



Half a million over 50s say they will have to sell their home to pay off their interest only mortgage

- Two thirds with interest only mortgage say endowment won't pay it off
 - One in 10 over 50s have "no way" of making up for the shortfall
 - A fifth of Britons in their 70s still paying off mortgage

Retirement ought to be a time to enjoy the fruits of a long working life – but for some it means carrying a bitter burden of mortgage debt.

Having worked hard and saved diligently, you'd think Britons' approaching retirement would be putting their financial feet up. However, research* by Saga Personal Finance shows that four in ten over 50s are paying off a mortgage worth on average £49,000. According to Saga's research more than 900,000 people in their 70s still have an average mortgage bill of some £38,000,** that means the over 70s are saddled with an extraordinary total mortgage debt of £35.2 billion.

And for 6.3 million over 50s*** with an interest only mortgage, who had intended to pay it off with an endowment policy, the outlook's no picnic in comparison. More than two thirds say their underperforming endowment will not foot the bill. Having purchased one in the prudent hope of clearing their mortgage and allowing them to live the retirement which they had dreamed of, a third are having to contemplate selling their house to make up an average shortfall of more than £42,000 according to Saga's research.

Two thirds of over 50s have made alternative plans to pay off their mortgage, often using a combination of options. A third say they will dip into their savings, 22% say they have been making capital repayments to reduce the debt, 18% say they will use other investments to make up for the shortfall and just over one in ten say they have extended their mortgage to give them extra time to pay it off.

More than one in 10, some 1.7m people, admit they have no way of bridging the gap.

Another solution for people who have no idea how they are going to clear the mortgage or who are facing the decision to have to sell a home they do not want to part with could be to use equity release to clear the debt.

Jeff Bromage, chief operating officer, Saga Personal Finance, commented: "Being saddled with mortgage debt well into your retirement is far from ideal as it means keeping an eye on the coffers when you should making the most of life.

"Millions of British homeowners have been hit hard by underperforming endowments. Thankfully, there are options available. A growing number of people are turning to Equity Release as in order to avoid selling their home, upping sticks is probably the least-favoured option for many facing a shortfall, as their home is so much more than bricks and mortar and will hold so many happy memories.

"If you're over 55 and a homeowner, Equity Release could be a solution. It gives you access to money tied up in your home, giving you peace of mind and the freedom to enjoy your retirement properly."

ENDS

Notes to Editors

*Populus interviewed 1,539 people aged 50 and over online between 3rd and 9th September 2014. Results have been weighted to be representative of all GB adults. Populus is a member of the British Polling Council and abides by its rules. For more information visit www.populus.co.uk.

**ONS statistics for 2013 estimate there are 4,631,280 people aged 70-79 in the UK. Saga Personal Finance research suggests 20% of people in their 70s have an average mortgage bill of more than £38,000.

***ONS statistics say there are 22.8 million over 50s in the UK. Saga research says 28% of over 50s asked have an interest only mortgage they had expected to pay off with an endowment.

About Saga Equity Release Advice Service

If you are a UK homeowner aged 55 or over, equity release could offer you a way to access money tied up in your home, by allowing you:

- To release a tax-free lump sum to help you make the most of your retirement
- The ability to release the cash when you need it
- The freedom to spend the cash on almost anything you choose.
- For applications received by 31st December, one of the Saga equity release plans is offering £1,000 cashback and a free valuation. Customers must be 65 or over and own a property worth at least £70,000. This offer is only available to customers who are eligible for the plan on offer.

The Saga Equity Release Advice Service, provided by Just Retirement Solutions Limited, can help you decide if equity release could be right for you.

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