

as reform of welfare benefits, such amounts are often regarded as significant. We do not impose an upper age limit on equity release, and where life expectancy is only a few years, the calculated annuity payment will be very high.

To consider the impact on the incomes of all older people, we present the average effects on those aged 65 or over; because of the assumed age limits, there will, by definition, be no effect on the incomes of those aged under 70 except where they are married to someone considerably older than themselves. We therefore also present results for those aged 70 or over. In addition, we show the effect of equity release on those aged at least 75, since in general it is among this oldest age-group that incomes are lowest (see, for example, Department of Social Security (1997b)).

Table 3 presents estimates of the proportion of older people who would gain from equity release and median annual gains for those who would gain more than £130 a year. Taking those aged 65 or over as a whole, we estimate that a fifth (21 per cent) could gain from equity release; among those aged 75 or over, the proportion reaches over two-fifths (42 per cent). Restricting attention to homeowners increases the proportion who gain. Thus 36 per cent of homeowners aged 65 or over, and as many as 81 per cent of those aged 75 or more, are estimated to gain from equity release. Among homeowners, women are more likely to gain than men, despite their longer life expectancies at any age. Partly this is because, within each age-group, women are older on average than men in

TABLE 4
Gains from Equity Release among People Aged 65+, by Income Level

	Income quintile					Total
	<i>Lowest</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>	<i>Highest</i>	
Percentage of all aged 65+ who gain	8	19	22	26	32	21
<i>Sample size</i>	369	1,964	1,046	676	642	4,697
Percentage of all homeowners aged 65+ who gain	39	47	33	30	33	36
<i>Sample size</i>	79	782	711	578	607	2,757
Percentage of all homeowners aged 70+ who gain	~	63	52	50	58	56
<i>Sample size</i>	54	581	446	346	350	1,777
Median gain for all aged 65+ who gain (p.a.)	~	£910	£810	£860	£1,010	£900
<i>Sample size</i>	31	366	231	174	203	1,005
Percentage of all gainers in each quintile (all aged 65+)	3	36	23	17	20	100
Percentage of all aged 65+ in each quintile	7	42	22	14	14	100

~ Sample size too small for reliable estimate.