

MEDIA RELEASE

Household Capital enters Australian retirement sector with innovative new retirement loan

Transferring home equity to fund retirement helps older Australians ‘Live Well At Home’

March 6, 2019 – Household Capital, an independent, specialist retirement funding provider, announced today it has entered the Australian retirement sector with an innovative loan product that allows retirees to use equity in the family home to fund retirement expenses, enhance income or provide financial support to their children and other family members.

Household Capital provides Australian home owners access to additional retirement funds by using a low interest rate loan to transfer a portion of the value of their homes into their superannuation fund or an investment account. Those who access the loan have guaranteed lifelong occupancy of their home and never have to repay more than the value of their home.

The Household Loan is designed to meet the needs of Australian retirees by allowing them to balance their savings, continue to grow their assets during retirement, and harvest a sustainable income from their investments.

Joshua Funder, Chief Executive Officer of Household Capital, said Australians were living longer but many did not have enough super savings to provide sufficient income throughout retirement.

“Retirees want to stay at home, but many are struggling to make ends meet as they age,” Mr Funder said. “Our goal is to deliver a values-based service to help Australian retirees *Live Well At Home*.”

“We combine a retiree’s home equity, superannuation and aged pension to provide adequate, reliable, lifelong retirement funding while the retiree continues to live at home.

“It provides responsible and flexible access to lifetime savings, allowing retirees to make sound economic and lifestyle choices.”

There is currently over \$900 billion in untapped home equity owned by Australian retirees, with approximately 80% of retirees owning their own home.

Yet the average retiree’s super balance lasts only 10-15 years into retirement, leaving many Australians living on inadequate income or reliant on the age pension in their final years.

The Household Loan allows retirees to access their home equity to:

- Enhance retirement income delivered through superannuation or investment accounts
- Pay for home renovations throughout retirement
- Fund in-home health and aged-care costs
- Support other family members with first home deposits and education expenses
- Fund the transition to supported aged care accommodation

- Refinance home loans where repayments reduce retirement income
- Guarantee lifetime home occupancy.

Competitive rates

Household Capital has accessed wholesale funding to offer customers highly competitive interest rates, significantly lower than those previously charged by the banks.

Household Capital does not pay commission or trailing commission to brokers and there are no 'break costs' or hidden fees. Instead, Household Capital's financial services are delivered alongside superannuation funds or financial advisers to fit each retiree's specific needs.

Household Capital receives an establishment fee to cover the costs of putting the loan in place and interest is charged on the capital drawn from a person's home. The final amount is paid when the person leaves the home and the house is sold.

Mr Funder said Household Capital's proposition appealed to a broad range of home owners because it was suitable for all stages of retirement.

"Household Capital's loan is suitable for people approaching retirement who have a low superannuation balance that needs a boost," Mr Funder said. "It also works for those people in mid-retirement who may have depleted their superannuation and need more income, as well as those retirees who may need funding for the transition to supported care."

Broader economic benefits

Nick Sherry, Household Capital Chair and former Federal Minister for Superannuation, said governments around the world were struggling with the dilemma of ageing populations and smaller workforces - at a time when the costs of healthcare, aged care and pensions are increasing.

With Australia's median household superannuation balance at retirement currently around \$200,000 and the median value of home ownership at retirement \$700,000 - Household Capital's offering potentially releases billions of dollars into the economy to meet the real needs of retirees and their families, Mr Sherry said.

"For many Australians, ageing in the home you've been living in helps maintain family and community networks and use of local services," Mr Sherry said.

"Selling the family home can result in loss of entitlement to the aged pension and the cost of buying and moving to a new home can mean significant loss of capital.

"We want to make a significant positive impact on the wellbeing of retired Australians. The substantial savings held by Australians in their family homes is a largely untapped resource that can be better utilised to help retirees live well at home."

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About Household Capital

Household Capital is an Australian-owned independent retirement funding provider founded in 2016 with the aim of helping retired Australians 'Live Well at Home' by offering retirees a responsible and sustainable financial solution that allows them to bundle their superannuation savings, equity in their home as well as their aged pension to achieve their retirement goals whilst continuing to live at home.
www.householdcapital.com.au

About Joshua Funder

Josh Funder is CEO and Managing Director of Household Capital. He has served as chairman and director of U.S. and Australian companies and worked with the Clinton Foundation HIV/AIDS Initiative, helping to successfully negotiate reduced prices for anti-retrovirals and initiate pharmaceutical supplies across eastern and southern Africa. Josh earned Bachelor of Science and Bachelor of Law degrees at Melbourne University, and an Advanced Law Certification degree at the London School of Economics. He gained a Doctor of Philosophy degree in intellectual property for biotechnology from Oxford University, where he studied as a Rhodes Scholar.

Full biographical details can be found at www.householdcapital.com.au/about/

About Nick Sherry

Nick Sherry is the Chairman of Household Capital. He was a Senator for Tasmania for 22 years and Federal Minister for Superannuation and Corporate Law, Assistant Treasurer and Small Business Minister. Nick has contributed to the global development of public policy and industry practice in Defined Contribution pension systems, and he's served as adviser to Insurance Ireland on Pension Reform and as Governor of the Pension Policy Institute (UK). He is a Fellow of the Australian Institute of Superannuation Trustees and a Graduate of the Australian Institute of Directors.

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