

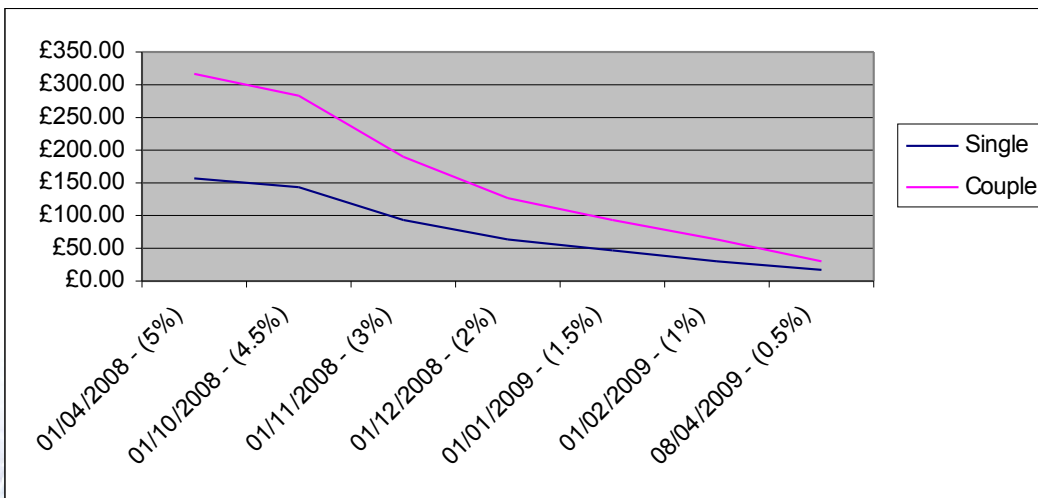


BASE RATE COLLAPSE HAS CUT PENSIONERS INCOME BY ALMOST A QUARTER IN A YEAR SAYS SHIP

AS INTEREST RATES HIT HISTORICALLY LOW LEVELS, THE UK'S MORE THAN 8 MILLION* PENSIONERS HAVE SEEN THEIR MONTHLY INCOME FALL BY ALMOST 25% FROM 12 MONTHS SAYS SHIP (SAFE HOME INCOME PLANS) - THE TRADE BODY THAT REPRESENTS THE MAJORITY OF REGULATED UK EQUITY RELEASE PROVIDERS. WITH 80% OF UK PENSIONERS RELYING ON SAVINGS OR SHARE-BASED INVESTMENT INCOME TO HELP FUND DAY-TO-DAY LIVING EXPENSES**, THIS NEW RESEARCH ILLUSTRATES THE SHOCKING EFFECTS THE BASE RATE CHANGES HAVE HAD ON PENSIONERS' INCOME.

IN APRIL 2008, THE AVERAGE PENSIONER WAS ENJOYING A MONTHLY RETURN OF £158 FROM THEIR SAVINGS*** IF THEY KEPT THE CAPITAL IN AN EASY ACCESS BASE RATE TRACKER ACCOUNT. THIS WAS IN ADDITION TO THEIR MONTHLY STATE PENSION OF £393 AND ACCOUNTED FOR 28.62% OF THEIR OVERALL INCOME. THOSE COUPLES - WHO HAD MANAGED TO SAVE DOUBLE THAT OF SINGLETONS - SAW THEIR MONTHLY INCOME BOOSTED BY £315 WHICH ACCOUNTED FOR 33.39% OF THEIR OVERALL INCOME.

GRAPHIC ONE: MONTHLY PENSIONER SAVINGS INCOME DECLINE SINCE APRIL 2008





HOWEVER, AS THE BASE RATE HAS FALLEN SO HAS THE AMOUNT OF INCOME OVER 65S CAN DERIVE FROM THEIR SAVINGS AND THE MODEST MONTHLY INCREASE IN THE STATE PENSION OVER THIS PERIOD (SINGLE: £20 AND COUPLE: £31) HAS DONE LITTLE TO ADDRESS THIS PROBLEM. SINCE APRIL 2008, SINGLE PENSIONERS HAVE SEEN THEIR SAVINGS INCOME DWINDLES TO JUST £16 PER MONTH (4% OF INCOME) AND PENSIONER COUPLES HAVE SEEN IT FALL TO £32 (5% OF INCOME).

