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**2020 NRMLA Annual Meeting**

# What Does Industry Penetration of 2.3% Mean? Why Does It Matter?

Presented By: John Lunde and Jon McCue of Reverse Market Insight

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## What is the definition of penetration for reverse mortgages?

- Penetration is the percentage of 62+ households in a given market that currently have an active reverse mortgage
- Through HUD's August 2020 endorsement data the national penetration is sitting at 2.3%
- Currently there are close to 27 million age eligible households in all 50 states and Puerto Rico, so currently the 2.3% penetration translates into roughly 634,000 active reverse mortgages nationally.



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## What does this mean to the industry?

- This means the reverse mortgage industry has a product that >97% of the eligible market does not currently have!
- What other industry do you know that has this much of an available selling opportunity?



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## What does this mean to the industry?

- How does this compare to other similar products?
  - According to Statista.com in 2019 the current homeownership in the U.S. was at 65.1%

Homeownership rate in the United States from 1990 to 2019



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## What does this mean to the industry?

- How does this compare to other similar products?
  - According to the U.S. Bureau of Labor Statistics as of October 2019 they reported that 94% of civilian union workers and 67% of nonunion workers had access to retirement benefits through their employer in March 2019. Access means the benefit is available to employees, regardless of whether they chose to participate in a employer sponsored retirement plan.
  - The Take Up Rate : The share of workers with access who participate in the plan - was 90% for union workers and 77% for nonunion workers.



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## What does this mean to the industry?

- With the penetration so low we as an industry have much more education to do than these other examples
- We need to be more consultative in our efforts
- Expect a longer sales cycle than these other examples
- This very low penetration also means we can welcome new entrants into the market without the fear of displacing any other company





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## 3 top reasons to focus on areas with high penetration

1. Marketing Dollars Invested
2. Education
3. Word of mouth marketing





## Demonstration Links



Penetration - RMI Dashboard

[Reports.rminight.net](https://www.rminight.net/reports)

HECM Facts Widget

<https://www.rminight.net/hecm-facts-widget-demo/>

## Connect with Us



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