



# Reverse Mortgages 101

A Guide for Mortgage Brokers

## The Opportunity

Fuelled by historic property booms, Australia's retirees now rank highly in global measurements of personal wealth. However, this prosperity is often locked up in the family home. This creates a financial paradox where many over-60s find their superannuation balances falling short of what's needed to sustain a comfortable lifestyle throughout their later years.

### Reverse mortgage client demographic



4.1 million Australians are aged 65 and over, projected to rise to 4.5 million by 2066

(Australian Institute of Health and Welfare, Older Australians, July 2024)



Life expectancy is currently 81 for men, 85 for women

(Australian Institute of Health and Welfare, Profile of Australia's population, April 2025)



The mean housing wealth of recent retirees is \$1.1m

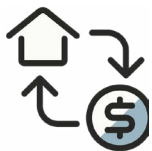
(Household, Income and Labour Dynamics in Australia (HILDA) Survey, September 2025)



Average super balance in 2025 is \$284,000 (ages 60-74)

(APRA, Quarterly Superannuation Industry Publication, December 2025)

### The persistence of retirement debt and rising cost of living



Mortgage debt is on the rise; 17% of people retiring still carry mortgage debt

(Household, Income and Labour Dynamics in Australia (HILDA) Survey, September 2025)



Estimated average mortgage debt of those retired in the last four years is \$295,025

(Household, Income and Labour Dynamics in Australia (HILDA) Survey, September 2025)



Non-discretionary spending accounts for 90% of total retiree expenditure

(Household, Income and Labour Dynamics in Australia (HILDA) Survey, September 2025)



47% of retirees use government pensions as the main source of income at retirement

(ABS, Retirement Intentions Survey 2024-2025, October 2025)

While the ‘wealthy retiree’ headline looks good on paper, it masks a liquidity crisis faced by many older Australians. For your clients, the reality is often a high-value asset paired with a tightening monthly budget. This is where a reverse mortgage becomes a strategic tool, allowing retirees to pivot from being asset rich to cash flow confident.

A reverse mortgage can be used to unlock a portion of your clients’ home equity to consolidate nagging debts and offset the rising cost of living, without the pressure of monthly repayments.



## What is a Reverse Mortgage?

A reverse mortgage is a regulated loan governed by the NCCP. It allows Australian homeowners aged 60+ to draw equity from the property to use to meet a range of current and future needs.

The key difference between a reverse mortgage and a conventional mortgage or other credit products is that clients are not required to make regular repayments throughout the loan period. Interest charges will compound and be added to the loan balance each month. This means the balance will increase over time. However, repayments can be made at any time without penalty.

Repayment of a reverse mortgage is not required until the borrowers vacate the property; that may be a sale, a move to residential aged care or when the last remaining client passes away. There is no set loan term.

Because reverse mortgages are NCCP-regulated, they come with robust consumer protections that make them a safe, viable option for your older clients. Most notably, the statutory No Negative Equity Guarantee (NNEG) ensures that a client can never owe more than the fair market value of their home, regardless of interest accrual or market fluctuations.

Beyond the NNEG, the product is engineered for long-term security with lifetime occupancy rights, providing your clients with the absolute peace of mind that they can remain in their family home for as long as they choose.

Funds can be accessed as a lump sum payment, a regular income or by establishing a contingency fund to meet future needs. Most clients will utilise all three options when accessing their home equity.

## Eligibility Criteria and LVR

### Eligibility

There are several eligibility requirements for a reverse mortgage. The finer details may vary between lenders. Eligibility criteria generally include:

- The youngest person on the home’s title must be aged 60+ (some lenders may accept 55+)
- The home must be in an eligible postcode
- The lender must be able to hold a first mortgage over the property; if there is an existing mortgage on title, the lender will need to refinance the debt as a part of the loan

Some exclusions may exist; these will vary between lenders. Exclusions might include very small apartments, properties over a specific acreage or homes in some types of retirement villages.

### LVR based on age

LVRs for Reverse Mortgages are mandated by ASIC and are based on the age of the borrower. The maximum LVR is 20% at 60 years old and 50% at 90+ years old. The LVR increases by 1% for each year – e.g. at 65 the LVR is 25%.

The maximum LVR is set at the youngest applicant or approved occupant. The amount that can be borrowed is a factor of your client’s age/LVR and the value of their home.

# Eligibility Criteria and LVR

Age	60	65	70	75	80	85	90+
LVR	20%	25%	30%	35%	40%	45%	50%
\$750,000	150,000	187,500	225,000	262,500	300,000	337,500	375,000
\$1 million	200,000	250,000	300,000	350,000	400,000	450,000	500,000
\$1.5 million	300,000	375,000	450,000	525,000	600,000	675,000	750,000

## Acceptable Loan Purposes


Reverse mortgages have been designed to support retirees to meet their lifestyle and financial needs, and is generally acceptable for any personal purpose.

Important note: a reverse mortgage is not simply an asset lend. The NCCP requires that all applications are subject to credit criteria suitability tests. This means that clients will not automatically qualify, even if they are over 60 and own their own home.

### How can clients use a reverse mortgage?

We've found most brokers' clients use their home equity for two or more long-term purposes.



	Increase regular fortnightly or monthly income to beat the cost of living and improve retirement lifestyle
	Improve cashflow and relieve financial stress
	Create a contingency fund for those unexpected expenses and future needs
	Renovate or modify the home to make it safe and comfortable for retirement
	Refinance a home loan or pay down debt
	Buy a new car
	Cover medical expenses
	Give to children or grandchildren when they need it most
	Cover the costs of in-home or residential aged care



## Accessing Connective Reverse's flexible lending solutions

There are two ways you can work with us to assist your clients access the equity in their homes:

1. Referral partner - simply refer your clients for our team to manage the loan process
2. Originator - complete our accreditation process to originate and manage loans end-to-end

### Referral partner

If you're unlikely to write regular reverse mortgage business, the referral partner option is probably best for you. It's quick and easy – simply refer your clients for our team to manage the loan process. It's simple to get set up, and all Connective brokers can sign up.

Once your referral agreement is completed, you simply need to provide us your clients details via our Broker Portal, and one of our Retirement Specialists will manage the meeting and application process.

We pay \$1000 per successful referral settlement.

### Originator

If you believe you're likely to build a strong pipeline of over 60s lending, you may prefer to originate the loans yourself. Request accreditation via the Accreditation portal in Mercury Nexus. You'll then be sent instructions to complete our accreditation module.

Commissions are paid to you each time the client draws down, and a regular monthly trail based on the loan balance is paid.

### Want to learn more?

You can contact our Broker Support Team to discuss accreditation and scenarios using the following details:



1300 162 183



[connective.brokers@householdcapital.com](mailto:connective.brokers@householdcapital.com)

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