year ending April 2022 and tax-year ending April 2025, rising by 13% at the end of April 2025, and 55% in 2024.

The employment rate among 64-year-olds has risen from 34% in 2013 to 54% today

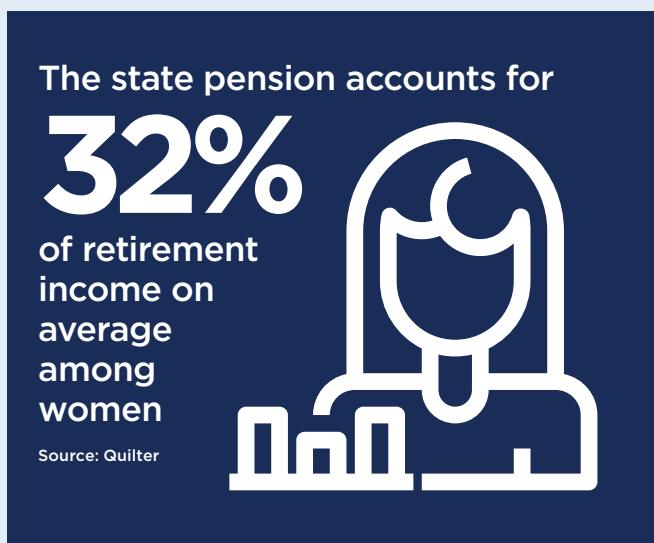
Source: Standard Life



Perhaps as a result of the variety of factors previously outlined, more than seven in 10 UK savers believe the government is not doing enough to support people preparing for retirement following the Autumn Budget, [according to polling from Penfold](#). 72% of savers feel the government is failing to support retirement planning. In comparison, 58.5% said they felt less confident about their financial future after the Budget. Savers highlighted concerns about increasing state pension ages, shifting regulations and fears that the state pension may not exist in its current form by the time they retire. As a consequence, more than a third of respondents (36.3%) said they now feel unsure whether to increase or reduce their pension contributions, signalling a heightened hesitancy that Penfold described as "disruptive" to long-term planning.

[Research by estate agents Jackson-Stops](#) has shown how the costs of buying a house and looking after children has soared upwards far faster than wages. Findings include that house prices have risen 61.7% since 2014, while wage growth has stagnated across the decade at just 10.7%. Additionally, average monthly nursery fees for children under two increasing by 70% since 2018. As a result this, the estate agents say, is the era of the ROGER: 'Reliant On Grandparents and Equity Release'. Parents of young children are increasingly leaning on their parents to both fund house purchases, and then to provide free childcare. Not only does this impact financial planning, but also geographic trends, with generations moving home to be closer to each other – either children moving to be nearer parents, or vice versa.

Customer Habits



Enquiries from clients about taking lump sums from their pensions jumped

45%

over the month leading up to the Autumn Budget

Source: deVere Group



Nearly half of UK workers

(46%)

expect to work beyond the legal retirement age

Source: Kearney



Customer Habits

Women rely more heavily on the state pension, [according to research from Quilter](#). It found that the state pension accounts for 32% of retirement income on average among women, compared with 27% for men. Among widows, reliance rises to 44%. As a result, just over half of female retirees (57%) are satisfied with their retirement income, which compares unfavourably with the seven in 10 men (68%) that reported being satisfied with the money they have coming in regularly. The analysis also found that discrepancy persists regardless of relationship status, with 72% of married men reporting satisfaction, versus only 63% of married women.

Quilter's research also found that financial advice is the strongest predictor of income satisfaction in retirement. Among those currently receiving advice, 84% are satisfied with their income, compared with just 41% of those who have never been advised.



[Data released by deVere Group](#) highlighted how enquiries from clients about taking lump sums from their pensions have jumped 45% over the month leading up to the Autumn Budget. The move came among speculation that Rachel Reeves was going to cut or cap the tax-free pension lump sum, which allowed savers to withdraw up to 25% of their pension pot tax-free, up to around £268,275. Rumours had suggested the government could lower this limit to £100,000, or even as little as £40,000, as part of efforts to raise revenue and reform pension tax relief.



When it comes to pensions, just a third (33%) of people have spoken to their family about pensions in the last year, [research from Standard Life has revealed](#), as engagement with pension savings remains low. The research showed that this was far lower than the proportion of people discussing household bills (48%) or inflation (41%), highlighting how long-term financial planning is still something many households shy away from. Perhaps unsurprisingly, Standard Life found that there are significant generational differences when it comes to pension conversations, as while almost half (47%) of people aged 55-65 have discussed pensions with family recently, these discussions were much rarer among younger adults (18% of 18-24s; 29% of 35-44s).

