



Fannie Mae™

Older Homeowners: Accessing Home Equity in Retirement

National Housing Survey®

Topic Analysis
Q2 2016





Research Methodology: Q2 2016

- Each month, beginning in June, 2010, approximately 1,000 live (not automated) telephone interviews with Americans age 18 and older via landline and cell phone are conducted by Penn Schoen Berland (PSB), in coordination with Fannie Mae. For the sample to accurately represent the U.S. population, 60% of calls are made to cell phones. The margin of error for the total sample is $\pm 3.1\%$ at the 95% confidence level and larger for sub-groups. Most of the data collection occurs during the first two weeks of each month. Additionally, in Q2 2016, an oversample of 93 older (55+) homeowners was conducted.
- The General Population data presented in this study has been weighted to make it reflective of the U.S. Census Bureau's American Community Survey demographic statistics in terms of gender, age, race/ethnicity, income, education, housing tenure, and the Centers for Disease Control (CDC) National Health Interview Survey (NHIS) phone type statistics. The total set of older (55+) homeowners has been weighted to make it reflective of the American Community Survey demographic statistics in terms of gender, age, race/ethnicity, income, and education.
- Respondents can volunteer a "don't know" response on each question, which is why, in some cases, the total responses may not add up to 100%.

Q2 2016 Sample	Sample Size	Margin of Error
General Population	3,011	$\pm 1.76\%$
Older Homeowners <ul style="list-style-type: none">• Age 55+• Own a home outright or have a mortgage• <i>Sample was supplemented with targeted oversample</i>	1,071	$\pm 2.98\%$



A sizable minority of older (55+) homeowners are concerned about their finances in retirement, but the vast majority don't want to tap into their home equity, often citing aversion to debt. However, debt products are not always understood.

Financial Security in Retirement

- 37% of all older homeowners are concerned about their financial situation in retirement, with the share rising to 43% among older homeowners with a mortgage.

Available Home Equity

- Older homeowners estimate that they have substantial home equity, and a majority believe they could get approved for significant new mortgage debt.
 - Median home equity among older homeowners with a mortgage is estimated at \$100,000, and the figure rises to \$180,000 for outright homeowners. Furthermore, about two-thirds of older homeowners believe they could get approved for at least \$50,000 in new mortgage debt, with 44% believing they could get approved for at least \$100,000.

Outlook Towards Tapping Home Equity

- Although older homeowners believe they have substantial home equity available, 90% are not interested in tapping into that home equity, with 4 in 5 not at all interested.
 - Among those not interested in tapping into home equity, 37% say they don't want to have the debt and 32% say they don't need the money.
 - Among the small group of older homeowners who are interested in tapping home equity, the largest share (42%) say their preferred method would be to sell the home and downsize.

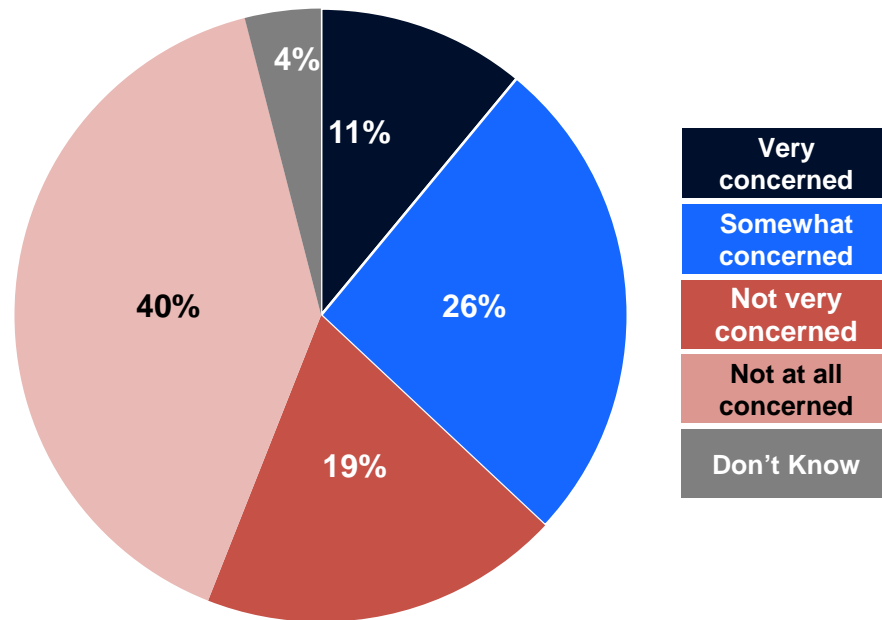
Debt Products for Tapping Home Equity

- Older homeowners are not always familiar with debt products for tapping home equity. For those familiar with reverse mortgages, fear of getting scammed is the most frequently cited concern.
 - About three in five are familiar with home equity loans or HELOCs and about half are familiar with reverse mortgages.
 - Fear of getting scammed is cited as a concern by 20% of those familiar with reverse mortgages, but data on concerns are limited because most older homeowners aren't seriously considering reverse mortgages.



