Fairer Finance

The Retirement Compass

The Later Life Finance Index

Prepared for the Equity Release Council
JUNE 2026

Equity Release Council

The Retirement Compass was commissioned by the Equity Release Council. Fairer Finance agreed the research outline with the Equity Release Council but retained full editorial control over the output. The views in this report are the views of Fairer Finance and do not necessarily reflect the Equity Release Council's views.

Find out more

We will be publishing more analysis and results here:

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Introducing the Retirement Compass

Fifteen million people in the UK are undersaving for retirement – with one in 10 working age people on course to live their later life in poverty according to the Pensions Commission.

But with 75% of adults owning a property as they begin retirement, millions of households are sitting on and sleeping in a store of wealth that could unlock a much better standard of living.

The Retirement Compass looks to understand in detail how housing wealth is distributed around the UK – and to understand where it could play the greatest role in supporting a financially secure retirement.

The purpose of the Retirement Compass is to be an annual benchmark for later life finances that provides a trusted evidence base for policymakers and regulators, and a strategic planning tool for providers and advisers.

It includes data from all providers in the UK equity release sector, helping to provide the first comprehensive view on average loan sizes, ages of industry customers – as well as breakdowns by region, gender and loan to value.

The Retirement Compass also includes new economic modelling to understand how pension provision matches up with housing wealth across the UK – as well as new polling to capture the public's attitudes towards later life lending today.

Phase 1 of the Retirement Compass focusses on nationwide outcomes while phase 2 – to be published in Autumn 2026 – will uncover regional differences across the UK. The Compass will be run each year – with a view to monitoring changing trends and perceptions.

Single women may have the most to gain by unlocking their housing wealth

Six in 10 single female homeowner households between the ages of 55 and 79 today have – or are on track to have – an income below Pensions UK's moderate threshold. But on average, this group holds £225,000 of housing wealth, and many own homes worth much more.

46% of homeowner households aged 55-79 will not have enough for a moderate retirement

Almost half of all homeowner households at or nearing retirement will not have enough to meet the Pensions UK moderate threshold. But 2.4 million of these have housing wealth of at least £200,000.

Perceptions towards borrowing in later life are softening

While few homeowners aged 55-79 consider using their housing wealth to fund their retirement, 52% of them now feel it's acceptable to have a mortgage in later life. This is a significant increase from 2021, when 34% of adults considered it acceptable..

Overcoming the barriers to accessing housing wealth

In an ideal world, people will be able to access housing wealth through downsizing, if they wish. However, the current lack of suitable housing stock means that many people do not view downsizing as a viable option. Lifetime mortgages, which enable people to access the value in their properties without selling them, are likely to play an important role for many households.

Our 2025 research ('How can housing wealth bridge the later life funding gap?') found that 51% of households aged 60+ in 2040 might need to access their housing wealth to maintain their desired standard of living. This would unlock £23bn each year and contribute £21bn each year in gross value added to our economy (in 2025 prices).

> *"...later life lending needs to be opened up. Thoughtfully and carefully with appropriate guardrails – absolutely. But this is going to affect, on some estimates, over half of the population in retirement. They will need to access some of their housing wealth..."*
>
> Nikhil Rathi, FCA chief executive, speaking on the Fairer Finance podcast, 18 February 2026

Using housing wealth to fund later life is not currently part of the retirement conversation and many do not see it as a mainstream option. The silos in later life advice mean that many people do not receive holistic advice that considers both their pension and housing assets.

Our 2025 report made five key recommendations for policymakers and the FCA. We believe that this new evidence in the Retirement Compass underscores the urgency and importance of our 2025 recommendations to policymakers and regulators.

1. Government should facilitate a substantial increase in the supply of suitable and desirable retirement properties, located in the communities where people in later life wish to live.
2. Government should lower the financial cost of downsizing by reducing stamp duty for people in later life.
3. Government and regulators should normalise the use of housing wealth to maintain living standards in later life.
4. Government and regulators should develop a personalised service for people, which brings their pension and housing wealth into a single view.
5. The FCA should reform the regulation around later life advice, to break down silos and ensure all consumers are supported to maximise the use of all their assets as they approach retirement.

