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Aviva equity release video script Module 2: Refer or get qualified in equity release

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Hello and welcome to our second CPD module.

In module one, we looked at how equity release can be an attractive option for many customers. At the end of the module, you should have read our 'Customer Profiles' guide. You should also have updated your fact find to initiate conversations about how your clients might want to use their property as part of their retirement planning.

As an adviser, you'll have met customers who could benefit from using equity release for many reasons, such as paying for home improvements, or helping out their family financially.

Lifetime mortgages, which make up 99% of the equity release market¹, are an advised only product. To help your clients make the most of what a lifetime mortgage could offer them, you'll need to be qualified to write equity release business. Or, perhaps you're thinking about referring business to a trusted partner qualified in equity release. If your back book has a wealth of suitable clients, this could be another revenue stream to add to your business.

In this module, we'll look at how to get qualified and what that entails. We'll also speak to an adviser who's recently gained the qualification in equity release. We'll look at what to expect when writing a typical lifetime mortgage case, and we'll talk about referring business too.

Is qualification for you?

Before you go ahead with gaining your qualifications, there are a few important questions you need to ask yourself:

- First, how will you set up your business? For instance, you'll need to ensure you have adequate personal indemnity insurance. This could protect you in the event of a negligence claim, covering legal costs and any compensation payable to a client. You can find out more about indemnity insurance on the FCA's website.
- Second, if you work as part of a firm, what is their appetite to write equity release business? And do you already have qualified equity release advisers within your firm?
- And finally, how will you recruit clients? We'll look at this more closely in Module Three, but think about how your current client base aligns to the customer types and uses for equity release outlined in Module One. Will you need to recruit additional customers beyond your normal back book?

¹ Mintel, Equity Release Schemes UK, May 2017

Interview with a recently qualified equity release adviser

Now let's hear from an adviser who's recently qualified in equity release.

Daniel, thanks for joining us today. So you've recently been through the qualification process, you've recently qualified, congratulations. Could you just explain to us, what was it made you think now's the right time to go about getting this qualification?

Well, I've been a mortgage broker for over ten years now so I'm used to lending, and equity release just seemed a natural fit to the service I already offer to clients. And it's also a growing market, so I'm getting asked quite a lot now by existing and new clients about equity release and if it is an option for them. And I guess a good position that the mortgage adviser's in is that they can talk about your traditional mortgage options and equity release, and hopefully try and find the right fit for that individual client.

Brilliant. And now, we've talked about gaining this qualification – you've actually been through it. Could you maybe just lift the lid and explain to us what was involved and maybe how much time you had to commit to getting the qualification?

Yeah, so I recently qualified at the end of 2017. I'd already got the CeMAP qualification so I could go straight into the equity release exam. It was a multiple choice examination which you can do at your local driving test centre. I think it was about over two hours. And the good thing for me was that you could do your studying at your own pace so there weren't any time restrictions, so you could do it as quickly or as slow as you want to do it.

Brilliant, and it sounds like you would recommend this route to advisers, to expand their portfolio?

I think so. As I said earlier, it's a natural fit for a mortgage broker. We tend to do typical mortgages up to the age of 70, but beyond that if somebody can't prove their income, or for various other reasons they don't want a traditional mortgage, I just think equity release is another option to offer, you know, to offer clients.

And now that you're qualified, how are you actually bringing the qualification to life in your day to day business?

It's something I'm starting to promote a lot more, because it just gives clients more options. One of the big ones I'm seeing already is first time buyers who can't get a deposit for their house – their parents now are looking at equity release as an option to provide that. Or there's also inheritance tax planning. And also, it's probably going to become part of people's pensions provisions as well – not for everybody, but it is an option to consider for potential clients.

And you see the market growing in the years to come?

Definitely, it's already growing in the markets – I can only see it increasing year on year.

Fantastic, thanks Daniel.

Pleasure.

So, let's take a closer look at how you can go about getting qualified in equity release.

Routes to qualification

When it comes to qualifying, there are two paths you can follow. The Chartered Insurance Institute and the London Institute of Banking & Finance – they both offer qualifications in equity release.

With the CII, you can take the Level 3 Certificate in Equity Release. To get this qualification, you'll need to take three of four modules from the Personal Finance qualifications framework. It's also worth checking whether any existing qualifications you have could count towards this.

If you choose the London Institute of Banking & Finance, you can take the Certificate in Regulated Equity Release. You'll need to have already completed either the Certificate in Mortgage Advice and Practice or an equivalent Level 3 mortgage life advice qualification, to be able to get this new qualification.

Both options offer module based exams with multiple choice questions.

And you can read more about what these qualifications involve in our 'Getting Qualified' guide. We also have a range of sample papers, test questions and revision notes to support you through your exams.

What to expect when you write your first case

Once you've got your qualifications under your belt, you're ready to write your first case. Here's the typical process when writing a lifetime mortgage.

Firstly, you'll have a conversation with your client to carry out a fact find and make a recommendation. Your client should also involve their family where applicable, as it's important for them to be part of the decision-making process.

If your client wants to proceed, you'll complete the application form on their behalf and your client will need to appoint a solicitor.

The equity release provider will carry out a valuation survey of the property, and your client will meet with their solicitor to ensure that they have agreed and understood the terms of the loan.

Your client will then sign the legal document before the money is transferred.

And on average, it takes 8-12 weeks to complete a case from start to finish.

If you choose Aviva as your lifetime mortgage provider, our support team are always on hand to help you every step of the way.

Referring business

Research carried out by Aviva in 2016 suggested that 72% of advisers not writing equity release business themselves do not refer enquiries elsewhere². This may mean that customers don't receive the advice that they need. And for advisers, that means a missed opportunity.

If you're not ready to get qualified just yet, you could start by referring potential lifetime mortgage customers to a trusted partner. This is a good way to get to know the product and learn how to identify customers who could benefit. It can also provide an additional income stream as you'll often earn commission from referring business.

Our 'Referrals guide' is designed to help you understand what to look for in a potential referrals partner, and how to set this process up in a compliant way.

Complete your CPD requirements

To gain your CPD credits for this module, make sure you read the two supporting guides - "Getting qualified" and "Referrals best practice".

And in Module Three, we'll guide you through the best ways to grow your client base, have effective conversations with your clients, manage your marketing and choose the right products.

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² Aviva Equity Release Adviser Survey, February 2016