While people may be reluctant to discuss pensions with their family, they're nonetheless happy to turn to online information to shape their retirement plans. [Research from People's Pension](#) reveals people approaching retirement are turning to online forums to help understand their retirement options and make decisions about their pension savings, despite knowing the information they find online may not always be correct. Many lack confidence picking a retirement product and turn to Facebook retirement groups for help, finding them easier to navigate than official websites or guidance services. As a result, savers continue to make short term, convenience-led choices, rather than planning for sustainable lifetime income.

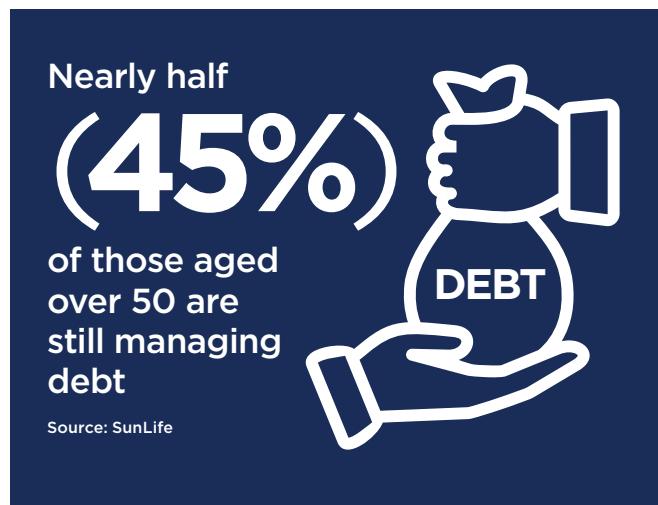
When it comes to the question of when to retire, [analysis by Kearney](#) has found that nearly half of UK workers (46%) expect to work beyond the legal retirement age, as uncertainty over the state pension and the cost of living weighs heavily. The research also shows that Brits are the least confident in Europe about being financially prepared for later life, with almost two-thirds (62%) of respondents worrying they won't be able to maintain their current standard of living when they stop working. There is strong appetite for professional guidance, but access is uneven, with around 32% of UK adults already pay for advice, and a further 43% say they would be willing to in future – well above the European averages of 18% and 32%, respectively.



These findings come at a time when more than 27% of UK workers (equivalent to around 9 million people), have no idea how many pay days remain before they stop working, [according to Aviva](#). The analysis also found that awareness declines with age, as 31% of those aged 55 and over and 35% of people aged 45 to 54 are unsure how many pay days remain. Meanwhile, some older workers significantly overestimate the time they have left to save. 17% of those aged 55 and over believe they have more than 250 pay days remaining, while 5% think they have over 500, equivalent to several decades of additional work.

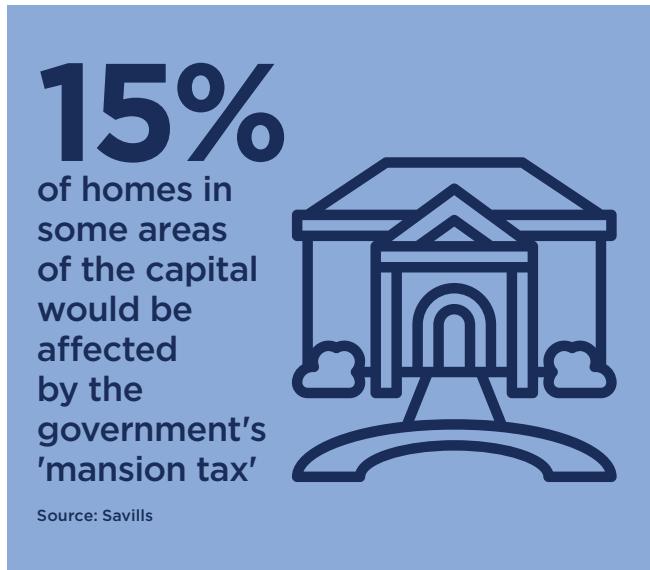
Too many over-65s are dying with a traditional mortgage they have not paid off, creating issues for loved ones, [according to Key Advice](#). The equity release adviser said around 26,000 over-65s with outstanding mortgages died last year, according to its analysis of government figures, creates potential problems for any partners and the beneficiaries of their estates who will have to clear the outstanding mortgage or continue payments. Around 28% of inherited estates include properties which still have an outstanding mortgage attached, bereaved partners could be at risk of repossession if they cannot maintain payments on the outstanding mortgage. Most mortgage lenders offer grace periods of between three and six months following the death of the mortgage holder but interest continues to accumulate.

