

Home Equity and Retirement Funding: Challenges and Opportunities

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Abstract

We investigate the use of home equity to address the retirement saving crisis and funding shortfall. Using survey data from consumers and financial planners, we examine Canadian consumers' views on equity release and gauge financial planners' knowledge, attitudes, and perspectives toward recommending equity release products to their clients. Our findings indicate that a primary barrier for consumers is their lack of understanding about home equity release schemes. However, when these schemes are more cost-effective and endorsed by financial planners, they become more attractive. Behavioral biases and emotional attachment to one's home did not affect consumers' willingness when considering these options. Among financial planners, there's a general comfort in advising on home equity release. Their preferred recommendation is the "sell and downsize" strategy, followed by HELOC. Interestingly, older planners and those with personal biases tend to be more hesitant in giving advice on this subject. The results of this study suggest there may be a willingness to access home equity by future retirees, and that there is less desire to bequeath assets to the next generation.

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Keywords: Home equity, retirement, financial planners, consumers

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Home Equity and Retirement Funding: Challenges and Opportunities

1.0 Introduction

Retirement savings crisis and retirement funding shortfall are becoming a major concern among present and future retirees globally. While some affluent individuals have reaped substantial investment benefits recently, many others have grappled with economic setbacks such as job losses and wage reductions (Doonan and Kenneally, 2021). The U.S. Census predicts that by 2030, one in five Americans will be at retirement age. Given that older individuals are typically more likely to own homes than the younger generation, this demographic shift suggests a significant rise in elderly homeownership (Bian and Lin, 2022).¹ Retirees in the USA are experiencing a retirement savings shortfall which can be attributed to several factors, including the move away from pensions, stagnant wages, and a lack of employer-sponsored retirement plans. Additionally, dwindling Social Security benefits, combined with rising costs in healthcare, long-term care, and housing, are intensifying the retirement challenge. As a result, many Americans may struggle to uphold their standard of living during their retirement years (Doonan and Kenneally, 2021).

The retirement crisis is severe in Canada as well, where the aging population, the mounting pressure on retirement systems, the rise of home ownership, and the growth in house prices have sparked interest in using housing to generate retirement income. Projections suggest that by 2030, nearly a quarter of Canadians will be 65 or older. Many of these individuals will be seeking strategies to bridge retirement income gaps, manage debt, and ensure steady cash flow for various

¹ There is an upward trend in both the number of elderly homeowners carrying housing debt and the unpaid balance on their mortgages. In 1986, roughly 24% of homeowners aged 65–79 had a mortgage, and the median unpaid balance was \$16,800. In contrast, in 2016, 46% of homeowners aged 65–79 carried housing debt with a median balance of \$77,000. Further, the share of debt-servicing households aged 80 or older climbed from just 3% in 1986 to 26% in 2016, and the median mortgage balance increased from \$7,500 to \$43,000 (Fernald, 2019).

expenses (Royal Bank of Canada (RBC), 2019). A 2019 study by Binder, Dijker, and Otte (BDO) highlighted that an increasing number of Canadians are lagging in their retirement savings. The combination of rising living costs, stagnant wages, and escalating debt has left many feeling financially trapped and ill-prepared for the future. Many Canadians enter their retirement years with no employer pensions and high support obligations to adult children (RBC, 2019). Seventy percent of Canadians feel that even if they can save, it would not be enough to support them through their retirement years (BDO, 2019). Furthermore, according to a report published by HOOPP (Canadian Retirement Survey, 2021), 67 % of Canadians believe that an emerging retirement crisis exists and 65% feel that saving for retirement is prohibitively expensive.

This research investigates the obstacles faced by asset-rich homeowners in accessing the equity built up in their homes. We describe various equity release schemes used across several developed nations, how such schemes can supplement retirement income, and why, despite the familiarity with equity release, only a handful of individuals benefit from home equity release products to pay for financial emergencies or funding retirement shortfall. In this comprehensive study, we not only review Canadian clients' views on equity release but also gauge the knowledge, attitudes, and perspectives of Canadian financial planners toward recommending equity release products to their clients.

We find consumers are very familiar with a home equity line of credit (HELOC) and reverse mortgages as potential tools to fund retirement. However, they are more likely to use sell and downsize as their first-choice home equity release option to fund retirement income followed by HELOC and reverse mortgage. Notably, married individuals, those with at least two children, earning between \$75k to \$90k, and with high school to graduate education levels, are less inclined to tap into home equity release schemes.

Further, we find that lack of knowledge is the primary reason for not considering home equity release schemes. We also find that cost reduction and having equity-release products recommended by a financial planner make them more attractive to consumers. Contrary to some assumptions, behavioral biases and strong emotional ties to one's home don't significantly influence consumers' decision to utilize home equity release options. The results of this study suggest there may be a willingness to access home equity by future retirees, and that there is less desire to bequeath assets to the next generation.

Our analysis of the financial planner surveys presents some striking findings. It's evident that while financial planners are at ease advising on home equity release schemes, their primary recommendation for clients seeking additional retirement income is to liquidate investments. Like the consumer results, we find that financial planners' number one home equity release option to fund retirement income is sell and downsize, followed by HELOC. Surprisingly, the reverse mortgage is ranked extremely low by financial planners. Our data further indicates that financial planners with a high literacy score, those specializing in retirement and estate planning, and those with a more substantial income display a higher confidence level when advising on home equity products for retirement funding. In contrast, we document that financial planners' personal behavioral biases as well as older financial planners are less comfortable with providing advice on utilizing home equity to fund retirement income.

The remainder of the paper is organized as follows: in section 2, we review the literature, in section 3, we present the data and methodology, the results are presented in section 4, and we discuss the results, provide policy implications, and conclude the paper in section 5.

2.0 Literature Review

Home equity is typically the largest component of household wealth for those entering retirement (Sass, 2017). Furthermore, Searle and McCollum (2014) argue that housing market gains have presented many homeowners with significant wealth and that policymakers could reasonably expect that some of these assets be utilized to meet welfare needs in later life. However, Nakajima and Telyukova (2013, 2017) find that the bequest motive and the utility benefits of homeownership are important factors in determining the low withdrawal rates of housing wealth. However, Munnell et al (2020) argue retirees might be more likely to tap their home equity if they felt that they had adequate public or private insurance protection against the risk of needing long-term services and support. On the other hand, Pearson and Lacombe's (2021) findings suggest that retirees may have limited knowledge of the available tools to access home equity. In addition, Poterba, Venti, and Wise (2011) argue that home equity is often conserved until very late in life providing some insurance against the risk of living longer than expected.

The prior literature on utilizing home equity to fund retirement in the U.S. is mixed. For example, Smith, Soto, and Penner (2009) find that households accumulate a great deal of wealth in their pre-retirement years.² They show that high-income seniors increase assets at older ages while low- and middle-income seniors reduce their assets in retirement but at a rate that, for most seniors, will not deplete assets within their expected life. Similarly, Sheiner and Weil (1992) find that average levels of homeownership among older adults decline significantly with age and conclude that housing wealth is used for consumption, but the decline is rather small. Similarly, Hurd (2002) shows a modest decline in housing wealth and home-ownership rates among older adults.

² They use 1998-2006 wave of the Health and Retirement Study (HRS) to investigate how households change their asset holdings at older ages.

In contrast, Venti and Wise (1990) conclude that older adults are, in general, not willing to use housing equity for consumption. Further, Venti and Wise (2004) find that households who experience a widowhood event or nursing home entry display a considerable decline in homeownership and housing equity; while for households who do not experience any of these events housing equity remains almost intact throughout retirement. They conclude that housing equity is generally not used for consumption. Similarly, Sinai and Souleles (2007) find that homeowners have considerable housing equity that they can borrow against. However, they do not borrow any amount close to what standard measures of housing equity would imply.³ The available loan amount generally increases with an owner's age, since the lender does not usually have to wait as long before being repaid.⁴

Just like the U.S. and Canadian markets, residential property reflects the majority of a retiree's assets in the Eurozone and the U.K. markets. Bravo et al. (2019) argue that building up housing wealth through homeownership and mortgage repayment is by far the main way European households set aside savings for old age. However, the development of the equity release market varies across Europe, and confidence in using these products is equally varied across nations, with most owners envisioning only using a reverse mortgage as a last resort (Doling and Elsinga, 2013). Furthermore, evidence suggests older owners face multiple barriers such as set-up costs, mistrust of the product and providers, availability of equity release schemes, and pricing and formidable

³ They consider two forms of reverse mortgages: first, a theoretical "upper-bound" reverse mortgage product that provides the maximum possible liquidity; and second, the actual reverse mortgage products available in 2007.

⁴ Sinai and Souleles (2007) suggest several reasons why reverse mortgages are not fully utilized to fund retirement income. First, legal and marketing considerations require that lenders to collect the lesser of their debt position or the house value. Hence, lenders reduce the initial loan amounts to be relatively confident that the house value will exceed the debt position at the time of death. Second, problems of adverse selection (long-lived borrowers) and moral hazard (borrowers do not maintain their houses) also reduce the amount lenders are willing to lend. Finally, current reverse mortgage markets might also suffer from other early-stage problems of a new financial product, such as thinness or lack of familiarity.

process to accessing their housing assets through equity release schemes (Jones et al., 2012; Terry and Gibson, 2006; Angelini, Brugiavini, and Weber, 2011).⁵ Additionally, Angelini et al. (2014) show that retirees that are cash-poor and house-rich are the most likely to downsize their housing assets.

