

GE Life

Key Features

Equity Release Income Plan



GE imagination at work



Features of the Equity Release Income Plan

Important note

If you are purchasing this plan exclusively by distance means - e.g. by post, phone, internet or other non-face to face means, you should have also been provided with the terms and conditions as set out in a specimen policy document. If you have not received these please contact your financial adviser.

Its aims

- To provide you with a monthly income for life (or, if there are two of you, for the lifetime of whichever partner lives longer).
- All or part of your income can be provided on a fixed basis and this part of your monthly income would be guaranteed.
- You can choose to link some or all of your income to the value of properties within the GE Life Equity Release Income Plan Fund ('the Fund'), so that you could benefit from any rise in the value of properties within the Fund in the future.
- To allow you to continue to live in your own home for as long as you wish.

Your commitment

- You sell your property to GE Life. In return, GE Life pays you a monthly income based on part or all of the value of your property and provides you with a secure lifetime lease on the property.
- Once the Plan has been established you cannot cancel it.

Risk factors

- If part or all of your income from the Plan is linked to the value of properties within the Fund, your income may go down as well as up. You should be aware that any fixed part of your income will not increase in line with inflation or any future property price increases.
- The value of property is generally a matter of the valuer's opinion rather than fact.
- If you are entitled to benefits (such as Income Support or Council Tax Benefit) you may find that your benefit payments are reduced or lost altogether.
- The total payments from the Plan will depend upon how long you live.
- Unless the Property Retention Option has been selected, no capital will be returned to your estate on your death. However, the first five years income from the Plan is guaranteed. If you should die during that time, the remaining income instalments needed to complete five year's payments will be paid as a lump sum to your estate.
- We have a statutory obligation to inform you that your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it. You must be sure you can afford the repayments before entering into a credit agreement. However this would only apply to any Cash Facility arranged.



Questions and answers

Q1 How will the Plan work for me?

- You sell your property to GE Life. In return we will provide you with an income for life.
- If you choose to link part or all of your income to the value of properties within the Fund, the income payable will depend on the value of properties in the Fund.
- Your income will continue throughout your life and will cease on your death. If there are two of you in the Plan, the income will continue for the lifetime of whichever partner lives longer.
- Your starting income will depend on the value of your property used to obtain income, your age, gender, health and on the options you choose at the start of your Plan.
- A local independent qualified valuer, whom you choose from our panel of approved valuers, will assess the value of your property. You will receive a copy of this valuation. You will be asked to pay a valuation fee according to the scale set out in the current application form. This fee will be refunded in full on the commencement of your Plan (if for any reason you decide not to proceed, the valuation fee is not refundable).
- You will be given a secure lifetime lease on your property. This guarantees that you, or your partner if you have one in the Plan, can continue to live there for as long as you wish.

Q2 What income options are available?

When you apply for your Plan, you can choose between a number of income options.

Option 1 – Fixed income

- Your income is guaranteed and is not affected by changes in property values (up or down). Your income will be paid into your bank or building society account, normally on the first day of each month. You should be aware that any fixed part of your income will not increase in line with inflation or any future property price increases.

Option 2 – Property Linked Income Option

- Under this option, the income that you receive at the start of the contract is revised each year in line with the movement in the Unit Price of the Fund. – see Q6 for further details on the Fund.
- If you choose the Property Linked Option, your income will change in line with the Fund's Unit Price. For example, if the Unit Price rises by 5% over a year, so will your income. On the other hand, if the Unit Price falls by 5%, your income will fall by 5%. Any changes in your income will happen annually on the anniversary of the date you took out your Plan.
- You may also choose to select an Assumed Growth Rate of 2%, 3% or 4% per annum, linked to property values. The higher the rate you assume the higher your starting income figure will be. However, it is also important to realise that for your starting income to be maintained, the Fund unit price must grow each year by at least the rate of growth assumed at the outset. Thus, for example, if you had anticipated 3% growth yet the actual rise over the year was only 2%, your income would be reduced by about 1% in the following year.

Conversely, if growth achieved was 4% your income would increase by about 1% as the first 3% would already have been taken into account. If the value of the properties in the Fund remained unchanged your income would reduce by about 3%.

- Your starting income will not change for the first twelve months, after which it is reviewed and revised in line with the changes in the unit price of the Fund, subject to an adjustment for any Assumed Growth Rate. After the review, the level of your income will not change again for the next twelve months, then reviewed again annually for as long as the Plan continues. Clearly, your income is subject to changes in the value of the Fund and past performance is not necessarily a guide to future performance. The value of the properties within the Fund and therefore the value of the unit price and your income can go down as well as up.

- In order to smooth out the changes in income from year to year, the maximum increase in income at any review date is limited to 12% less an adjustment to reflect any Assumed Growth Rate under the Property Linked Option.
- You will find that the Personal Illustration which GE Life provides outlines the effect each option has on both your starting and future year's projected income.