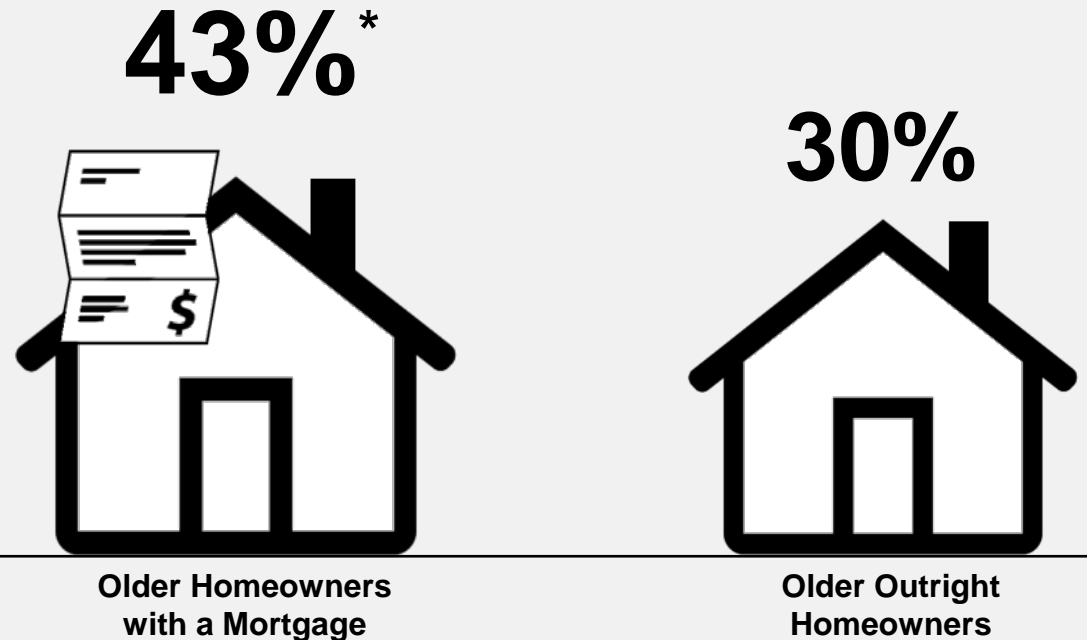
Nearly 4 in 10 older homeowners are concerned about their financial situation in retirement. Those who have a mortgage are significantly more likely to be concerned than outright owners.

How concerned are you about your personal financial situation in retirement?



Full data is available in the appendix.