In Australia, housing is an integral part of people's well-being as the family home is the single largest source of wealth for most Australians (Awaworyi Churchill, Yew, and Nguyen, 2022). The Australian Productivity Commission reports that approximately 80% of older Australians are homeowners and are housing-rich but income-poor (Productivity Commission, 2015). Olsberg and Winter (2005) find that 12 percent of Australian respondents aged 60-74 considered downsizing to release the money to live on; but less than 10 percent of all respondents envisioned taking out a loan on their home to pay for future needs. They find that 35 percent of those aged 50-59 expected to use up all their assets while alive, as did 30 percent of those aged 60-74. By comparison, only 13 percent of those aged 75 and above showed any willingness to access their home equity for funding retirement (Olsberg and Winter, 2005). In addition, Beal (2001) shows that young to middle-aged, more educated, and managers and professionals have a higher willingness to access their housing wealth. Those less willing appeared to be people older than 65 years, people on lower incomes, and single or couples without dependents. Additionally, retaining a home to bequest to children was a major consideration for only 5 percent of the sample, predominantly among aged 65–74 years old. They reported a desire to leave their houses as legacies to their children (Beal, 2001). Brownfield (2014) argues that even though a home equity release scheme exists as a pillar of the Australian retirement income system, it does not play a significant role in retirement funding.

⁵ Angelini, Brugiavini, and Weber (2011) document hurdles associated with using home equity through downsizing to a cheaper property in the U.K.

Finally, Chiuri and Jappelli (2010) employ data from different country-specific surveys that allowed them to construct a dataset of repeated cross-sections over time. They find that homeownership rates decline considerably after age 60. However, after controlling for cohort effects, the decline becomes much more moderate, and it does not start until after age 75. In addition, they find that cross-country variation in terms of institutions, such as tax regimes and mortgage market regulations, have an impact on the degree to which housing wealth is withdrawn during retirement.

Prior research documents that U.S seniors most frequently use the home equity release scheme (HERS) in form of the closed-end home equity loans, HELOC, and a cash-out refinancing of the primary mortgage. Home equity withdrawal and release occur at a lower rate in Europe than in the U.S., with substantial variations among the European countries.

Homeownership has long been a cornerstone of the ‘Canadian Dream’ and based on the recent survey by Mortgage Professionals Canada (2020), the recent Covid-19 uncertainty has increased the desire for homeownership. While homeownership can create opportunities to build equity and help to achieve greater financial security, most homeowners do not consider their home an asset and are emotionally attached to their residential properties (Baker and Miller, 2009). This emotional bias can impact an individual’s retirement portfolio in two ways: Emotionally charged homeowners not only exclude residential properties from their retirement portfolios but the stress of making mortgage payments or servicing debt from utilizing a home-equity release scheme post-retirement might force some homeowners to take out money from higher-income investment accounts to pay down their mortgages.

Additionally, retirement planning generally ignores home equity and focuses primarily on the use of financial assets. However, for many households, particularly those with less wealth,

home equity is much larger than financial assets (U.S. Board of Governors of the Federal Reserve System, the 2013 Survey of Consumer Finances). Bravo et al. (2019) find that the average European household's wealth is primarily held in the form of real assets, representing 82.2% of total assets owned by households. The largest component of real assets is the household's main residence, representing 60.2% of total real assets, followed by other real estate property (22.3%). We argue that the resistance to utilizing HERS to fund retirement income is due primarily to a lack of consumer knowledge, supplemented by factors such as perceived complexity, behavioral biases, personal attachment to one's home, and the impact of cost reduction and advice from financial planners. Based on the above literature, we test the following hypothesis:

H1: There are significant demographic differences in the willingness to utilize home equity release schemes to fund retirement income.

The existing literature has highlighted significant demographic differences among consumers regarding their willingness to utilize home equity release schemes. Despite their potential benefits, consumer uptake remains low. In our exploration of reasons for the lack of willingness to utilize home equity release schemes, we find that insufficient understanding of the mechanisms, benefits, and potential risks of these schemes, and lack of awareness about such products serve as significant barriers to their uptake (Ong et al. (2013); and Chia and Tsui (2005)). Further, the financial jargon and complexity of these products act as a major deterrent for considering equity-release products. Consumers often rely on financial planners for information and advice (Hung et al., 2011).⁶ Perhaps, having access to a financial planner might mitigate some

⁶ Research suggests that recommendations by financial planners increase trust and willingness to consider financial products (Collins, 2012).

of these knowledge and awareness barriers for using home equity release schemes. With the above in the backdrop, we test the following hypotheses:

H2: Consumers with access to financial planners have a greater willingness to use home equity release products.

The emotional connection to one's home, coupled with cognitive biases, also influences the decision-making process related to home equity release schemes. Shiller (2006) found that sentimental attachment to one's home, considering it a family heritage or a symbol of personal achievement, reduces willingness to consider these schemes. Moreover, cognitive biases, such as loss aversion and status quo bias, make consumers more reluctant to risk their home equity (Kahneman and Tversky, 1979). We test the following hypothesis:

H3A: Consumers depicting stronger emotional attachment to their home have a lower willingness to use home equity release schemes.

H3B: Consumers depicting greater behavioral biases have a lower willingness to use home equity release schemes.

The comfort level of financial planners in providing advice about funding retirement income using home equity products influences their advising practices. Research by Finke, Huston, and Winchester (2011) substantiates that planners who feel more comfortable with a particular financial product are more likely to recommend it to their clients. The authors further document that planners' comfort level is associated with their knowledge and understanding of the product, indicating the need for training and professional development.

Grable and Joo (1999) demonstrate that demographic factors greatly impact the financial advice rendered, as they shape the financial planner's perspective and interpretation of financial information. Martin (2007) indicates that a planner's income may influence their approach toward

advising clients due to potential conflicts of interest. Higher-income planners might feel more comfortable suggesting riskier or more complex products, like equity-release products, that have higher fees or commissions. However, Bogan (2008) argues that the relationship between demographic factors and the quality of advice is not straightforward and requires further research. Our fourth hypothesis postulates that the demographic factors of financial planners, such as age, gender, income, and educational background, significantly influence their propensity to advise on home equity products for retirement income.

H4: There is a significant impact of financial planners' demographic differences on their comfort level with recommending home equity release schemes.

Finally, we hypothesize that behavioral biases of financial planners substantially impact their advice on home equity release schemes. Planners, like all individuals, are subject to biases such as overconfidence, loss aversion, or anchoring, which can distort their advice (Duclos, 2015). For instance, loss-averse planners may avoid recommending home equity release products due to their associated risks (Tversky and Kahneman, 1991). Hence, we test the following hypothesis:

H5: Financial planners' behavioral biases significantly impact their comfort level with recommending home equity release schemes.

Therefore, in this study, we evaluate the various options for tapping into home equity for retirement funding. We also provide a comprehensive assessment of the knowledge and experiences of financial planners with the role of home equity in their client's retirement planning or for funding financial hardships, such as paying for care, nursing, or support services.

3.0 Data and Methodology

3.1 Data

We conducted 1,200 consumer surveys via Qualtrics. We required that our sample be drawn from participants aged 18 to 99 years old across Canada. We requested that Qualtrics survey 20% of individuals in the age group 18 to 39 years old, 40% of individuals in the age group 40-60, and finally, 40% of individuals in the age group 60+. In comparison as of 2022, 28% of the Canadian population is between 20-30 years old, 26% are between 40 and 60 years old and 26% is 60+. While our sample is somewhat different from the overall Canadian population breakdown, our goal was to construct a representative sample of individuals who are working and should consider retirement planning, individuals who are mid-career, and those who are closer to retirement or retired. We dropped 22 respondents who did not answer all the questions in the survey resulting in a sample of 1,178 respondents that is representative across Canada. The majority of the respondents are from Ontario (42%). This is not surprising since Ontario is the largest province by population (39% of Canada's population in Q1 2023, StatsCan). The next two provinces represented in the sample are British Columbia (14%) and Alberta (13.5%).⁷ The proportion of respondents across provinces appears to be relatively well represented based on the proportion of the population except, for Quebec. The primary reason for the underrepresentation of Quebec is that our survey was conducted in English only. This is a potential limitation of this study. However, our financial planner survey was conducted in both English and French. Finally, twenty-eight percent of the sample respondents are high school graduates, 33% have a college/university diploma, 24% report to have a college degree, 11% have a master's degree, and 3% reported to have a Ph.D. degree.

⁷ British Columbia is 14% while Alberta is 12% of the overall Canadian population.

