

GE Life

Detailed information about the
Equity Release Income Plan

Enjoy the better
things in life



GE imagination at work



This product is offered by GE Life Limited, a company within the GE Life Marketing Group. For the purposes of this document GE Life Limited is referred to as 'GE Life'.

Brighter future

Everyone wants a brighter future – it doesn't matter if they're 21 or 71. GE Life offers a broad range of financial planning products, so our clients can achieve financial security and peace of mind whatever their time of life.

We provide sophisticated pensions and investments so people can plan for a happy retirement. We also have proven products designed to help you enjoy life after work.

Whatever your goals, GE Life offers the strength and security to deliver.

This strength comes from being part of the global General Electric (GE) Company – 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.



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Access the wealth in your property while living in your home

Enjoy a greater income for life

The Equity Release Income Plan is designed for people who need an additional income later in life. While retirement is a time to be really enjoyed, not everyone has a large enough income from pensions and other savings and investments to pay for everything they want to do.

Like many people, a significant proportion of your wealth may be tied up in your property. However, gaining access to this wealth, while still living in your home, can seem difficult.

The Equity Release Income Plan is a tried and tested solution to this problem.

Main benefits of the Equity Release Income Plan

The main benefits of the Plan are:

- An income for life – You'll receive a monthly income for the rest of your life or, if you have a partner who is a joint applicant, for the lifetime of whoever lives longer.
- An income that suits you – If you wish, you can choose an income that's guaranteed to stay the same each month, helping you budget throughout the year.

Alternatively, you can choose an income that varies in line with future property prices.

In some circumstances, depending on your health, you may be eligible for a higher level of income.

- The security of staying in your own home – You can continue to live in your own home for as long as you wish. This is your legally guaranteed right.
- Still provide an inheritance – You can retain an interest in the value of your home, which you can leave to your children or grandchildren as an inheritance. This is achieved through the Plan's Property Retention Option.

- Enjoy a cash lump sum – If you need a cash lump sum, this can be arranged through the Plan's Cash Facility. You can spend this money however you wish.
- Move house if you wish – Once your Plan is up and running, you can still move house without affecting your income.
- Reassurance of GE Life – Your Plan will be provided by GE Life Limited, we're part of the world's most respected company – voted number one five years running in the Financial Times/PWC World's Most Respected Companies survey.
- The Plan is also covered by the Safe Homes Income Plans (SHIP) code of practice, which is supported by the leading providers of equity release plans and welcomed by Age Concern. It ensures that you will receive full and clear information when taking out a Plan, including the costs involved and tax implications. It also allows you to choose your own solicitor to look after your interests.

To find out more about the SHIP code of practice, visit www.ship-ltd.org or write to Safe Home Income Plans (SHIP), PO Box 516, Preston Central, PR2 2XQ.



Who can take out the Plan

You can apply for The Equity Release Income Plan if:

- You are a single person aged 65 or over, or you are a couple both aged 70 or over.
- You own a property worth £30,000 or more.
- You have little or no mortgage on your property.
- Your property is in good condition.
- Your property is of conventional 'bricks and mortar' construction.
- Your property is either a freehold or long leasehold house, or a flat with a long lease.



How the Plan works

We understand that your home is very important to you. That's why the Equity Release Income Plan is designed to be straightforward, with no hidden worries.

When you take out the Plan, GE Life will buy your property from you. The value will be determined by an independent qualified valuer from your local area.

In return you will be paid an income for life, or for the life of your partner should they live longer. You will also receive a secure lifetime lease, which guarantees your right to stay in your home for as long as you wish.

The amount of income provided by your Plan will depend on:

- The value of your property
- Whether you choose to use all, or some, of the value of your home to provide an income
- Whether you are male or female
- Your health
- Your current age. If there are two of you, both your ages will be taken into account
- Your chosen income option

The following examples show how the Plan works:

Example 1

Mr Smith

Mr Smith's property was valued at £200,000. He is a fit and healthy 72 year old who still runs his own small business. However, he liked the idea of using his property to increase his income.

Having no children, he chose to use the full value of his home and now receives a guaranteed fixed income of around £943 net each month. This is higher than he needs initially, so he knows he can give up work altogether whenever he wants.

Like most people in his situation, Mr Smith wants to stay in his home for as long as possible. His level of income means he can afford help with cleaning, gardening and maintenance if necessary in the future.

Illustration as at 1 April 2004





Example 2

Mrs Jones

Mrs Jones was 75 years old when she took out her Plan and her property was valued at £600,000. As she wanted to leave an inheritance to her only daughter, she decided to retain 50% of her property's value through the Property Retention Option.

Mrs Jones now enjoys a guaranteed fixed income of £1,208 net each month. She knows that when she dies her daughter will receive 50% of the sale price at that time (less a deduction for a proportion of the costs of selling the property equivalent to the Property Retention percentage).

Illustration as at 1 April 2004

Example 3

Mr & Mrs Williams

Mrs & Mrs Williams are both aged 80. Their property was valued at £400,000.

They are making the most of their retirement and need an additional income of £15,000 each year to pay for the holidays and hobbies they enjoy.

After deciding to retain 25% of their property's value through the Property Retention Option, they then receive an annual guaranteed fixed income of around £16,000 net, payable monthly.