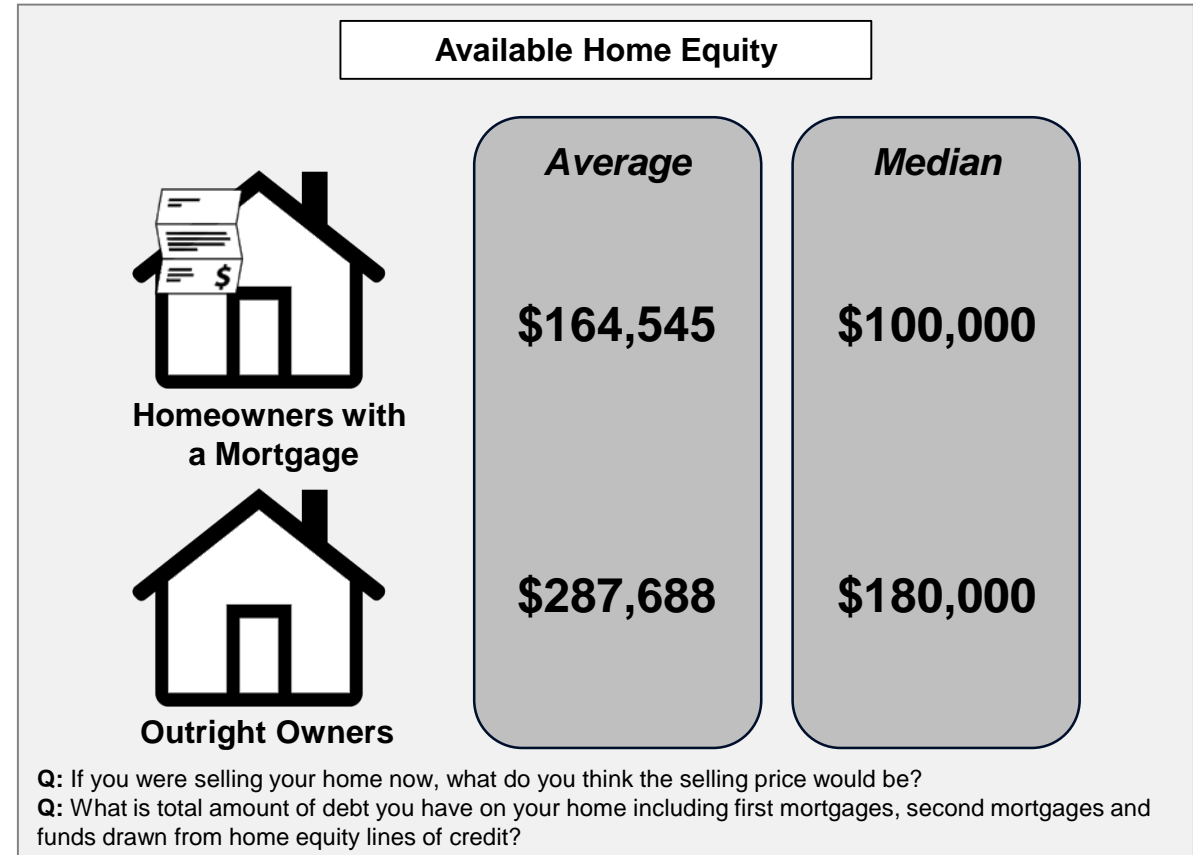
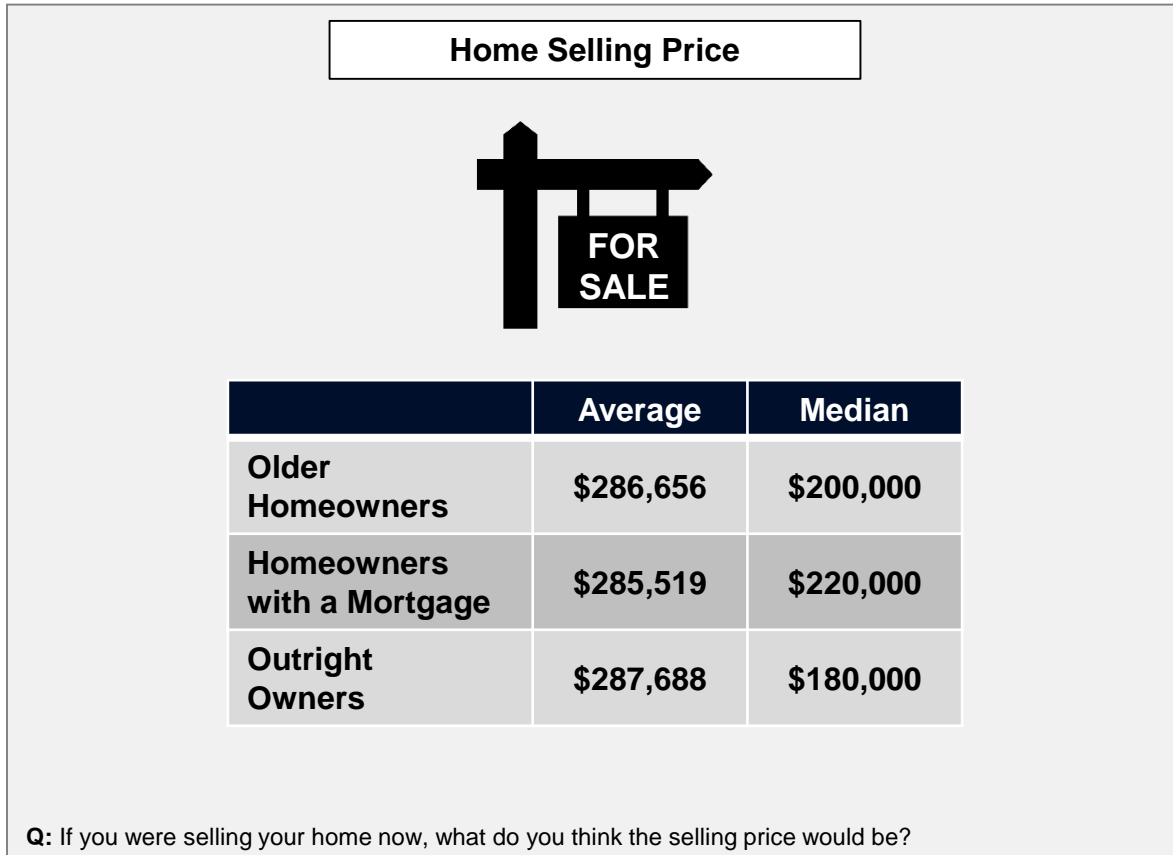
Concerned about Personal Financial Situation in Retirement



* Denotes a statistically significant change from Older Outright Owners



Older homeowners have an expected median home selling price of \$200,000. Median home equity is estimated at \$100,000 for homeowners with a mortgage, and \$180,000 for outright owners.

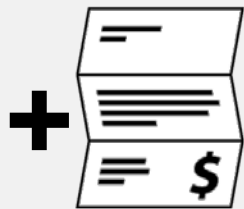


Full data is available in the appendix.



While the majority of older homeowners believe they could get approved to take out new debt on their home, more than half say they wouldn't feel comfortable doing so.