Like the consumer survey, we utilized the Qualtrics platform to survey financial planners across Canada. Financial Planning Canada distributed the anonymous survey link to their members. The survey was conducted in both English and French. We ended up with a sample of 479 completed surveys.⁸ Thirteen percent of financial planners are from Quebec (French speaking) while 87 percent of the responses are from the rest of Canada (English-speaking). Eighty percent of the financial planners were from an urban/metropolitan setting while the remaining 20% were from a rural setting. Similar to the consumer sample, a majority of the financial planners in the sample were from Ontario (43%), followed by Alberta (16%), British Columbia (15%), and Quebec (14%). Furthermore, 47% of the planners had a bachelor's degree, 25% had a college/university diploma, 18% had a master's degree, 9% had a high school diploma while 2% had no diploma or degree.

3.2 Methodology

We estimate the following probit model to examine the influence of characteristics of consumers' attitudes towards home equity release products.

$$P(Y = 1 | X, Z) = \Phi(\beta_0 + \beta_j X + \gamma_j Z) \dots \dots \dots (1),$$

where the dependent variable Y is equal to 1 if consumers indicate that they are willing to use HERS and 0 otherwise. The vector X includes several demographic characteristics including age, gender, marital status, income levels, number of children, education level, employment status etc. The vector Z includes several other factors including level of financial comfort, expected time to retirement, attitude and emotional attachment towards current home, the impact of covid-19, use

⁸ The survey was sent to 16,500 financial planners. 718 responded to the survey (response rate 4.3%). However, in only 479 surveys all of the questions were completed. Hence, we analysed the data from only completed surveys.

of a financial planner, and factors that improve the attractiveness of HERS. Finally, we have dummy variables to control for various provinces.

Next, we utilized a Tobit model to investigate the factors explaining financial planners' comfort level with providing advice about funding retirement income using home equity. The dependent variable is the financial planners' comfort level (ranging from 0-10) in providing advice on utilizing home equity to fund clients' retirement income.

$$\text{Comfort level} = \beta_0 + \beta_j \text{Demographic Characteristics} + \gamma_j \text{Other factors} \dots\dots\dots (2),$$

where the demographic characteristics include age, gender, marital status, income, education level, employment status, and compensation structure. The other factors include total literacy score (the total number of questions the financial planners answered correctly), whether financial planners provide retirement and estate and legal services, whether their firm allows them to provide advice about reverse mortgages, and behavioral bias (mental accounting).⁹ Finally, we have dummy variables to control of various provinces.

4.0 Results

4.1 Consumer Results

4.1.1 Descriptive Statistics

In table 1, we report the descriptive statistics of the consumer sample. The average age of the respondent in the sample is 54 years, 44% of the sample are male, 60% are married, and 66% of the respondents have at least 1 child. Of those who reported having children, the average number

⁹ We assessed the proficiency of financial planners concerning diverse equity release schemes. Their total literacy score was computed by summing the number of questions they answered correctly regarding the five equity release schemes: reverse mortgage, sell and rent, sell and downsize, HELOC, and traditional mortgage.

of children is 1.83 with a maximum of 3. Furthermore, 74% of the respondents reported living in a metropolitan area compared to 26% living in a rural area. Thirty-six percent of the sample is made up of retired individuals. The average age of retirement is 60 years while those who are not retired are expected to retire at an average age of 63 years. One-third of the respondents expected to be retired for more than 25 years. Twenty-two percent expect to be retired for 10 to 15 years, 18% expect to be retired for 5 to 10 years, and 12% expect to spend less than 5 years in retirement. Furthermore, 49% of the participants indicated that they currently have a financial planner while 51% do not have a financial planner. In terms of employment status, 49% of the respondents are employed on a full-time basis, 32% are retired, and 8% are employed on a part-time basis. The remainder of the sample are retired and employed part-time (3%) and unemployed (7%).

[insert Table 1 here]

In order to gauge consumers' willingness to utilize home equity to fund retirement, we ask the following question: "would you consider using a home equity release product?" Fifty-six percent of the participants indicated that they would not consider home equity compared to 44% of participants who would consider using home equity release products. Forty-eight percent of consumers with a financial planner would consider using a home equity release product compared to 42% of consumers without a financial planner (p -value=0.051). Similarly, 46% of urban consumers would consider home equity products compared to 40% of rural consumers (Pearson Chi2 p -value=0.04). Also, there is a statistical difference between retired and not-retired individuals (p -value=0.00). For example, only 34% of retired individuals indicated that they would consider using a home equity release product compared to 50% of individuals who are not retired.

The income distribution of the sample is reported in Figure 1. Most of the respondents (37%) earn between \$30 to \$75 thousand, 10% earn less than \$30 thousand, 14% earn \$76 to \$90

thousand, 18% earn \$91 to \$125 thousand while the remainder of the sample (21%) earns above \$126 thousand.

[insert Figure 1 here]

In Figure 2, we report the level of education distribution for the respondents. Twenty-eight percent of the sample respondents are high school graduates, 33% have a college/university diploma, 24% report having a college degree, 11% have a master's degree, and 3% reported having a Ph.D. degree. The education distribution appears to be consistent with the income distribution that is majority (47%) of the sample earns \$75 thousand or less and 61% of the sample have a high school or college/university diploma.

[insert Figure 2 here]

One of the primary goals of the research is to assess consumers' attitudes towards utilizing residential property to fund retirement income and their knowledge of the various options/products available to extract cash flows from the equity built up in the residential property. Hence, we asked participants to select which HERS they are familiar with. Participants were asked to select multiple options. The results are reported in Figure 3. Seventy-four percent of the participants are familiar with reverse mortgage, 72% are familiar with HELOC, 45% rent a portion of their home, 29% sell and downsize, 8% sale and lease back, and 5% take out a mortgage (traditional mortgage). Based on the results, consumers are not very familiar with the sale of the home and lease back from the buyer as well as using a mortgage as an option to provide income during retirement. Given that consumers are very familiar with reverse mortgage and HELOC, it appears that these products are well marketed by providers and hence, consumers' perceived knowledge about these products

appears high. In addition, participants are very familiar with renting a portion of the home. It is possible that consumers rent a portion of their home (for example, the basement) prior to retirement and hence, they are very familiar with this opportunity to generate additional retirement income.

[insert Figure 3 here]

We want to determine which home HERS participants are likely to use to fund retirement income. We asked participants the following question “assume that you will fund retirement expenses using home equity, which of the following home equity release scheme are you likely to use”. We report our findings in figure 4. In terms of the number 1 ranked home equity release option, 46% of consumers selected sell and downsize, 20% selected HELOC, 15% selected reverse mortgage (15.2%), and 11% selected rent a portion of their home. Furthermore, there is no difference by gender (Pearson Chi² p-value=0.72) or whether consumers have a financial planner or not (Pearson Chi² p-value=0.95), location (p-value=0.34) or retired vs not retired (p-value =0.84). Twenty-eight percent selected HELOC, 21% selected reverse mortgage and 20% selected sell and downsize as their second choice to fund retirement income. Furthermore, there is no difference by gender (Pearson Chi² p-value=0.85) or whether consumers have a financial planner or not (Pearson Chi² p-value=0.40). The test is marginally significant for location (p-value=0.08). Even though participants rank reverse mortgage and rent a portion of their home as options/products they are very familiar with, when it comes to utilizing home equity release schemes majority did not select these as their first or second choice. It is possible that products like HELOC and reverse mortgage are perceived to be a more complex products and risky option compared to the option of selling and downsizing which may be perceived as a less complex option. In terms of retired vs not retired individuals the Pearson Chi² test for the second ranked choice is statistically significant (p-value=0.008). For example, 32% of retired individuals selected

HELOC as their second choice compared to 26% of individuals who are not retired. In comparison, more non-retired individuals selected sell and downsize (25%) as their second choice compared to 23% for retired individuals.

[insert Figure 4 here]

4.1.2 Regression Results

We estimate a probit model to examine various factors that may influence whether consumers would consider using home equity release products and the results are reported in Table 2. Married individuals are 11.2% less likely to consider home equity release products. Similarly, consumers with 2 or more children and income between \$76k to \$90k are 7.3% and 12.3% less likely, respectively, to utilize home equity products. In terms of education, the probability of using home equity products is negative for both high school graduate and those with graduate degrees (Masters' and PhD) while those with undergraduate degree is negative but not statistically significant. Individuals who are financially uncomfortable and struggle to get by are more likely to utilize home equity with a probability of 19.1%. Finally, individuals from Quebec are less likely to consider home equity products (probability of 13.1%). These findings provide supportive evidence for our hypothesis 1.

Our measure of consumers' emotional attachment (house as sense of belonging, safety and comfort as well as have very strong emotional attachment) to their home did not influence their willingness to utilize home equity release options such as reverse mortgage and HELOC which allows consumers to utilize home equity while remaining in their current home. Unlike the findings of Nakajima and Telyukova (2013, 2017) who find that bequest motive is an important factor in determining the low withdrawal rates of housing wealth, bequest motive is not likely a major

consideration when considering home equity release options for consumers in our survey. We also examine attitudes toward one's home. As expected, coefficient for the number of years lived in current home is negative and significant with a probability of 4.3%. Our findings are consistent with Poterba, Venti, and Wise (2011) who argue that home equity is often conserved until very late in life providing some insurance against the risk of living longer than expected rather than bequest motive and emotional attachment to one's home. Similarly, consumers' behavioral bias (mental accounting and recency bias) did not influence their willingness to utilize home equity in general.