GRAPHIC TWO: PERCENTAGE DECREASE

MONTH (BASE RATE)	TOTAL MONTHLY SINGLE PENSIONER INCOME FROM SAVINGS	% OF TOTAL INCOME FROM AVERAGE SAVINGS POT	TOTAL MONTHLY SINGLE PENSIONER INCOME FROM SAVINGS	% OF TOTAL INCOME FROM AVERAGE SAVINGS POT
01/04/2008 - (5%)	£158	28.62%	£315	33.39%
01/10/2008 - (4.5%)	£142	26.51%	£284	31.09%
01/11/2008 - (3%)	£95	19.39%	£189	23.13%
01/12/2008 - (2%)	£63	13.82%	£126	16.70%
01/01/2009 - (1.5%)	£47	10.74%	£95	13.07%
01/02/2009 - (1%)	£32	7.42%	£63	9.11%
08/04/2009 - (0.5%)	£16	3.68%	£32	4.56%

AS, IT IS UNLIKELY THAT THE BASE RATE WILL CLIMB TO THE RELATIVELY HIGH LEVELS EXPERIENCED IN JULY 2007 (5.75%) IN THE NEAR FUTURE, PENSIONERS NEED TO CONSIDER CAREFULLY OTHER SOURCES OF POTENTIAL INCOME. FOR HOMEOWNERS, ONE OF THE AREAS THAT SHOULD BE CONSIDERED IS EQUITY RELEASE.

THESE PRODUCTS CAN OFFER A REAL SOLUTION TO THIS PROBLEM. FOR EXAMPLE – A SINGLE 75 YEAR OLD WOMAN WITH A £300,000.00 PROPERTY COULD RELEASE UP TO £900 EACH MONTH (£10,800 A YEAR) FOR 15 YEARS. THIS WOULD BE ALMOST DOUBLE HER EXISTING ANNUAL INCOME (£5,118.46) AND MORE THAN COVER THE SHORTFALL DUE TO FALLING SAVINGS RETURNS.

Andrea Rozario, Director General of SHIP commented:

“MANY PENSIONERS HAVE SAVED THEIR WHOLE LIVES WITH THE EXPECTATION THAT THEY CAN USE INCOME



“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 FOR PENSIONERS WHO ARE SUFFERING AS A RESULT OF THE CREDIT CRISIS.”

- ENDS -

Notes to Editors:

* = OFFICE OF NATIONAL STATISTICS – PENSIONER INCOME SERIES 2005/06 (PUBLISHED JUNE 2008)

** = THE NATIONAL PENSIONERS CONVENTION

***= BIRMINGHAM MIDSHIRES’ LIFE 2 CAMPAIGN – DECEMBER 2007. THIS RESEARCH ON 2024 PEOPLE SHOWED THAT THE AVERAGE PERSON OVER 65 HAD AVERAGE SAVINGS OF £37,817 PER PERSON. THEREFORE, IF WE DEDUCE THAT A COUPLE WOULD HAVE DOUBLE THE SAV PENSIONER, THE AVERAGE COUPLE OVER 65 WOULD HAVE SAVINGS OF £75,633.

Average monthly Income per Base Rate:

Month (Base Rate)	Total Monthly Single Pensioner Income (Savings + State Pension)	Income from Savings*	Total Monthly Pensioner Couple Income (Savings + State Pension)	Income from Savings**
01/04/2008 - (5%)	£551	£158	£944	£315
01/10/2008 - (4.5%)	£535	£142	£912	£284
01/11/2008 - (3%)	£488	£95	£818	£189
01/12/2008 - (2%)	£456	£63	£755	£126
01/01/2009 - (1.5%)	£440	£47	£723	£95
01/02/2009 - (1%)	£425	£32	£692	£63
08/04/2009 - (0.5%)	£429	£16	£691	£32

* = £37,817 – Savings Pot

** = £75,633 – Savings Pot

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About SHIP Equity Release:

SAFE HOME INCOME PLANS (SHIP) IS THE UK’S LEADING PROFESSIONAL BODY FOR EQUITY RELEASE PRODUCT PROVIDERS. LAUNCHED IN 1991 TO PROMOTE SAFE PLANS, SHIP IS DEDICATED TO THE PROTECTION OF THE PLANHOLDER AND THE SAFE GROWTH OF THE INDUSTRY. SHIP REPRESENTS APPROXIMATELY 90% OF THE PROVIDERS IN THE UK