Maximum Amount of New Debt You Could Get Approved
N=534



65%

Are able to get at least \$50,000 approved

Median:
\$166,633.60 for outright owners
\$124,149.20 for homeowners with a mortgage

Older Homeowners	
\$0	7%
<\$50k	22%
\$50k-\$100k	21%
\$100k-\$200k	25%
\$200k+	19%

Maximum Amount of New Debt You Would Feel Comfortable With
N=561



55%

Say they wouldn't feel comfortable taking out any debt at all

Median: \$0
(For both outright owners and homeowners with a mortgage)

Older Homeowners	
\$0	55%
<\$50k	20%
\$50k-\$100k	9%
\$100k-\$200k	8%
\$200k+	4%

Q: If you were applying for a loan against your home today, what do you think is the maximum amount of new or additional mortgage debt, if any, that you could get approved to borrow against your home?
Q: What is the maximum amount of new or additional mortgage debt, if any, you would feel comfortable taking out on your home?

Full data is available in the appendix.



Older homeowners are not interested in tapping into home equity, with 4 in 5 not at all interested. In fact, two thirds of those who are not interested say they don't want to have the debt or need the money.

Interest in Tapping into Home Equity

90%
of older homeowners are **not interested** in tapping into home equity



Q: How interested are you in tapping into your home equity in retirement?

Concerns About Tapping into Home Equity

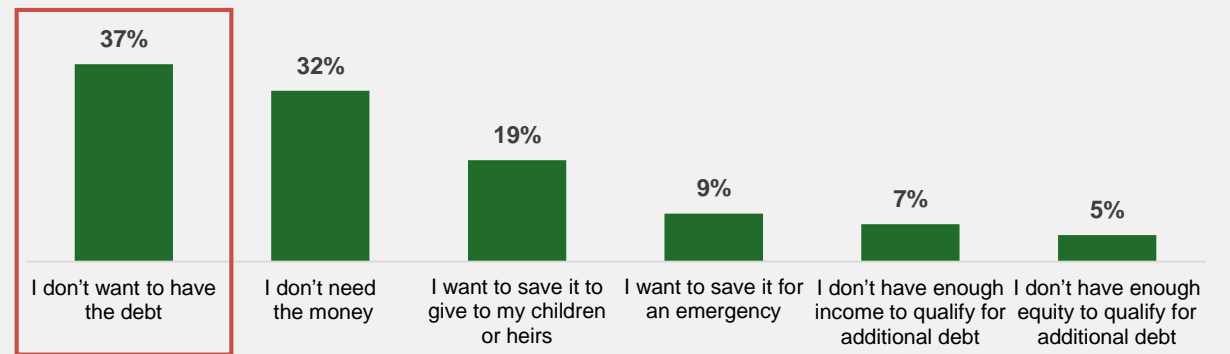
(Among those not interested in tapping into home equity; Multiple responses permitted) N=967