In contrast, individuals who view current home as a safety net against adverse financial events are more likely to consider home equity products (probability of 2.7%). This is consistent with Venti and Wise (2004). They show that households who experience adverse events such as widowhood event or nursing home entry have decline in homeownership and in housing equity. Furthermore, reduction in costs would make home equity products more appealing and hence, consumers are more likely to consider home equity products (13.7%). Financial planners can play an important role in educating and advising consumers about the most appropriate option to utilize home equity. Home equity products recommended by financial planners and products provided by the Gov't are 9.1% and 6.7% more likely to be utilized by consumers. Finally, we find that consumers' access to a financial planner significantly impact their willingness to use home equity release schemes. The probability of considering home equity is 8.4% for consumers with a financial planner compared to those without a financial planner.

[insert Table 2 here]

4.2.0 Financial Planner Results

4.2.1 Descriptive Statistics

We report the age distribution of the sample for financial planners in Table 3. The average age for planners in the sample was 51.22 years with a minimum of 25 years and maximum of 86 years.¹⁰ In terms of gender a majority of the financial planner in the sample are male (59.5%) compared to 39% female, and 1.5% of the sample chose not to disclose their gender. Furthermore, a majority of the sample is made up of married individuals (78%) compared to only 9% single, 12% divorced/separated, and 1% widowed. As for experience as a financial planner, the average number of years worked is 17.89 with a minimum of 1 year and a max of 55 years. The average experience for English-speaking planners was 17.8 years compared to 19.3 years for Quebec French-speaking planners. In figure 5, we report that twenty-two percent of the sample was compensated by salary only while 38% by fees and commission, 8% by fees only, 16% by salary and commission, and 16% were compensated by other means. Salary and bonus and/or commission were the most cited other types of compensation.

[insert Table 3 here]

[insert Figure 5 here]

In figure 6, we report the income distribution for the sample. Forty-six percent of the planners in the sample earned more than \$200 thousand, 21% earned between \$150 thousand and \$200 thousand, 12% earned between \$125 thousand and \$150 thousand and 12% between \$90 thousand and \$125 thousand. The remaining 9% earned less than \$90 thousand. The Pearson Chi² is marginally statistically significant for location (p-value=0.088) and not significant for gender or language.

¹⁰ The average age for English speaking financial planners was 51.1 years while it was 52.1 years for Quebec French speaking financial planners. The average age for male financial planner is 52 years (median=53 years) while the average age for female financial planner is 51 years (median =52 years). In terms of location, the average age for both urban and rural financial planners is 51 years (median-52 years)

[insert Figure 6 here]

[insert Figure 7 here]

In figure 7, we report financial planners' areas of specialization. Financial planners were allowed to pick more than one choice. Retirement planning was the largest area of specialization (90%), followed by investment services (78%), insurance (55%), and taxes and estate planning/legal (47%). Others was 16% and include financial planning, cash flow planning and lending.

Next, we asked financial planners to indicate their comfort level with providing financial planning advice about funding retirement income using home equity and report the findings in figure 8. Majority of the sample (69% rated 7 to 10) appears very comfortable in providing advice on utilizing home equity to fund client's retirement income. In comparison, only 11% were not comfortable with providing such advice.

[insert Figure 9 here]

In Figure 9, we report financial planners' ranking of various options to meet client's need for extra income during retirement. Financial planners selected "sell investments" (53%) as the number 1 option to provide extra income during retirement. This is followed by sell home and move into a smaller home (20%), home equity line of credit (13%) and other option (5%). Surprisingly, reverse mortgage was ranked 6th out of 8 choices. It is important to note that selling investments have greater tax implications (capital gains) compared to reverse mortgages. However, reverse mortgages do have various costs such as interest costs, home appraisal fee, legal fees, prepayment penalty, compared to selling investments. Similarly, options like HELOC, sell and rent, sell and downsize and traditional mortgage have several costs and potential risk relative to selling investments such as stocks and bonds. The costs of the various options versus the benefits

can potentially explain why selling investments ranked highly by financial planners. Furthermore, the rankings are aligned with the results from the consumer survey where selling and downsizing and HELOC ranked high compared to the reverse mortgages and sell and rent options.

Next, given that they are familiar with these products, we asked financial planners to rank the home equity release options they are likely to recommend to clients and the findings are reported in Figure 10. In terms of the number 1 ranked option, 35% of the financial planners selected sell and downsize, 31% HELOC, 13% rent portion of the home, and 11% refinancing existing home mortgage. It is important to note that a large percentage of consumers selected sell and downsize and HELOC as their number 1 ranked choice for utilizing home equity to fund retirement income (figure 4). Only 4% of financial planners ranked reverse mortgage as their number 1 choice. As for the second rank option, 20% selected refinancing an existing mortgage, 19% for HELOC and 18% for sell and downsize. Again, 5% selected reverse mortgage as their second choice.

[insert Figure 10 here]

4.2.2 Regression Results

We estimate a Tobit model to examine the factors explaining financial planners' comfort level with providing advice about funding retirement income using home equity. The dependent variable is the financial planners' comfort level (ranging from 0-10) in providing advice on utilizing home equity to fund the client's retirement income. In Table 4, we show that as the age of financial planners increases by 1 year, the probability of being comfortable providing financial advice about retirement funding using home equity decreases by 2.9%. Hence, older financial planners are less comfortable with recommending using home equity as compared to younger planners.

We also find that the comfort level probability increases with income above \$125K, financial literacy test scores, and specialization in retirement planning and estate/legal services. The results for the literacy scores and areas of specialization are intuitive. For example, financial planners who score high on the literacy questions are knowledgeable about home equity release products. As that knowledge increases, financial planners are more comfortable providing advice about home equity release products. Similarly, financial planners who specialize in retirement or estate planning are likely to be familiar with the various home equity release options and hence, have a higher probability of being comfortable providing financial planning advice. These findings support our hypothesis 4.

[insert Table 4 here]

Financial planners with higher incomes translate their personal comfort with using home equity to their client's advice. This result highlights that the financial planners' personal biases get reflected in their client advice. This is complemented by the findings for behavioral biases. Specifically, we find that financial planners who display mental accounting bias have a lower probability of being comfortable in providing financial advice about using home equity to fund retirement income. Individuals suffering from such bias treat residential property as a different asset than financial assets. Financial planners suffering from mental accounting show their bias in their client advice. These financial planners put the personal residence in a different protected asset bucket and are not comfortable in giving advice on using residential property for funding retirement. We find supportive evidence for our hypothesis 5.

5.0 Discussion and Policy Implications

Our study makes several important contributions. One of the important policy implications of our findings is to offer educational programs to homeowners to educate them about equity

release schemes. As individuals' knowledge about the costs, benefits, and risks associated with home equity products increase, they will likely be more comfortable utilizing these products to fund retirement income. Furthermore, education and knowledge would also correct and, in certain cases, adjust for the homeowner's behavioral biases toward utilizing home equity. The individual who wants to "age in place," with the right knowledge and information, can choose to unlock home equity while continuing to enjoy the comfort of their house. Such schemes should increase the overall utility for the homeowners.

Changing demands and expectations of clients as well as the changing economic and financial environment highlights the need for a continuous and substantial awareness among financial planners of the benefits, costs, and risk of various home equity products and how these products can be utilized to fund retirement income. It is imperative that various stakeholders such as the government and financial institutions provide incentives to improve individuals' understanding of the potential of home equity release options to fund the shortfall in retirement income.

Our study also highlights the importance of financial planner recommendations in the utilization of equity release schemes by their clients. Our results further highlight the need for implementing an education program specifically targeted at financial planners. These education programs should not only provide training for on the various equity release schemes but should also highlight how planners' behavioral biases translate into their advising of the clients.

Interestingly, our univariate results based on direct questions about their attitude towards using HERS, support the life-cycle hypothesis (Yaari, 1965), which predicts that older homeowners are expected to become renters or reduce home equity to fund their retirement. However, a more robust probit model suggests that changes in the taste of homeownership due to

a wide range of life events such as family separation, being widowed and ill health, could alter the demand for housing of older people. We find some striking impact of consumer demographics on their presence for using HERS.

This extensive study is a first step towards identifying the obstacles to using equity release schemes by Canadian homeowners and outlines how the obstacles could be tackled. The recommendations from this study can prove beneficial to those working to help older people improve their quality of life, to central and local governments, and to the financial sector. While this study uses survey data from the Canadian market, the findings of this study should be generalizable to other developed markets, such as the U.S. and the European markets.

6.0 Conclusions

This study documents the challenges that homeowners with ample illiquid assets encounter when trying to access their home's equity. We discuss several home equity release schemes used in industrialized countries and how they might augment retirement income. We also look at why, despite the popularity of equity release programs, only a few people utilize them to cover financial emergencies or to fund retirement shortfalls. In this thorough study, we examine Canadian consumers' opinions on equity release as well as Canadian financial planners' knowledge, outlook, and viewpoints on offering equity release products to their clients.

We observe that the main barrier to choosing home equity release plans is education for both the consumers and financial planners. With the proper knowledge and information, a person who desires to "age in place" can make the decision to access their home equity while still living comfortably in their home. Such plans ought to improve homeowners' overall utility.

