



For immediate release: Monday 4th February 2008

EQUITY RELEASE RATES REMAIN LOWER THAN THOSE OF TOP MORTGAGE LENDERS'

New analysis shows that equity release interest rates have fallen in the past six months, despite reverberations of the recent credit crunch affecting mainstream mortgage pricing.

SHIP, the trade body representing over 90% of the equity release sector, has today announced figures showing that the average rate for equity release has become considerably lower than the average standard variable rate for mainstream mortgages since Summer 2007.

The average rate of annual interest for the top ten equity release providers is currently 6.35% - 0.04% lower than last summer (May 2007 - 6.39%). However, the average SVR rate for the top ten mainstream mortgage lenders is now 7.45% - 0.13% higher than May 2007 (7.32%). There is now 1.10% difference between lifetime mortgage rates and present SVRs compared to only 0.93% in May 2007.

The average rate of lifetime mortgage products has decreased as mainstream SVRs have soared. The recent credit turmoil and increasing inter bank lending rates have forced lenders to increase their SVRs to levels that even decreasing BoE base rates cannot reduce.

However, the long term pricing structure of equity release plans compared to mainstream mortgages means interest rates for these products can remain lower, regardless of economic instability. This in turn makes equity release a cheaper option compared to many alternatives for the over 55s who wish to consolidate outstanding debts or increase their standard of living. Rates from SHIP providers are also guaranteed to remain fixed for the life of the loan and SHIP providers all offer a no negative equity guarantee.

Table 1: Top Ten Lifetime Mortgage Rates*

Lender	Annual Rate
Stonehaven (Lump Sum Lite)	6.06%
Just Retirement (Equity Release Plan – Roll-up)	6.15%
Prudential (Increasing Cash Reserve)	6.29%
Bristol & West (Lifetime Mortgage)	6.37%
Prudential (Lump Sum)	6.39%
Stonehaven (Interest Only)	6.41%
New Life Mortgages (Lifetime Fix)	6.43%
National Counties (Flexible Drawdown Lifetime Mortgage)	6.45%
Mortgage Express (Lifetime Mortgage)	6.47%
New Life Mortgages (Flexible Lifetime Mortgage – Fixed Drawdown Option)	6.47%
AVERAGE	6.35%

Data correct at: 29th January 2008

Table 2: Top Ten Mortgage Lenders Standard Variable Rates**

Lender	Annual Rate
Abbey	7.59%
Alliance and Leicester	7.69%
Barclays (Woolwich)	7.64%
GMAC	7.49%
HBOS (Halifax)	7.50%
HSBC Bank	6.75%
Lloyds (C&G)	7.50%
Nationwide	6.99%
Northern Rock	7.69%
RBS	7.69%
AVERAGE	7.45%

Data correct at: 30th January 2008

Andrea Rozario, Director General of SHIP commented:

"This bi-annual research by SHIP continues to counter critics' claims that equity release borrowing is prohibitively expensive and an option of last resort. This recent research also indicates the strength of position equity release holds within the present mortgage market, with economic instability having little impact upon lifetime mortgage rates.

"Full year 2007 figures from SHIP members revealed a 5% increase in new business year on year (FY 2007 £1,210.4 million, FY 2006 - £1,154.3 million) and the growth of drawdown schemes, a flexible lifetime mortgage option, almost doubled year on year (FY 2006 - 6,982, FY 2007 - 13,736).

"Equity release continues to grow in popularity among the over 55s and with rates remaining significantly lower than average standard variable rates the benefits of these schemes are becoming ever more apparent."

-ENDS-

* All data from The Exchange. Correct as of 29/01/2008

** Data from Moneyfacts. Correct as of 29/01/2008

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Notes to Editors:

About SHIP:

Safe Home Income Plans (SHIP) is the UK's leading professional body for equity release product providers, representing the interests of its members who provide home income and equity release plans. It was launched in 1991 to promote safe schemes. At present, 90% of the equity release market (in volume terms) is represented by SHIP members.

SHIP's members: Bradford & Bingley plc, Bridgewater Equity Release, Bristol & West Mortgages, Coventry Building Society, Hodge Equity Release, Home & Capital Trust, In Retirement Services, Just Retirement, LV, More2Life, National Counties Building Society, New Life Mortgages, Norwich Union, Northern Rock plc, Partnership Home Loans, Prudential, Retirement Plus, Standard Life, Stonehaven Equity Release, Stroud & Swindon Building Society.