Perhaps as a result, many Brits are carrying debt into their mid-life years and are increasingly considering equity release as a way to deal with being asset rich and cash poor, [according to research](#). Nearly half (45%) of those aged over 50 are still managing debt, SunLife's Life Well Spent 2025 report found, with the financial pressure being felt most in London and the South East. The amount overall they have left to pay off averages £23,799 – rising to an average of £33,590 for homeowners over 50. More than one in 10 (13%) homeowners over 50 are considering equity release as a way to clear these debts.

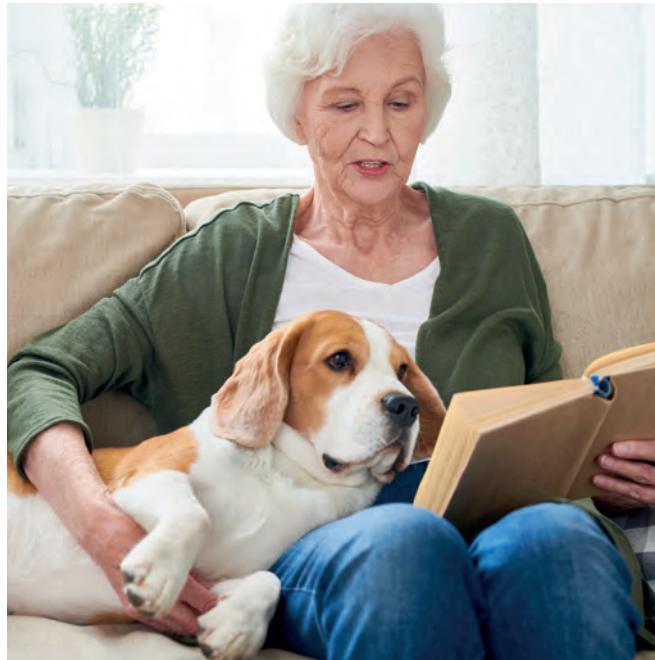


Market Update

More pensioners are likely to consider releasing equity from their properties to pay their bills as a result of the Autumn Budget's mansion tax, [experts have predicted](#). Chancellor Rachel Reeves is planning on hitting homeowners in properties worth over £2m with a 1% annual charge from 2028 - although only a small fraction of homes in the UK are worth over £2m, they are more common in certain areas, such as central London, with Savills analysis suggesting over 15% of homes in some areas of the capital would be affected. Both mortgage and wider financial advisers say pensioners living in these types of homes may turn to equity release mortgages, which allow access to money tied up in a home as a tax-free lump sum or regular payments.



Part interest-only loans and equity release are on the regulator's agenda as part of its Mortgage Rule Review, [according to Financial Conduct Authority \(FCA\) chief executive Nikhil Rathi](#). Rathi praised the performance of lenders and brokers, especially during the Covid pandemic, cost of living crisis and higher interest rate environment. He said the future of the FCA's review would not just be focused on the current mortgage market, but the one of the future. He hinted that part interest-only loans and equity release was high on the FCA's agenda.



[The Equity Release Council has launched 'Safe Steps'](#), a new vulnerability guidance hub for the later life lending sector. The hub was introduced at the Later Life Lending Summit in Sheffield and is designed to help firms in the market handle customer vulnerability with practical tools and shared insights. The resource was developed by the council and is being shared with industry partners, including the Association of Mortgage Intermediaries (AMI). Additionally, Safe Steps includes case studies, adviser prompts and practical examples to encourage a culture of empathy and accountability in later life lending.

The equity release market grew by 11% in 2025, with total annual lending rising from £2.3 billion in 2024 to £2.57 billion, [according to data from the Equity Release Council](#). In the final quarter of 2025, the Council's latest available figures show that total lending reached £632 million, up 1.6% on the £622 million advanced in the same period a year earlier. The average amount released per customer increased to £123,174, a year-on-year rise of 5.7%. Further advances also edged higher, with 1,468 existing customers drawing down additional funds in Q4 2025, compared with 1,411 in Q4 2024.

Take a look at our
full marketing toolkit to see how
we can help you better reach
your potential customer base.



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