Further, we find that equity-release product cost is another major factor that influences a homeowner's decision and a financial planner's recommendations for using a home equity release scheme. The results support that these products are more attractive when their costs are reduced and when a financial planner recommends them. Finally, our findings show that, in addition to the perception of these products' complexity is a key factor in the reduced willingness to utilize home equity release schemes. However, emotional attachment and behavioral bias did not influence consumers' willingness to utilize home equity release schemes.

Our findings have substantial policy ramifications, one of which is the provision of educational programs to homeowners to inform them about equity release plans. Homeowners will probably feel more at ease using home equity instruments to fund retirement income as their awareness of the costs, advantages, and risks involved with them grows.

Furthermore, the homeowner's behavioral biases against using home equity would be corrected and, in some situations, adjusted for by education and information. Our study further emphasizes how crucial financial adviser suggestions are in helping their customers choose equity release plans. Our findings further demonstrate the necessity of putting in place a financial planner-specific education program. Along with instruction on the different equity release plans, these educational programs ought to show how planners' behavioral biases affect the advice they give to customers.

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Figure 1: Income Distribution

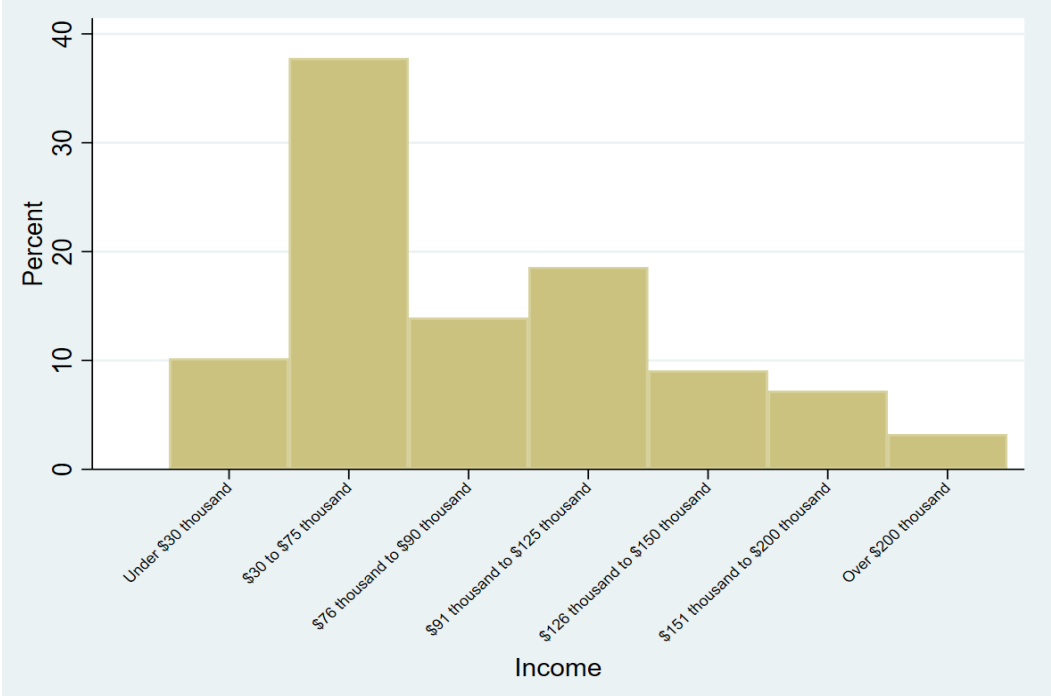


Figure 2: Education

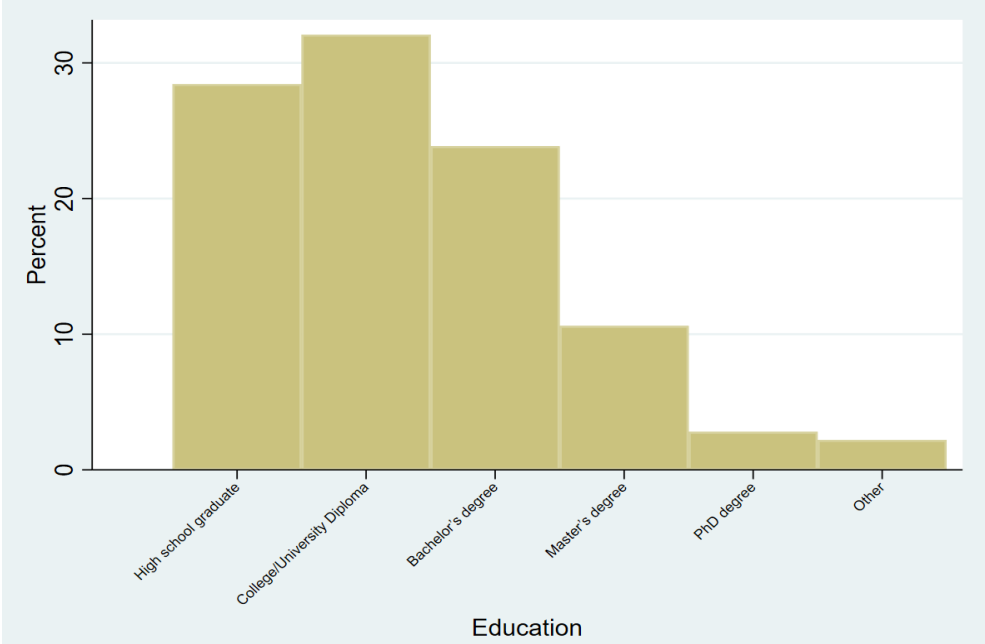


Figure 3: Familiarity with Home Equity Release Scheme

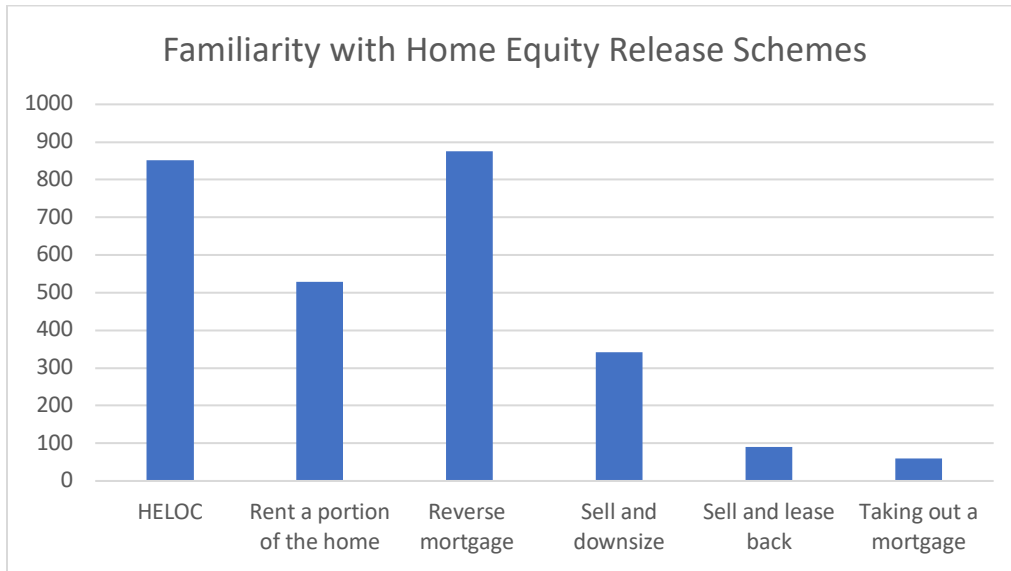


Figure 4: Home Equity Scheme to Fund Retirement

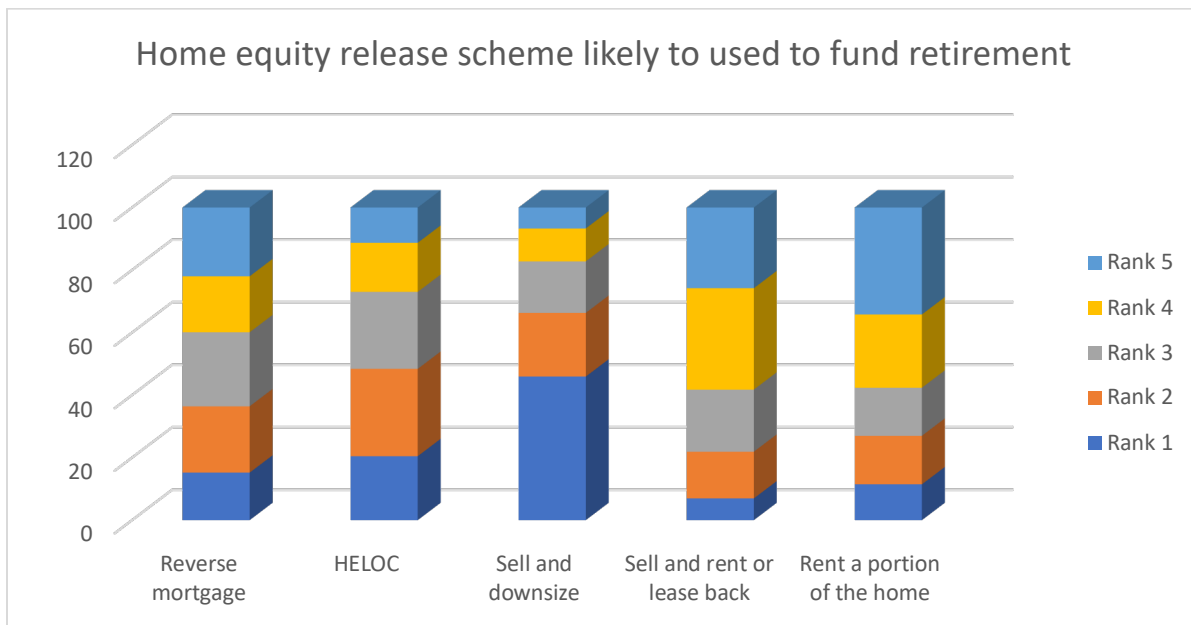


Figure 5: Compensation

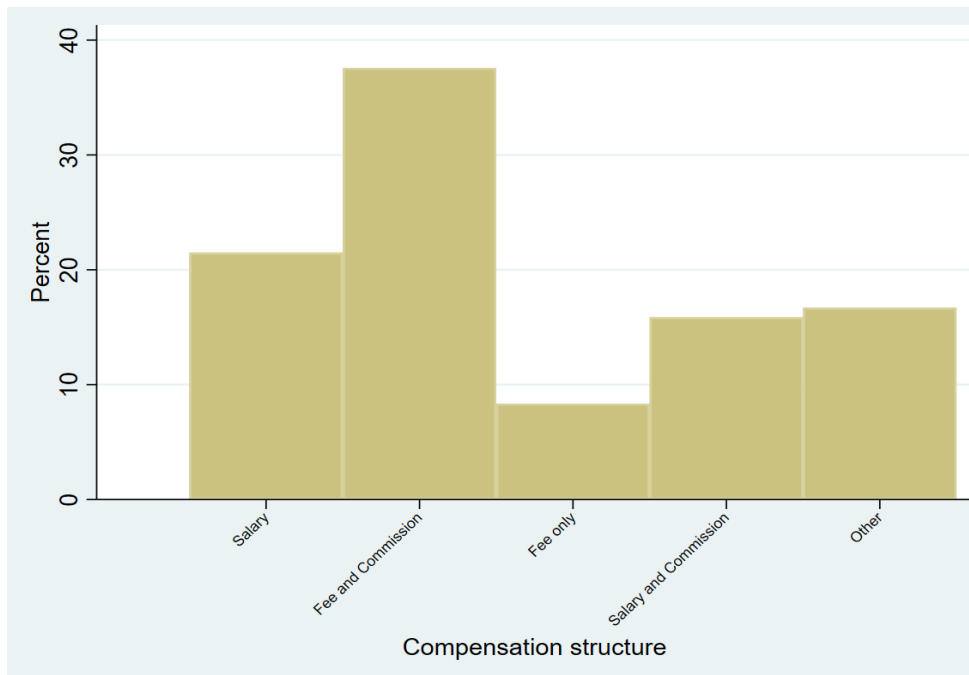


Figure 6: Income

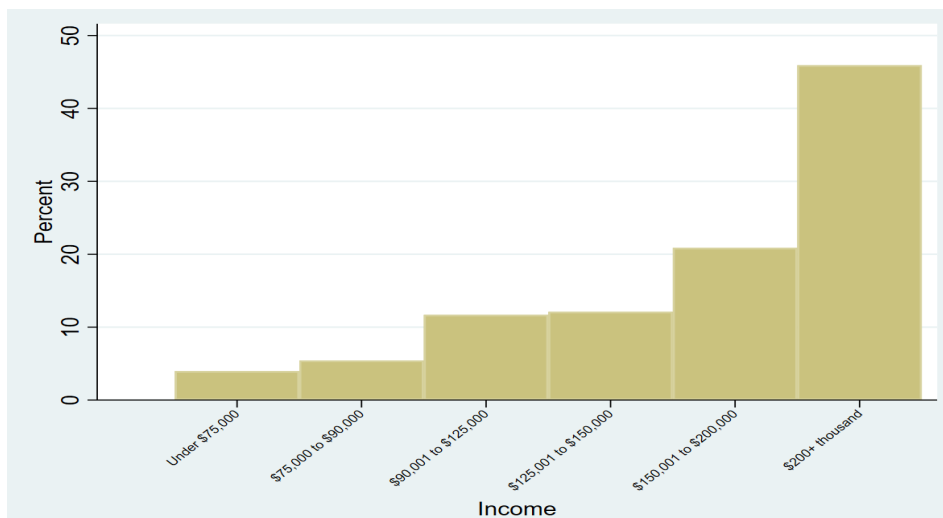


Figure 7: Areas of Specialization

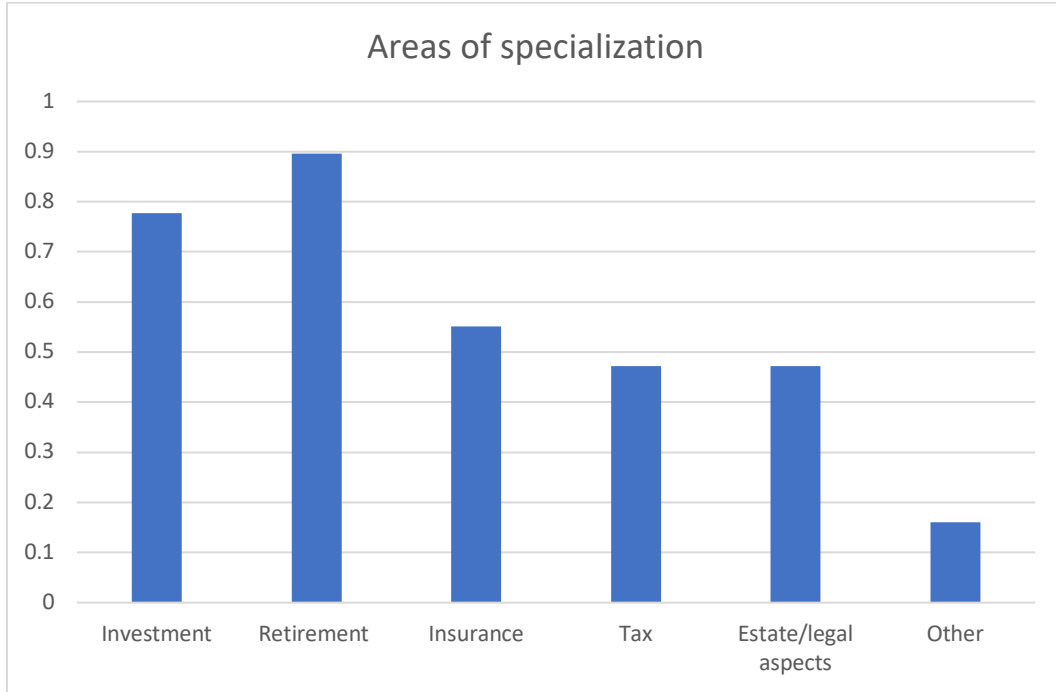


Figure 8: Financial planning advice about funding retirement income using home equity.

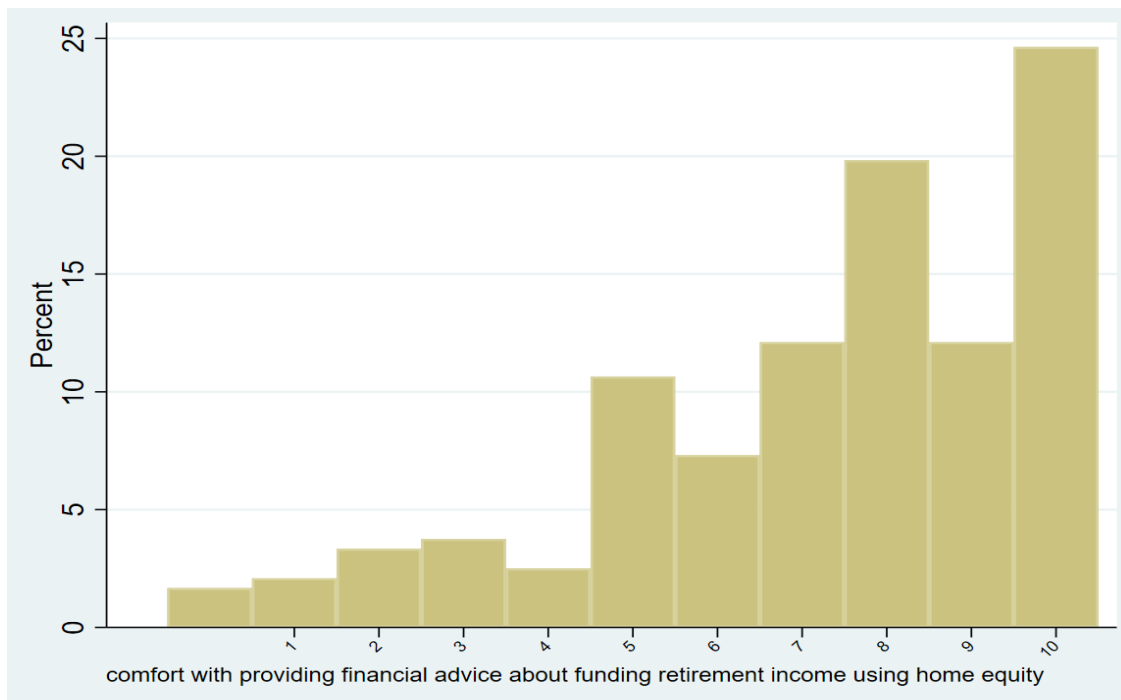


Figure 9: Preferred option to provide extra income in retirement.