37%
Don't want to have the debt



32%
Don't need the money

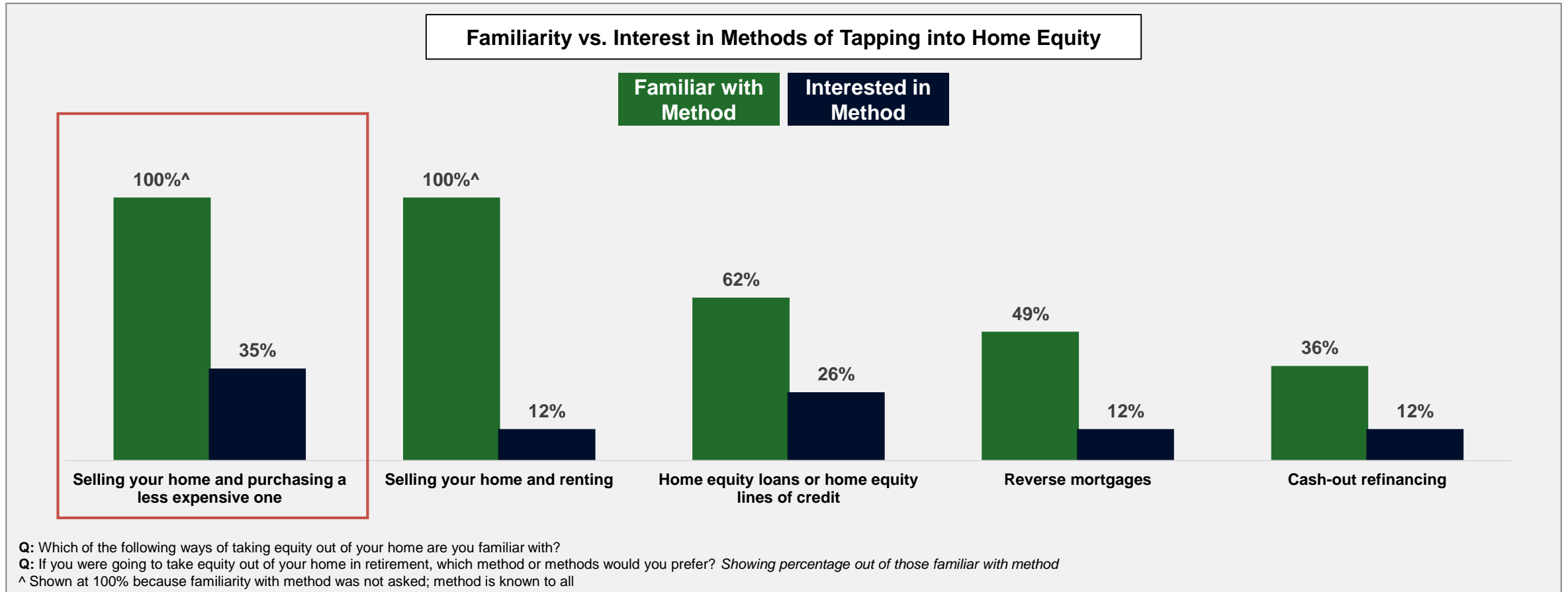


Q: What, if any, are your main concerns about tapping into your home equity in retirement?

Full data is available in the appendix.



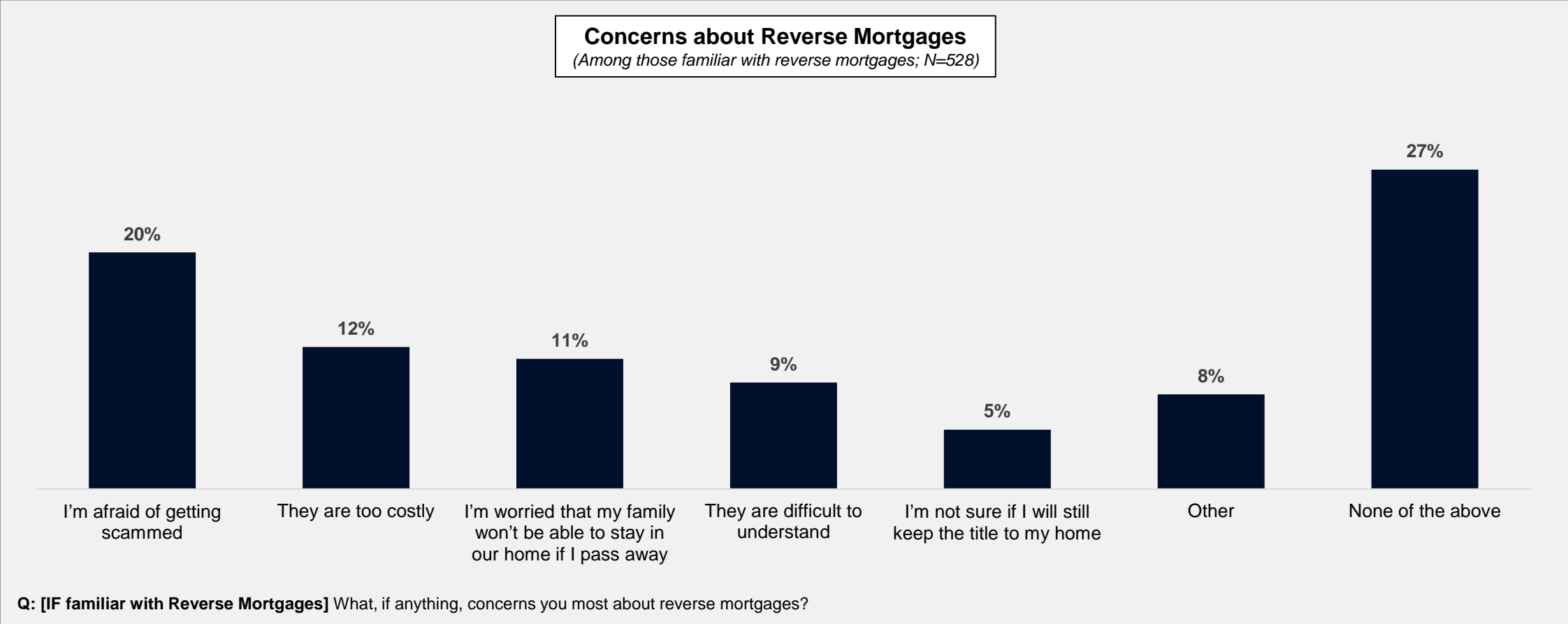
Older homeowners are not always familiar with methods of tapping into home equity and tend to prefer downsizing to incurring additional debt.



Full data is available in the appendix.



Fear of getting scammed is the leading concern with reverse mortgages, but data on concerns are limited because most older homeowners aren't seriously considering reverse mortgages.