Since last year, the FCA has launched a market study into later life lending and looks committed to supporting more widespread use of housing wealth in retirement. But Government has yet to act.

The findings from our Retirement Compass research show the significant opportunities for homeowners to improve their retirement income, if they were to use their property assets. We are calling on HM Treasury, the Department for Work and Pensions and the Pensions Commission to take action, to ensure as many people as possible can use their housing wealth as they reach later life.

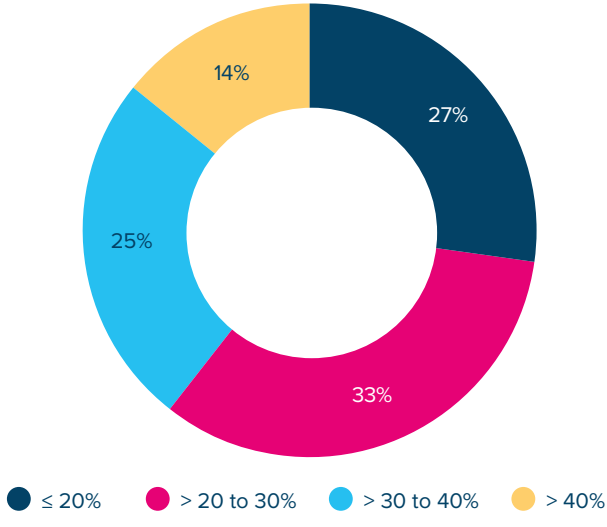
Who has been accessing their housing wealth?

We analysed received data about H2 2025 from the 11 providers of equity release mortgages, representing the whole market for equity release in the UK. While not every provider supplied data for every question, our reporting is based on responses covering the vast majority of the market. The statistics and figures below are based on our provisional analysis.

The average property value for new plans was £486,000, and most new plans had an LTV in the range 20-40%. Higher LTVs were accessed by older customers (meaning that older customers borrowed more on average). However, over one in five customers in all age brackets accessed less than 20% of the value of their home.

PROVISIONAL ANALYSIS

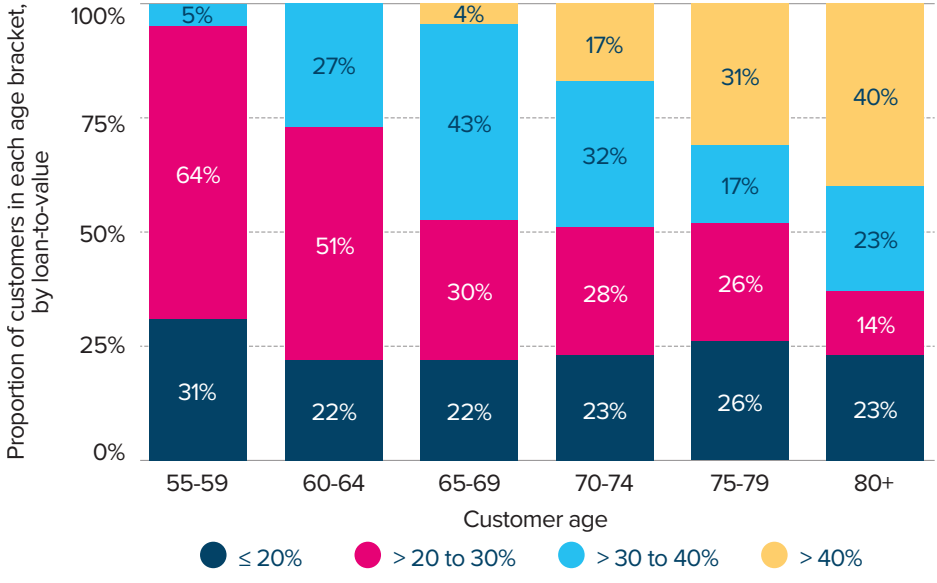
Distribution of new plans, by loan-to-value



Note: All new plans, including lump plans and drawdown plans including drawdown facility. H2 2025.