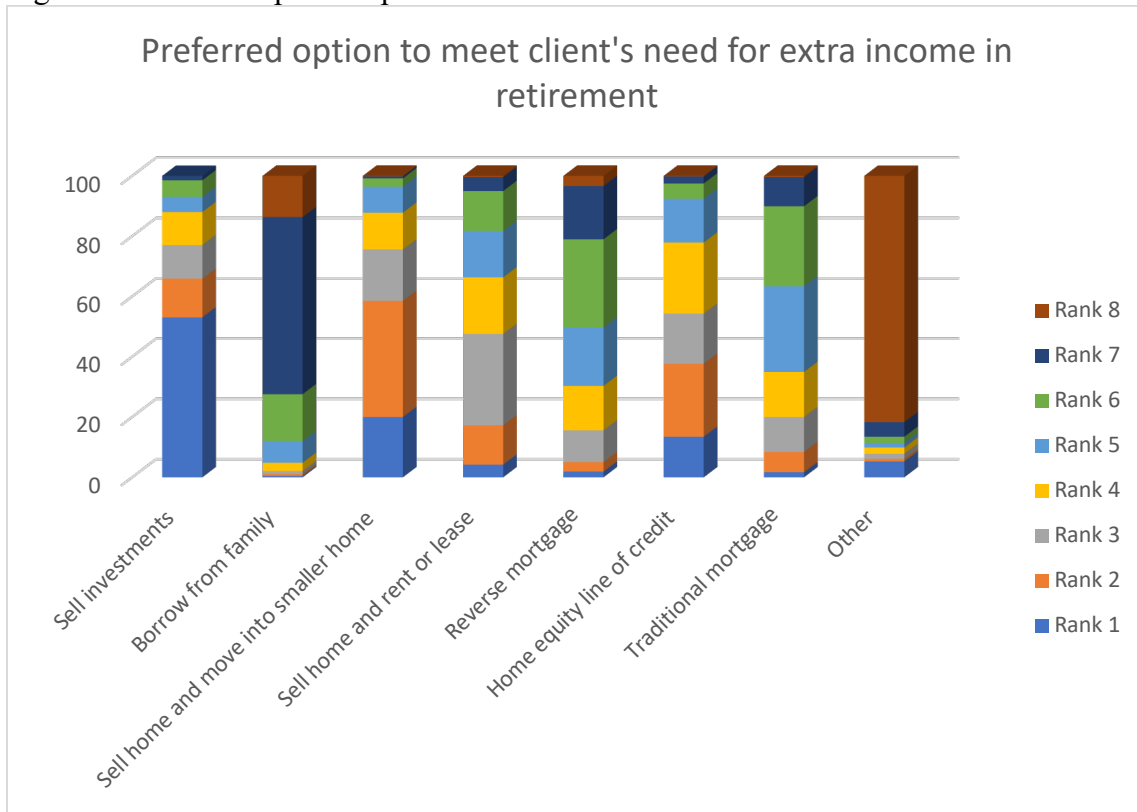


Figure 10: HERS option likely recommended by financial planners.

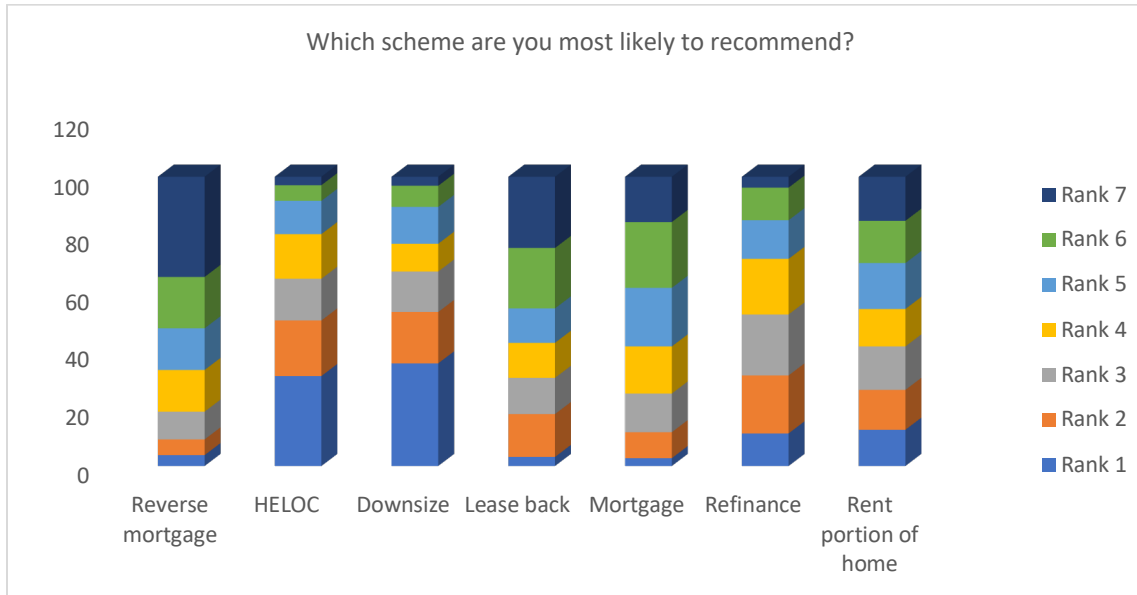


Table 1: Descriptive Statistics for Consumers

	Obs.	Mean	Std.
Age	1,178	54.26	14.30
Male	1,178	0.44	0.49
Married	1,178	0.60	0.46
Children	1,178	0.66	0.47
# of Children	710	1.85	0.70
Urban	1,178	0.74	0.44
Age retired (years)	423	60.11	6.78
Age expected to retire (years)	755	63.42	8.10
Employ a financial planner	1,178	0.49	0.50
Full-time employment	577	0.49	0.50
Retired	377	0.32	0.46
Part-time employed	94	.08	0.27
Financial Planner	1,178	0.49	0.50
Home Equity to Fund Retirement	1,178	0.44	0.50

Table 2: Probit model for the use of home equity release products

The dependent variable is equal to 1 if consumers indicate that they are willing to use home equity products and zero otherwise. All other variables are defined in the methodology section.

VARIABLES	HER Products Predicted prob.
Age	-0.0034 (0.0317)
Male	-0.0101 (0.0343)
Married	-0.1118* (0.0579)
Widowed	-0.0644 (0.0885)
Divorced/separated	-0.0575 (0.0711)
Children: 2+	-0.0728** (0.0341)
Household occupant -Spouse/partner	-0.0400 (0.0586)
Urban	0.0247 (0.0387)
Income: \$30 to \$75 thousand	-0.0232 (0.0603)
Income: \$76 thousand to \$90 thousand	-0.1227* (0.0719)
Income: \$91 thousand to \$125 thousand	-0.0310 (0.0722)
Income: \$126 thousand to \$150 thousand	-0.0182 (0.0826)
Income: \$151 thousand to \$200 thousand	-0.0218 (0.0884)
Income: Over \$200k	0.1524 (0.1110)
Education: Undergraduate	-0.0122 (0.0411)
Education: Graduate	-0.0926* (0.0541)
Education: High school	-0.0720* (0.0431)
Part-time employed (not retired)	0.0760 (0.0685)
Full-time employed	0.0829 (0.0519)
Unemployed	0.0990 (0.0753)
Retired and part-time employed	0.0607 (0.0885)
Expected years retired: 5-10Years	0.0223 (0.0577)
Expected years retired: 10-15Years	0.0223 (0.0566)
Expected years retired: 15-20Years	-0.0045 (0.0716)
Expected years retired: 20-25Years	-0.0563 (0.0740)