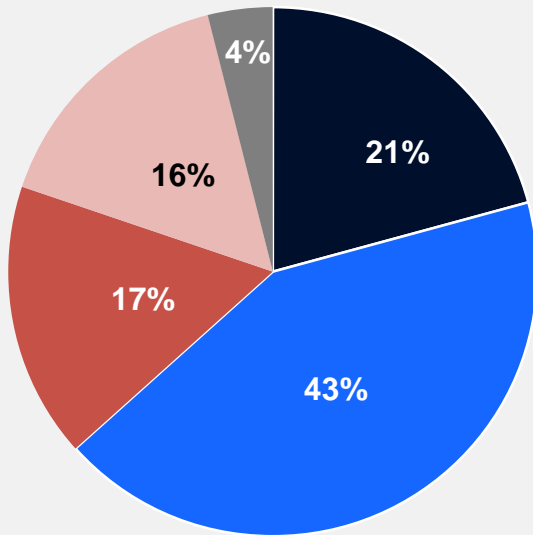
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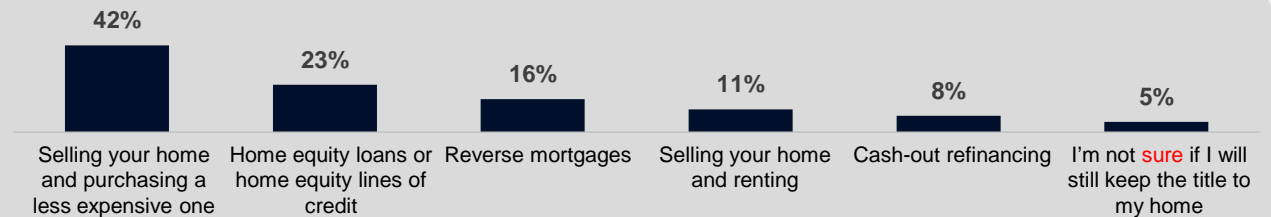
Unsurprisingly, older homeowners who are interested in tapping into home equity are much more concerned about their financial situation in retirement than those who aren't interested. However, they still do not consider home equity loans top of mind.

Those who are Interested in Tapping into Home Equity
N=68

How concerned are you about your personal financial situation in retirement?

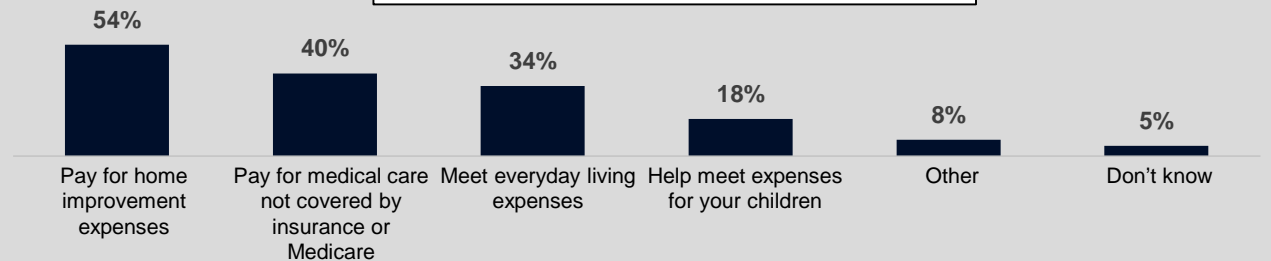


Interest in Methods of Tapping into Home Equity



Q: If you were going to take equity out of your home in retirement, which method or methods would you prefer?

Purposes of Tapping into Home Equity



Q: For which of the following purposes would you be most interested in tapping into your home equity in retirement? Please tell me all that apply.

Full data is available in the appendix (p. 14)



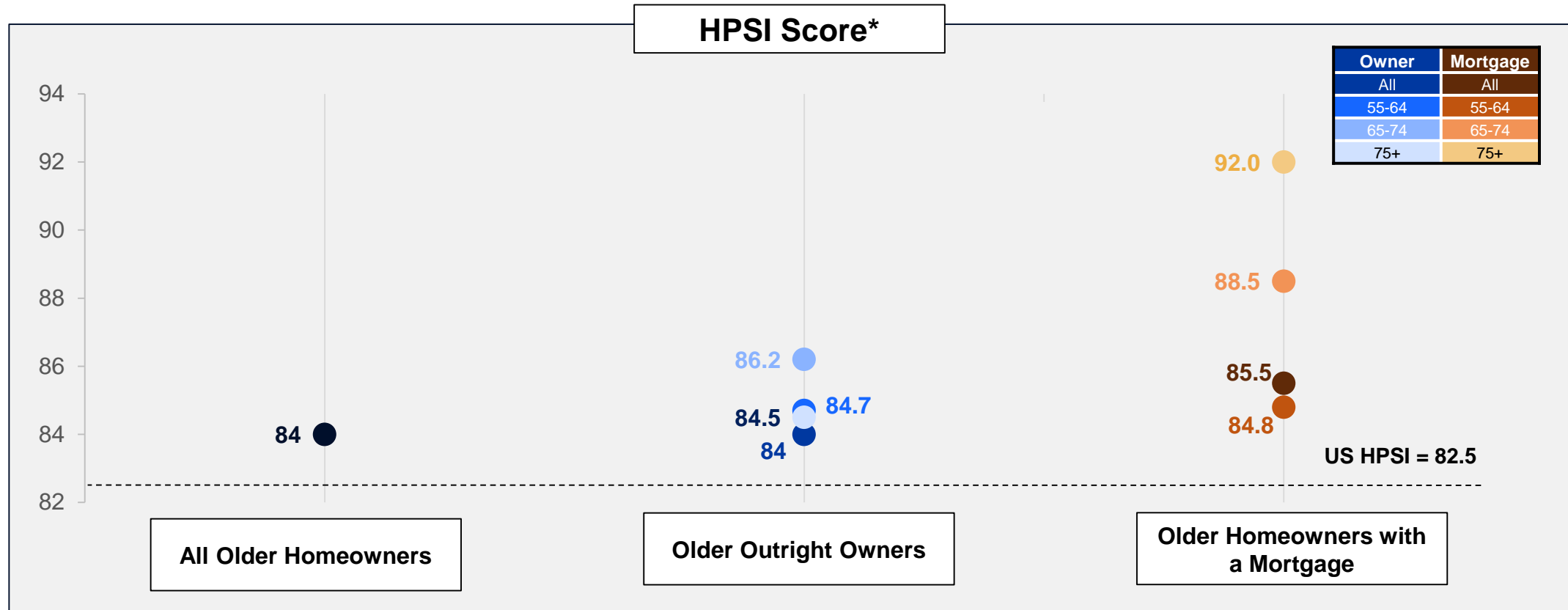
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Appendix