PROVISIONAL ANALYSIS

Loan-to-value of new plans, by age

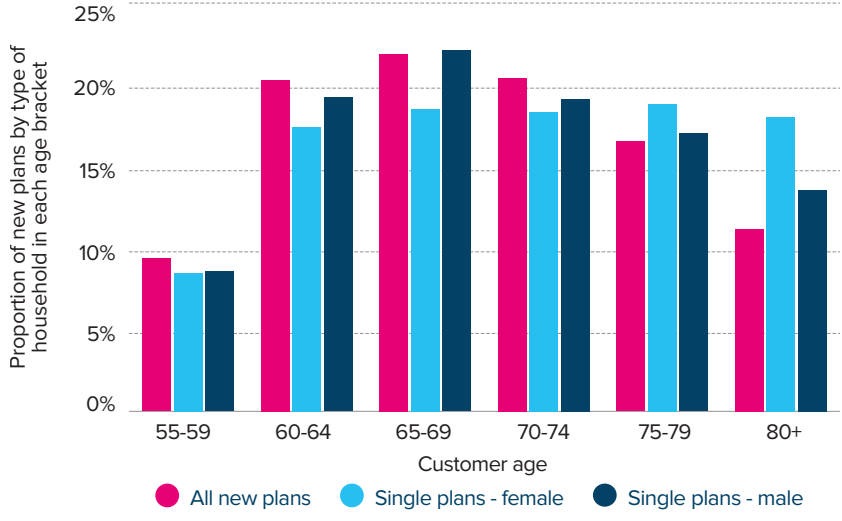


Note: Age of joint plans is based on the youngest partner. All new plans, including lump sum plans and drawdown plans including drawdown facility. H2 2025.

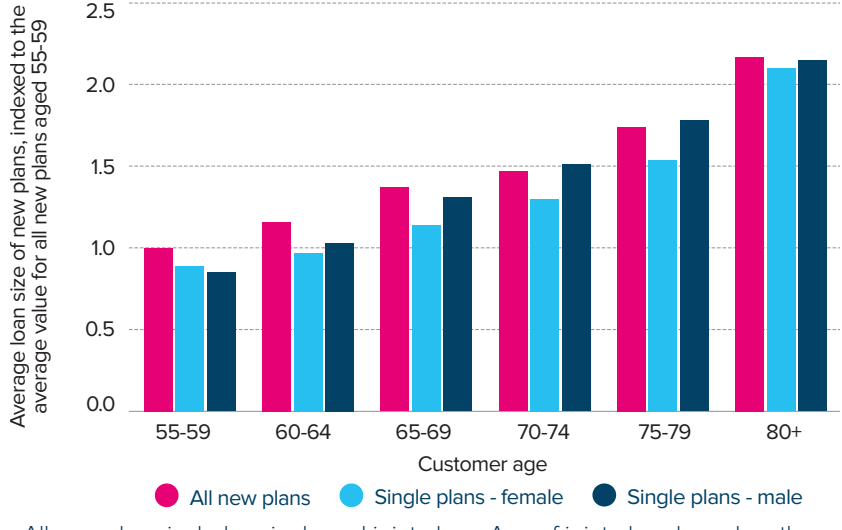
Single women account for slightly more of the market than we might expect: 29% of households aged 55-79 are single women, while 32% of new plans were sold to single women. Single female customers were more likely to be older than couples or single male customers. For example, 18% of single women taking equity release were aged 80+, while only 14% of single men taking equity release were aged 80+.

PROVISIONAL ANALYSIS

Age distribution of new plans, by type of household



Average loan size of new plans, indexed to all new plans for those aged 55-59



Note: All new plans includes single and joint plans. Age of joint plans based on the youngest partner. The average loan size is calculated as total lending, including any drawdown facilities, divided by the total number of plans.

Who is more likely to need to access their housing wealth?

We estimated average retirement income over the course of a household's retirement and compared this to the 2025 Pensions UK retirement living standards.

Type of household	Pensions UK minimum	Pensions UK moderate
Singles	£13,400	£31,700
Couples	£21,600	£43,900

Note: These are the 2025 Pensions UK retirement living standards. These refer to expenditure, i.e. income net of tax.

