



## **PBR £60 'PENSIONERS BONUS' fails to compensate for inflation hit on state pension**

- *Inflation is eroding over £180 off the value of the 2008/09 state pension – yet pensioners have been offered a bonus of less than a third of this at £60*
- *SHIP points out that pensioners can significantly improve their standard of living by releasing equity from their home*

SHIP (Safe Home Income Plans) - the trade body that represents 90% of regulated UK equity release providers – reveals that the average single pensioner relying on state pension will have £186.25\* eroded from their 2008/09 financial year's income, making the £60 bonus to be paid January announced in Labour's pre-budget report seem derisory.

The current weekly state pension for single people, effective from April 2008, equates to £4,716.40 over a year. However, with current levels of pensioner inflation at 8.7% – this pension will have eroded in value to £4,338.91 by the end of the March 2009, a difference of £372.49. Assuming uniform inflation over this period, the reduction in real value to the pensioner is £186.25.

It is unlikely the additional £4.55 per week pensioners will get from the state pension from April 2009 will do much to alleviate the financial difficulties they face but there is one solution – equity release. A single 75 year old woman with a £300,000 property could release up to £900 each month (£10,800 a year), a 229% increase in income from the current annual state pension of £4,716.40.

Andrea Rozario, Director General of SHIP commented:

*“The Government has offered too little, too late to pensioners in this year's pre budget report. A £60 bonus paid in January barely covers a third of what will have been eroded from their pensions over the tax year by inflation. The additional £4.55 a week for single pensioners is almost an insult and much more needs to be done to help the 2.1 million\*\* pensioners living in poverty.*

*“One solution for those pensioners needing to boost their income is equity release. The over 60's can release some of the wealth tied up in their property and increase their retirement income substantially should they wish. We urge the Government to work with us in promoting this as a very real alternative to poverty for pensioners.”*

**- ENDS -**

*For further information, please contact:*

- Suman Hughes / Beth Murray, The Wriglesworth Consultancy  
on 020 7427 1400 or email [ship@wriglesworth.com](mailto:ship@wriglesworth.com)

- SHIP Director General

Andrea Rozario on 07946 378 363 or email [directorgeneral@ship-ltd.org](mailto:directorgeneral@ship-ltd.org)

### **Notes to Editors:**

\* The annual state pension for single people is £4,716.40 for the tax year 2008/09. Pensioner inflation for 1 person pensioner households was last reported at 8.7% (Pensioner Price Index, Office of National Statistics, September 2008). Over a year, the run rate of this inflation is £4,338.91, a difference of £372.49. The real value is half of the run rate assuming average uniform inflation – this is £186.25.

\*\*Age Concern, November 2008

### **About SHIP:**

Safe Home Income Plans (SHIP) is the UK trade 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, Bridgewater Equity Release, Bristol & West Mortgages, Coventry Building Society, Dunfermline 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, Saffron Building Society, Standard Life, Stonehaven Equity Release, Stroud & Swindon Building Society.