Option 3 – 50% Fixed / 50% Property Linked

- You can allocate half of the value of your property to buy a fixed income, as per Option 1, with the remainder being allocated as set out in Option 2. You should be aware that any fixed part of your income will not increase in line with inflation or any future property price increases.

Q3 What level of income will I receive initially?

- Accompanying this document you will find a personal illustration showing how the Plan could work for you, allowing for the options you have selected.
- This shows the starting income that would be paid. If applicable, it also includes projections of income payable in future based on different assumptions of growth in property values in the Fund.

Q4 What happens when I die?

- Following your death, or the death of whichever partner lives longer if there are two of you in the plan, GE Life will make arrangements for the sale of your property, including the payment to your estate of any retained interest under the Property Retention Option.
- Anyone living in the property will have to leave prior to its sale. It is a condition of the Plan that GE Life be advised if anyone other than a Plan member moves in the property on a permanent basis.

Q5 Will my Plan work out exactly as in my illustration?

- Your income will be guaranteed if you choose the Fixed Income Option to provide all of your income. The level of income you will receive will be shown in your illustration.

- You may choose the Property Linked Income Option, or one of the Assumed Growth Options, to provide some or all of your income. In this case:
 - There is no guarantee that the illustration of projected income will be borne out in practice.
 - The actual payments in future will depend upon future changes in property values in the Fund, which cannot be known in advance.
 - The actual income in future years may be above the highest income figure on your illustration, below the lowest figure, or somewhere in between.

Q6 How does the GE Life Equity Release Income Plan Fund work?

- The Fund is invested in a portfolio of properties taken in by GE Life as part of the Plan.
- Using the value of all the properties in the Fund a unit price is calculated. This is revised every month in line with Nationwide Building Society statistics and a biennial property valuation.
- This full independent valuation of properties within the Fund is carried out every two years at no cost to you.
- Independent qualified valuers are used to revalue all the properties in the Fund. You should be aware that the value of a property is generally a matter of a valuer's opinion rather than fact.

Q7 Can I retain part of the value of my property?

- Yes. By choosing the Property Retention Option you can choose to retain part of your property's value. This could be used by you in the future, either to secure a further income or cash lump sum, or passed on as an inheritance for your heirs.
- Under the Property Retention Option, instead of putting all of the value of your property into the Plan, you can elect, depending upon the value of your property, to have up to half of the value of your property held in Trust.

- For example, if you decide to have a property retention of 25% then, on your death, 25% of the sale price of your house (less 25% of the costs of sale and any outstanding loan under the Cash Facility) would be paid to your estate on the sale of the property.
- The legal requirements for the Property Retention Option are contained in a Declaration of Trust, which forms part of the legal documentation of your Plan.

Q8 Can I take a cash lump sum?

- Yes. If you choose the Property Retention Option you can arrange a Cash Facility under the Plan, either at the time you join the Plan or at a later date.
- If you arrange a Cash Facility, GE Life will advance you a loan using your property retention as security.
- The maximum Cash Facility is 10% of the amount of your property's value used to purchase income, provided this is not more than 75% of your Property Retention.

For example, if your property is valued at £100,000 – and you use 50% to provide an income and choose a Property Retention of 50% – you can arrange a Cash Facility of up to £5,000.

- If you arrange a Cash Facility, but do not borrow up to the maximum initially, you can apply for additional lump sums later (subject to a minimum of £1,000).
- While GE Life expects that applications for future advances will be fulfilled, there may be circumstances that prevent this, such as Government legislation restricting loans.
- Interest is payable monthly at one-twelfth of the annual rate. The interest rate charged is fixed for a minimum of one year. After one year the rate is reviewed annually and may then vary (upward and downward) in line with the rate that applies at that time.
- GE Life deducts interest payments from your monthly income. Details of the current interest rate and annual percentage rate (APR) are set out in your personal illustration.

- With the Cash Facility, there is no need for you to make capital repayments during your lifetime. The loan will be repaid from the amount due to you (or your estate) on your death after the sale of the property. Alternatively, you can repay the loan earlier if you wish. The minimum repayment is £500.

Q9 Can I move house in the future?

- Once the Plan is underway you can still move house if you wish.
- You would have to meet all the normal costs of moving, including your own legal fees and where appropriate stamp duty. You would also need to pay any legal expenses incurred by GE Life.
- If you wish to move to a more expensive property, then you would also need to provide any extra money needed.
- The new property would have to meet the qualification requirements of the Plan.
- Any Cash Facility would need to be repaid but you are free to reapply for a further Cash Facility under the new plan.

Q10 What happens if I want to leave my property?

- In the future, you may decide to leave your property and surrender your Lease with us. For example, to live in a residential home or with relatives.
- Your income will continue to be paid as before, following the sale of the property.
- Following the sale of the property, you will receive the value of any Property Retention (from which any outstanding loan under the Cash Facility will be deducted) less a deduction for a proportion of the costs of selling the property equivalent to the Property Retention percentage.
- Where there is no Property Retention, GE Life will meet the costs of selling the property.