Many households with low retirement income have reasonable housing wealth

While many homeowner households are unlikely to meet the Pensions UK moderate living standard, they own a reasonable amount of housing wealth. Overall, we find 3 7 million homeowner households aged 55-79 will have 'an' income below the Pensions UK moderate retirement living standard. This represents 46% of homeowner households aged 55-79. This means that significant numbers of households can increase their retirement living standards by using their housing wealth to supplement their pension income.

Type of homeowner household aged 55-79	Below Pensions UK minimum		Between Pensions UK minimum and moderate	
	% households	Median housing wealth	% households	Median housing wealth
Singles - male	3%	£175,000	40%	£225,000
Singles - female	8%	£175,000	57%	£225,000
Couples	6%	£275,000	31%	£275,000

Note: Modelling of homeowners aged 55-79, including those with mortgages. The Pensions UK retirement living standards are different for couples and singles. This explains why single men have a lower average income than couples, while being more likely than couples to meet their Pensions UK moderate retirement living standard.

Of all single women homeowners aged 55-79, 8% have retirement income between Pensions UK minimum and moderate. These women have a median housing wealth of £175,000. Of all single women homeowners aged 55-79, 57% have retirement income between Pensions UK minimum and moderate. These women have a median housing wealth of £225,000.

Some households with high housing wealth have low retirement income

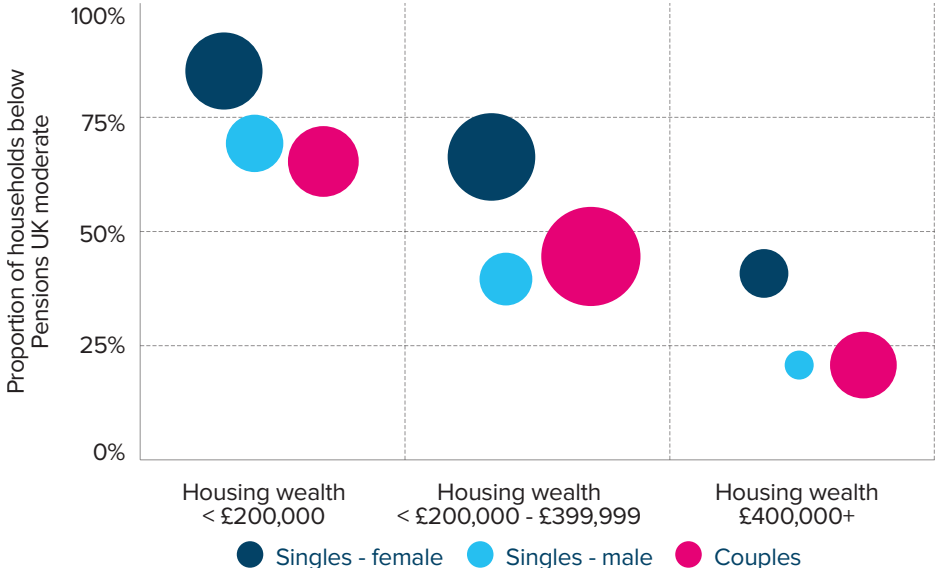
Of all the single female homeowner households aged 55-79 with housing wealth of £400k+, 41% will have retirement income below Pensions UK moderate. This amounts to 200,000 women.

Type of homeowner household	Number of homeowner households aged 55-79 with retirement income below Pensions UK moderate			
	Housing wealth < £200,000	Housing wealth £200,000–£399,999	Housing wealth £400,000+	Total
Singles - male	300,000	250,000	50,000	**600,000**
Singles - female	550,000	700,000	200,000	**1,400,000**
Couples	450,000	850,000	400,000	**1,700,000**
Total	**1,250,000**	**1,800,000**	**650,000**	**3,700,000**

While the proportion of single women homeowners below Pensions UK moderate is higher for singles than couples, there are more couple homeowners aged 55-79. This means that there are more couple households (1.7m) than single women (1.4m) who are homeowners aged 55-79 with income below Pensions UK moderate.