Older homeowners have strong HPSI scores and those with a mortgage have an even stronger view of the housing market than outright homeowners.



* The Home Purchase Sentiment Index (HPSI) is a leading housing market indicator based on consumer sentiment on housing and personal financial situation, calculated using six NHS questions. For more detail on HPSI please visit <http://fanniemae.com/portal/research-and-analysis/housing-survey.html>
The information in this chart uses NHS data from the full year of 2015; further details on this sample can be found in the appendix



Concerns about financial situation in retirement

How concerned are you about your personal financial situation in retirement?

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
N=	1071	546	171	182	193	525	300	161	64
Very concerned	11%	10%	15%	5%	10%	12%	14%	9%	9%
Somewhat concerned	26%	20%	23%	20%	17%	31%	38%	24%	19%
Not very concerned	19%	17%	17%	24%	11%	22%	24%	19%	19%
Not at all concerned	40%	49%	43%	46%	58%	31%	22%	40%	50%
Don't know	4%	4%	2%	4%	4%	4%	2%	7%	3%



Estimated home selling price

If you were selling your home now, what do you think the selling price would be?

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
<i>N=</i>	739	388	138	131	119	352	220	121	10
Mean	\$286,656.33	\$287,688.31	\$301,769.46	\$262,025.27	\$299,591.89	\$285,519.33	\$288,695.79	\$284,212.73	\$233,753.23
Median	\$200,000.00	\$180,000.00	\$181,161.02	\$180,000.00	\$165,958.40	\$220,000.00	\$220,000.00	\$200,000.00	\$232,343.52
Standard Deviation	\$364,132.82	\$399,209.53	\$435,531.71	\$370,982.19	\$386,903.23	\$321,651.84	\$256,240.95	\$425,741.95	\$119,126.71



Homeowners' available equity

Homeowners' available equity

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
<i>N=</i>	739	388	138	131	119	352	220	121	10
Mean	\$229,098.55	\$287,688.31	\$301,769.46	\$262,025.27	\$299,591.89	\$164,545.92	\$160,324.99	\$173,564.32	\$149,403.97
Median	\$150,000.00	\$180,000.00	\$181,161.02	\$180,000.00	\$165,958.40	\$100,000.00	\$90,000.00	\$127,897.25	\$144,968.48
Standard Deviation	\$358,036.23	\$399,209.53	\$435,531.71	\$370,982.19	\$386,903.23	\$293,637.71	\$208,650.49	\$414,305.07	\$107,637.67



Maximum mortgage debt a customer could get approved

If you were applying for a loan against your home today, what do you think is the maximum amount of new or additional mortgage debt, if any, that you could get approved to borrow against your home?

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
N=	534	256	93	93	70	278	186	88	4
Mean	\$144,515.72	\$166,633.62	\$206,453.35	\$169,455.64	\$109,802.06	\$124,149.15	\$134,784.20	\$101,376.87	\$130,471.15
Median	\$93,614.53	\$100,000	\$100,000	\$100,000	\$75,000	\$75,000	\$75,000	\$73,372.43	\$133,155.52
Standard Deviation	\$217,373.85	\$249,074.44	\$309,024.84	\$246,638.13	\$123,561.56	\$181,499.60	\$197,083.89	\$145,414.54	\$106,350.81



Maximum mortgage debt comfortability

What is the maximum amount of new or additional mortgage debt, if any, you would feel comfortable taking out on your home?