Q11 Could I ever be forced to move against my will?

- No. Indeed, a condition of the Plan is that you may continue to live in your home for as long as you wish.
- GE Life automatically grants you a lease that will last for your lifetime or, where you have a partner in the Plan, for whoever lives longer.
- Your solicitor will advise you on the terms of the lease and the security of tenure which it provides.
- If any other person is permanently resident in your home (apart from short visits) you should inform GE Life.

Q12 What happens if I have a change of personal circumstances?

- If you get married after taking out the Plan you can apply for your spouse to be added to the Plan. However they must meet the Plan criteria. This may also result in your income being reduced. Alternatively if they are not added or accepted to the Plan then they would have to leave the property in the event that you died before them.

Q13 Am I responsible for normal household costs and maintenance?

- Yes. You must continue to pay your normal household expenses such as gas, electricity, council tax and water charges.
- It is a condition of the Plan that your property is fully insured. Copies of the schedule will be requested by GE Life on an annual basis.
- You also remain responsible for the general maintenance of the property.
- When you join the Plan the valuer will report on the condition of your property. Under the terms of your lease you are required to maintain your property to a similar standard.
- As a matter of routine each property is revalued every two years free of charge. This ensures that all the properties in the Fund are well maintained and will continue to achieve good valuations. This contributes towards the overall value of the Fund and in turn may benefit your future income.

Q14 What expenses are incurred and what charges are made by the company?

- GE Life incurs marketing and legal expenses at the start of the Plan and administration expenses throughout the life of the Plan.
- GE Life also pays the valuer's fees and a proportion of the eventual costs of selling the property equivalent to the proportion of the property value used to provide income under the Plan.
- Deductions are made to meet these expenses as shown in your personal illustration. The projected income is not affected by costs incurred by GE Life in the future.
- Other than the interest on any Cash Facility there are no charges set against the income from the Plan other than a nominal lease rent of £12 per annum. This is guaranteed not to increase.
- Please note that GE Life makes an initial charge for arranging an independent valuation of your property. If you go ahead with the Plan this charge is refunded. Should you decide not to go ahead with the Plan the charge is forfeited.
- GE Life will pay your legal fees and disbursements, up to a maximum amount. If your solicitor charges you more than this amount, you will be responsible for the difference.
- You will be liable for your solicitor's costs in full if you decide not to go ahead with the Plan, after instructing your solicitor.

Further information



Your cancellation rights

You will be able to cancel your GE Life Plan during a 30 day period after entering into the agreement. You will be advised of this right in more detail (including when it begins and ends, and how to exercise it) in documents which we will send to you at the relevant time.

If you do wish to cancel your plan within the 30 day period, you should return your cancellation notice to the address on the back page of this Key Features Document.

Tax

Current tax reliefs and privileges could be altered in the future, as could the range of benefits available under personal pension plans.

Law

In legal disputes, the law of England and Wales will apply.

GE Life

GE Life is part of the General Electric Company (GE).

GE is a diversified technology, media and financial services company dedicated to creating products that make life better. From aircraft engines and power generation to financial services, medical imaging, television programming and plastics, GE operates in more than 100 countries and employs more than 300,000 people worldwide.

For more information, visit the company's Web site at www.ge.com.



GE Life is a member of SHIP (Safe Home Income Plans), a collective organisation launched to protect retired homeowners by promoting safe home income plans.

Queries and complaints

For further information, or if you wish to complain about any aspect of the service you have received, please contact GE Life at:

GE Life
The Priory
Hitchin
Herts
SG5 2DW

If your complaint is not dealt with to your satisfaction, you can then refer it to:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR
Telephone: 0845 080 1800

Making a complaint will not prejudice your right to take legal proceedings. Further details of our complaints procedure can be found in our leaflet entitled 'How to complain to GE Life'. You will receive a copy of this leaflet with the documents that we will send to you at the relevant time and is available on request. Alternatively, it may be viewed on our website at www.gelife.co.uk.

Compensation

The Financial Services Compensation Scheme (FSCS), as established under the Financial Services and Markets Act 2000, is responsible for the payment of compensation in the event of default.

In the event that GE Life is unable to meet its obligations, the FSCS may arrange to transfer your policy to another insurer, provide a new policy, or if these actions are not possible, provide compensation. For long term insurance (such as pension plans and life assurance) the first £2,000 of a claim is protected in full. Above this amount, the scheme covers payment to 90% of a policy in liquidation.

Important

This leaflet is a brief guide to the Key Features of GE Life's Equity Release Income Plan. The full contractual terms and conditions are contained in the policy document which is the legally binding contract between you and GE Life. A specimen policy document is available from GE Life on request.

This leaflet is based on GE Life's understanding of the current legislation and Inland Revenue practice as at 1 November 2004, which may change in the future.

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