Again, this chart demonstrates the scale of homeowner households who have significant property resources to draw upon to increase their standards of living in retirement.

The proportion of homeowner households with retirement income below Pensions UK moderate



Note: Bubble size corresponds to the number of households in each category below the Pensions UK moderate retirement living standard. A larger bubble indicates that there are more households of this type below Pensions UK moderate with this level of housing wealth. The Pensions UK retirement living standards are different for couples and singles. Housing wealth < £200,000 excludes non-homeowners.

How do people feel about accessing their housing wealth?

Many people are worried about their living standard in retirement

Only 17% of adults aged 18-54 feel secure about retirement, with 50% feeling insecure. Homeowners aged 55-79 tended to feel more confident about their economic security in retirement, with 26% feeling insecure about their family's economic security in retirement. When we zoom in on homeowners aged 55-79 who we estimate will have retirement income below Pensions UK moderate, we find 34% feeling insecure about their family's economic security in retirement.

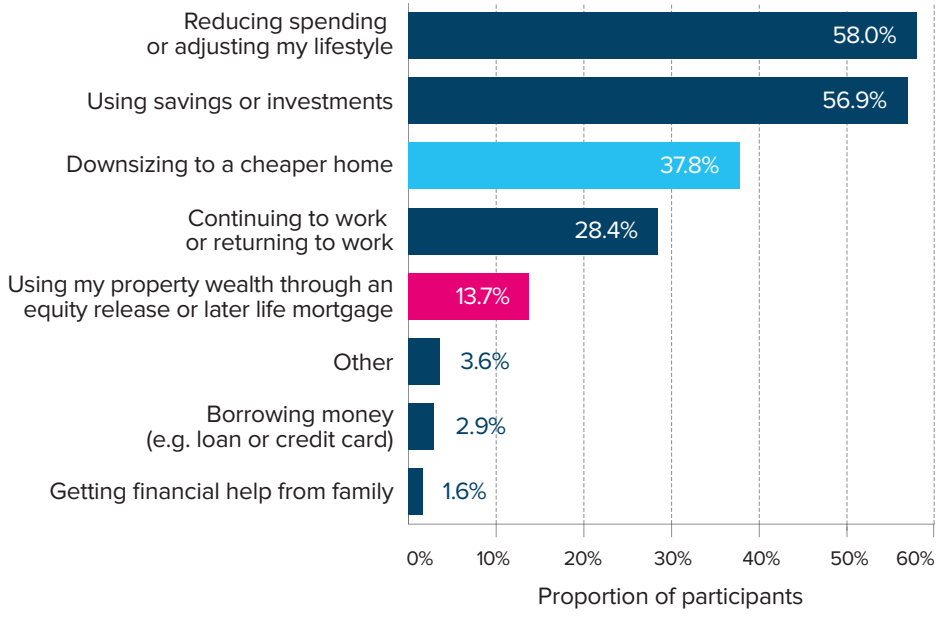
Most homeowners have not previously considered taking equity release

While 70% of homeowners aged 55-79 said they were aware of equity release, only 13% said they had previously considered taking equity release. This indicates that most consumers have not engaged in the market.

Few want to explore equity release to supplement their retirement income

We found that 21% of those aged 18-54 (including non-homeowners) said they would explore taking equity release if they needed to supplement their retirement income. By comparison, 14% of homeowners aged 55-79 said they would explore taking equity release if they needed to supplement their retirement income.

Which would you be likely to explore in retirement if you needed to supplement your pension income?