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
<i>N=</i>	561	269	95	98	76	292	190	96	6
Mean	\$41,733.44	\$39,430.74	\$40,034.03	\$42,970.66	\$34,072.01	\$43,852.57	\$44,574.34	\$43,351.56	\$29,476.38
Median	\$0	\$0	\$66.90	\$0	\$0	\$0	\$0	\$0	\$0
Standard Deviation	\$109,110.57	\$81,744.55	\$65,310.09	\$97,374.52	\$78,727.17	\$129,389.78	\$144,134.53	\$98,517.05	\$63,332.36



Interest in using home equity

How interested are you in tapping into your home equity in retirement?

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
N=	1071	546	171	182	193	525	300	161	64
Very interested	2%	1%	3%	0%	1%	2%	3%	2%	2%
Somewhat interested	4%	4%	4%	2%	4%	5%	6%	4%	3%
Not very interested	10%	8%	7%	8%	9%	12%	14%	10%	5%
Not at all interested	80%	84%	84%	85%	81%	77%	75%	76%	90%
Don't know	3%	3%	2%	4%	3%	4%	2%	8%	0%



Main Concerns about Tapping into Home Equity

What, if any, are your main concerns about tapping into your home equity in retirement?

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
N=	1071	546	171	182	193	525	300	161	64
I don't want to have the debt	36%	35%	36%	41%	27%	38%	42%	37%	28%
I don't need the money	30%	35%	33%	29%	43%	25%	20%	29%	36%
I want to save it to give to my children or heirs	19%	19%	18%	20%	19%	19%	19%	18%	20%
I want to save it for an emergency	10%	9%	12%	8%	8%	10%	9%	13%	4%
I don't have enough income to qualify for additional debt	7%	5%	4%	4%	6%	9%	10%	10%	5%
I don't have enough equity to qualify for additional debt	5%	3%	3%	4%	2%	6%	7%	5%	6%
Other	3%	3%	3%	4%	3%	2%	1%	1%	9%
Don't know	5%	5%	5%	4%	5%	5%	3%	8%	4%



Purpose of tapping into home equity

For which of the following purposes would you be most interested in tapping into your home equity in retirement?

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
N=	68	28	12	5	11	40	27	10	3
Pay for home improvement expenses	54%	57%	42%	57%	74%	52%	57%	48%	29%
Pay for medical care not covered by insurance or Medicare	40%	34%	47%	13%	27%	44%	56%	21%	7%
Meet everyday living expenses	34%	31%	50%	27%	12%	36%	33%	33%	63%
Help meet expenses for your children	18%	27%	32%	27%	21%	12%	18%	0%	0%
Other	8%	15%	13%	16%	16%	4%	3%	2%	16%
Don't know	5%	0%	0%	0%	0%	9%	5%	25%	0%



Familiarity with Methods of tapping home equity

Which of the following ways of taking equity out of your home are you familiar with?

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
N=	1071	546	171	182	193	525	300	161	64
Home equity loans or home equity lines of credit	62%	52%	57%	65%	36%	73%	79%	67%	57%
Reverse mortgages	49%	48%	45%	55%	43%	51%	51%	51%	53%
Cash-out refinancing	36%	31%	30%	40%	24%	42%	42%	43%	40%
None of the above	23%	29%	25%	24%	37%	17%	15%	18%	21%
Don't know	4%	4%	3%	3%	6%	4%	3%	6%	2%



Preferred Method of Tapping into Home Equity

If you were going to take equity out of your home in retirement, which method or methods would you prefer?

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
N=	1071	546	171	182	193	525	300	161	64
Selling your home and purchasing a less expensive one	35%	33%	36%	37%	27%	38%	45%	26%	31%
Home equity loans or home equity lines of credit	16%	15%	18%	17%	10%	18%	20%	16%	13%
Selling your home and renting	12%	11%	9%	8%	15%	12%	12%	11%	17%
Reverse mortgages	6%	6%	4%	4%	8%	7%	6%	7%	7%
Cash-out refinancing	4%	2%	1%	4%	2%	6%	7%	7%	1%
None of the above	26%	31%	31%	29%	33%	21%	18%	25%	28%
Don't know	6%	6%	4%	5%	9%	6%	3%	12%	7%



Concerns with Reverse Mortgages

What, if anything, concerns you most about reverse mortgages?

	Older Homeowners	Outright Owners				Homeowners with a Mortgage			
		55+	55-64	65-74	75+	55+	55-64	65-74	75+
N=	528	260	78	99	83	268	152	82	34
I'm afraid of getting scammed	20%	18%	21%	17%	17%	22%	26%	18%	15%
They are too costly	12%	11%	12%	12%	9%	13%	13%	8%	20%
I'm worried that my family won't be able to stay in our home if I pass away	11%	9%	6%	12%	10%	13%	11%	17%	15%
They are difficult to understand	9%	12%	16%	8%	13%	7%	7%	8%	6%
I'm not sure if I will still keep the title to my home	5%	5%	6%	5%	4%	4%	5%	4%	1%
Other	8%	7%	6%	8%	7%	8%	8%	9%	7%
None of the above	27%	30%	27%	28%	36%	24%	23%	24%	29%
Don't know	8%	7%	7%	10%	4%	8%	7%	11%	6%



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