Expected years retired: over 25Years	-0.0221 (0.0540)
Financially comfortable, but have to watch what I spend	0.0625 (0.0392)
Financially uncomfortable, sometimes have to make financial choices	0.0699 (0.0554)
Financially uncomfortable, struggle to get by	0.1911** (0.0786)
Some financial knowledge who requires help and guidance	0.0111 (0.0595)
Good financial knowledge who rarely requires help or guidance	0.0416 (0.0610)
Excellent financial knowledge who never requires help or guidance	0.0229 (0.0823)
Excellent financial knowledge who never requires help or guidance AND who tends to guide others	0.0291 (0.1041)
Decision maker: Self	0.0589 (0.0391)
Years lived in current home – attitude towards home	-0.0043*** (0.0015)
Current home - stay during my retirement	0.0129 (0.0113)
Keeping my current home to passed to my children	0.0046 (0.0103)
Current home - safety net against adverse financial events	0.0266* (0.0136)
Cost reduction of HER products	0.1373*** (0.0284)
HER products recommended by friends and family	-0.0118 (0.0299)
HER products recommended by financial planner	0.0911*** (0.0271)
HER products provided by the Gov't	0.0670*** (0.0258)
Financial planner	0.0838** (0.0340)
My house provides me a sense of belonging, safety and comfort	0.0001 (0.0144)
Very strong emotional attachment to my house.	-0.0105 (0.0110)
View my house as a separate asset from my retirement assets (behavioral bias)	-0.0190 (0.0116)
The value of my house will continue to increase regardless of the underlying economic conditions. (behavioral bias)	-0.0026 (0.0144)
COVID-19 has changed the way I see my house	0.0187** (0.0092)
British Columbia	0.0566 (0.0613)
Manitoba	-0.0625 (0.0764)
New Brunswick	-0.1258 (0.1016)
Nova Scotia	0.0566 (0.0921)

Newfoundland	-0.1327 (0.1103)
Ontario	0.0364 (0.0509)
Prince Edward Island	-0.2488 (0.1762)
Quebec	-0.1308** (0.0629)
Saskatchewan	-0.0034 (0.0883)
Observations	1,176

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

NOTE: All predictors at their mean value

Table 3: Descriptive Statistics for Financial Planners

	Mean	Std Dev
Age	51.2	11.56
Male	0.59	0.48
Married	0.78	0.73
Urban	0.80	0.40
Experience as FP (years)	17.89	9.96

Table 4: Comfortable providing financial planning advice about funding retirement income using home equity products.

The dependent variable is the financial planners' comfort level (ranging from 0-10).

VARIABLES	Predicted prob.
Age	-0.0291** (0.0130)
Male	0.2354 (0.2257)
Married	0.1975 (0.4238)
Widowed	2.4024** (1.0581)
Divorced/separated	0.5227 (0.5056)
Urban	0.0754 (0.2731)
Graduate Education	0.3102 (0.2778)
Income	0.5991** (0.2935)
Experience # of years	0.0211 (0.0147)
Salary & Commission	0.0427 (0.3259)
Fee and commissions	0.3558 (0.3163)
Total literacy score	0.2205*** (0.0427)
Retirement planning	0.6315* (0.3672)
Estate and legal	0.6264*** (0.2220)
Firm allows me to provide advice clients about reverse mortgages	0.0125 (0.3606)
Not sure if my firm allows me to provide advice about reverse mortgages.	-0.5818 (0.3669)
Mental accounting bias	-0.1757*** (0.0600)
British Columbia	-0.2421 (0.3777)
Manitoba	-0.7604 (0.6317)
New Brunswick	-1.3538 (1.0132)
Newfoundland and Labrador	-0.9756 (1.6848)
Nova Scotia	0.5831 (0.9965)
Ontario	-0.0661 (0.3162)
PEI	1.0598 (1.6925)
Quebec	-0.4303

Saskatchewan	(0.4047) -1.4258** (0.5981)
Observations	479

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

NOTE: All predictors at their mean value

Appendix A

A sample of the consumer survey questions.

Home Equity Release Scheme

HER1. A home equity release scheme allows you to withdraw equity wealth built-up in your home. Which of the following home equity release scheme are you familiar with?

[Multiple response] [Rotate 1-6]

1. Reverse mortgage (A reverse mortgage is a loan that allows you to get money from your home equity without having to sell your home.)
2. Home equity line of credit (A home equity line of credit (HELOC) is a secured form of revolving credit. The lender uses your home as a guarantee that you'll pay back the money you borrow.)
3. Sell and buy a smaller home
4. Sell and rent or lease your home back
5. Rent a portion of the home
6. Taking out a mortgage on the home

HER2. Assume that you will fund retirement expenses using home equity, which of the following home equity release scheme are you likely to used? Please rank mostly like to least likely

[Multiple response] [Rotate 1-5]

1. Reverse mortgage
2. Home equity line of credit
3. Sell and downsized
4. Sell and rent or lease back
5. Rent a portion of the home

HER 3. Would you consider using a home equity release product?

- Yes
- No

IF Yes, then show HER 3B

HER 3B. Why have you considered using a home equity release product? Please rank the options from most likely (1) to least likely (10)

1. I needed to pay for repairs, renovations of modifications to my home
2. I needed money for living expenses/regular bills
3. I needed to repair or replace my car
4. I needed money to replace home appliances e.g. fridge, washing machine etc.
5. I wanted to give some money to my children/grandchildren
6. I had or expected to have a medical bill to pay
7. I needed funds to pay for aged care, nursing or support services

8. I wanted to clear some debts
9. I just wanted some extra cash so I could enjoy a better lifestyle
10. Other (please specify)

HER 4. What would be the maximum amount you would be comfortable accessing via an equity release product?

[Single response] [Do not rotate]

1. Less than \$20,000
2. \$20,001 - \$50,000
3. \$50,001 - \$100,000
4. \$100,001 - \$200,000
5. \$200,001 - \$300,000
6. \$300,001 - \$400,000
7. \$400,001 - \$500,000
8. More than \$500,000

HER 5. What are reasons for not considering home equity release product to fund retirement?

Please rank the options from most likely (1) to least likely (16)

1. Lack of knowledge
2. Able to fund retirement with other means
3. Lack of advice from financial planner
4. I don't think I need the product yet
5. I am confused about how these products work
6. I am not able to access the amount I need
7. I am concerned about going into debt
8. I am concerned about how much the product is ultimately going to cost
9. I am concerned about the terms and conditions
10. I am concerned about the impact it will have on what I am able to leave for my children
11. I am concerned about what my family and friends will think
12. I am concerned about the impact it will have on my eligibility for government retirement benefits
13. I am concerned about what would happen if the value of the loan ended up being greater than the value of my home
14. I am concerned about being forced to sell my home early
15. I am concerned about not having enough money left to pay for care or other future needs
16. Other (please specify)

HER 6. What impact would the following have on the appeal of equity release products?

	This would not make equity release products any more appealing	This would make equity release products somewhat more appealing	This would make equity release products much more appealing
If the costs associated with equity release products were reduced			

If an equity release product were recommended to me by a friend or family member			
If an equity release product were recommended to me by a financial adviser/planner			
If there were positive media coverage of equity release products			
If the products were provided by the government			
If there was a government guarantee applying to equity release products guaranteeing my right to live in my home as long as I wish			

Emotional Attachment and Behavioral Bias Questions

OQ1. My house provides me a sense of belonging, safety and comfort.

[Single response] [Do not Rotate]

- Strongly disagree
- Disagree
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree
- Agree
- Strongly agree

OQ2. I have a very strong emotional attachment to my house. For example, it is where my child/children were raised.

[Single response] [Do not Rotate]

- Strongly disagree
- Disagree
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree
- Agree
- Strongly agree

OQ3. I view my house as a separate asset from my retirement assets.

[Single response] [Do not Rotate]

- Strongly disagree
- Disagree
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree
- Agree
- Strongly agree

OQ4. In general, the value of my house will continue to increase regardless of the underlying economic conditions (Recency bias).

- Strongly disagree
- Disagree
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree
- Agree
- Strongly agree

Appendix B

A sample of the financial planner's survey questions.

Retirement Knowledge

R1. How comfortable are you in providing financial planning advice about funding retirement income using home equity?

0 – Not at all comfortable 10 – Extremely comfortable

R2. If your client needs extra income in retirement, what options would you consider recommending as a source of income? Please rank the options in order of importance.

[Multiple response] [Rotate 1-8]

1. Sell investments
2. Borrow from family
3. Sell home and move into smaller home
4. Sell home and rent or lease
5. Reverse mortgage
6. Home equity line of credit
7. Traditional mortgage
8. Other (please specify)

Home Equity Release Scheme

HER1. A home equity release scheme allows clients to withdraw wealth invested in your home. Which of the following home equity release scheme are you familiar with?

[Multiple response] [Rotate 1-7]

7. Reverse mortgage
8. Home equity line of credit
9. Sell and downsize
10. Sell and rent or lease back
11. Traditional mortgage
12. Refinance existing home
13. Rent out portion of the home

HER2. Assuming that your client will fund retirement expenses using home equity, which of the following home equity release scheme are you most likely to recommend? Please rank mostly like to least likely

[Multiple response] [Rotate 1-9]

1. Reverse mortgage
2. Home equity line of credit
3. Sell and downsize
4. Sell and rent or lease back
5. Traditional mortgage
6. Refinance existing home
7. Rent out portion of the home

HER 3. What would you consider when making a recommendation for using home equity to fund retirement income? Please rank most important to least important.

[Multiple response] [Rotate 1-9]

1. Costs and fees
2. Amount needed
3. Risk to retiree
4. Tax implications
5. Retiree's emotional attachment to their home
6. Bequest motive
7. Implications for government-funded retirement income sources, such as GIS and OAS
8. Amount of equity in home
9. Others (please specify)

Other Questions

OQ1. I view my client's house as a separate asset from other retirement assets.

(Mental accounting bias)

- Strongly disagree
- disagree
- Somewhat disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Agree

- Strongly agree