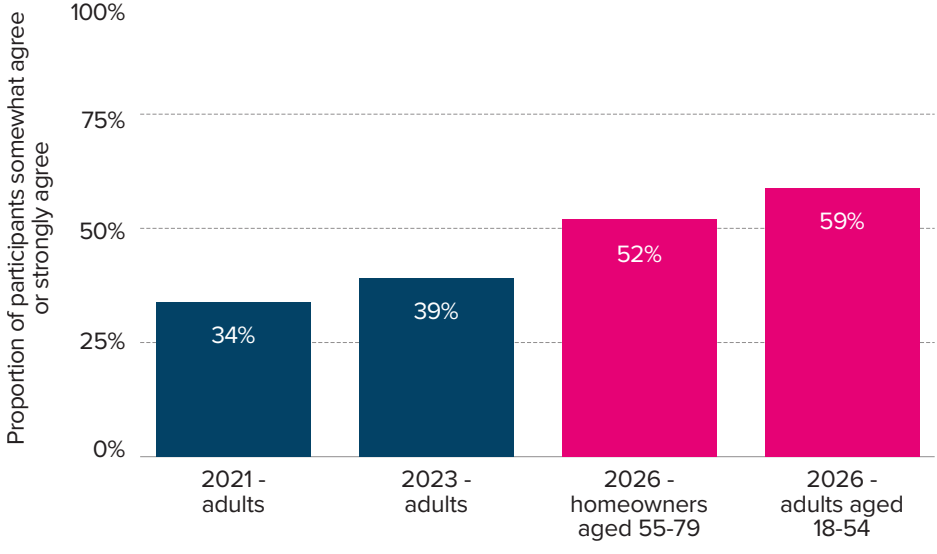


Note: Participants could select multiple options. Sample: homeowners aged 55-79.

However, most people think that it is becoming more common and acceptable to have a mortgage in later life

Most people agreed that 'It is becoming more acceptable to have a mortgage in later life/retirement'. This represents a significant increase on the Council's Home Advantage reports from 2021 and 2023.

How far do you agree or disagree with: 'It is becoming more acceptable to have a mortgage in later life/retirement'



Note: 2021 and 2023 results from the Equity Release Council's Home Advantage reports.

We found a similar trend when we asked whether participants agreed that it was becoming more common to have a mortgage in later life, with 67% of those aged 18-54 (including non-homeowners) and 56% of homeowners aged 55-79 agreeing. Again, this is a significant increase on the 2021 and 2023 Home Advantage reports.

Many people think that 'people like you' are likely to take equity release

To uncover more about perceived social norms, we asked participants how likely or unlikely it was that 'people like you' would access their property wealth in later life through an equity release or later life mortgage.

From a behavioural science perspective, we would expect that if you think that using equity release is normal for 'people like you', you are more likely to consider using equity release yourself.

We found that 38% of homeowners aged 55-79 said it was likely or very likely that 'people like you' are to access their property wealth in later life through an equity release or later life mortgage. This is higher than we might expect, given that only 14% of these participants said that they would consider equity release. This might indicate a mismatch between some people's acceptance that others may need to access their housing wealth, and their lack of acceptance that they might need to do so.

A higher proportion of younger cohorts agree that 'people like you' are to access their property wealth in later life through an equity release or later life mortgage. Among those aged 18-54 (including non-homeowners), 65% said this was likely or very likely.

Our approach

Analysis of market-wide lending data

Partnering with the Equity Release Council, we received H2 2025 data from the 11 providers of equity release mortgages, representing the whole market for equity release in the UK. While not every provider supplied data for every question, our reporting is based on responses covering the vast majority of the market.

Analysis of housing wealth and retirement income

Our results are based on online surveys conducted March-May 2026. We surveyed homeowners (including those with mortgages) aged 55-79: we have data on attitudes from 3,024 participants; and data on their financial circumstances from 4,185 participants.

In this economic modelling, we build on our 2025 report and delve into key questions about who could benefit the most from accessing their housing wealth in retirement. Unlike our 2025 study (which had a focus on 2040), in the Retirement Compass we aimed to provide a litmus test on the importance of housing wealth to current retirees and people who will retire in the near future. This will be rerun in future years.

We modelled different outcomes for female singles, male singles, and couples. We compared retirement income to the 2025 Pensions UK retirement income standards which provide a benchmark of income adequacy. For those who have not retired, we estimated their future retirement income based on the assumption that they use all their financial wealth to buy an annuity at the age that they expect to retire. This provided an estimate of their average income over the course of their retirement.

We also asked 1,976 consumers (including non-homeowners) aged 18-54 about their attitudes towards accessing their housing wealth in retirement.

Full details of our approach can be found in our forthcoming report.

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