They also like the idea of being able to top up their income in the future. They could do this by using some of the value they have retained in their property to create extra income. They can also arrange cash lump sums using their Cash Facility.

They also know that, should one of them die, the other could move to a smaller property if they wish. With their current Property Retention, their two children would eventually inherit 25% of the then sale price, less any outstanding loan under a Cash Facility.

Illustration as at 1 April 2004



Creating a Plan that suits you

The Plan is also designed to be flexible. For example, you can retain an interest of up to 50% of the value of your property, or even arrange a small cash lump sum if you wish. Your financial adviser will be able to help create a Plan that's right for you.

Leave an inheritance

If you wish, you can use just part of your property's value to provide an income. You can retain an interest in the rest through the Plan's Property Retention Option, which can be used to provide an inheritance.

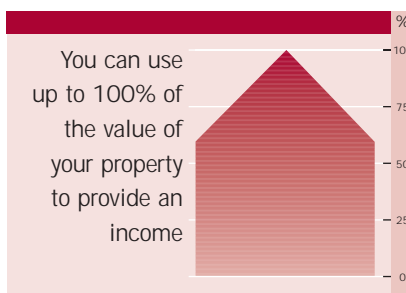
When you die, GE Life will sell your property and your estate will receive a lump sum, depending on the amount of Property Retention you have chosen. The example on this page shows how this would work.

You can retain an interest in up to 50% of the value of your property, subject to a minimum of £40,000 being used to generate your income. For properties valued at £40,000 or less, the whole property value must be used to provide income.

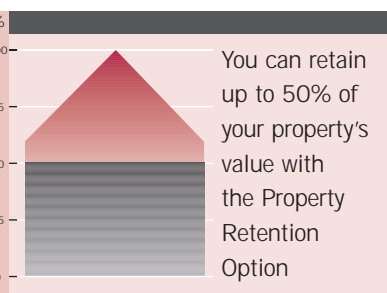
If property values should fall, the percentage interest you retain in your property would remain the same. This means that your estate would still receive a lump sum (less any outstanding loan arranged under the Cash Facility). This is a key benefit of the Equity Release Income Plan, compared to other plans where there may be a mortgage on your property.

For more information about the Property Retention Option, please see the Key Features Document.

Maximum Income



Maximum Property Retention





Take a cash lump sum

In addition to your income, you can also take a cash lump sum to be used as you please. This can be arranged through the Plan's Cash Facility, either at the start of your Plan or later.

To take a lump sum you must have chosen the Property Retention Option, as the Cash Facility is a loan secured against this. Interest on this loan will be deducted automatically from your income each month.

You won't have to repay this loan during your lifetime, unless you choose to move out of your property and it is sold. Otherwise, the loan will be repaid on your death, or the death of the surviving partner in the case of couples, using the proceeds from your share

of the property value held within your Property Retention Option. However, if you wish, you can choose to repay the loan at any time.

If you choose to surrender your secure lifetime lease later in life, perhaps if you decide to live with relatives or move to a residential home, your loan will be repaid out of the proceeds of the sale of your property. Therefore interest will no longer be deducted from your monthly income.

For more information about loan limits and interest rates under the Cash Facility, please see the Key Features Document (Question 8) and your Personal Illustration.

Example 4 – How the Cash Facility works

Mrs Thompson

Mrs Thompson's house was valued at £350,000 when she took out her Plan. However, she chose to use just £262,500 of this to purchase her income. With the Property Retention Option, she was able to retain a 25% interest in her property currently £87,500.

This meant that Mrs Thompson could arrange a maximum Cash Facility of £26,250, or 10% of the value of her property that she had used to purchase income.

However, at that time, she only needed a cash lump sum of £10,000 to help her grandchildren through university.

Of course, she knows that she could arrange a further lump sum in the future if necessary.

Mrs Thompson now enjoys an income of £1,114 net each month, with interest of £70 being deducted before she receives it.

Property value		
Value of Mrs Thompson's home	£350,000	
Purchasing her income		
Amount used to purchase income (75% of property value)	£262,500	
<i>Maximum amount that could be used to purchase income (100% of property value)</i>		<i>£350,000</i>
Property Retention Option		
Property Retention chosen (25% of property value)	£87,500	
<i>Maximum Property Retention available (50% of property value)</i>		<i>£175,000</i>
Cash Facility		
Cash Facility taken	£10,000	
<i>Maximum Cash Facility available to Mrs Thompson (10% of amount used to purchase income)</i>		<i>£26,250</i>
Income		
Gross monthly income	£1,114	
Less monthly interest on the Cash Facility	£70	
Net monthly income	£1,044	

Assumptions: Female only, aged 75, Property Value £350,000. Calculated at Interest Rates as of 1 April 2004.

Arranging your income

When you take out your Plan, you can choose the type of income option that suits you – fixed or variable. Your financial adviser will be able to help you choose the income option that best meets your needs.

Option 1

An income that is fixed for life

Many people prefer an income that stays the same each month, as this can make it easier to budget. If you choose the Fixed Income Option your monthly income will not change for the rest of your life.

This is the most popular way of arranging an income under the Plan, as there is no risk of your income falling in the future.

Example 5

Mr West

Mr West was 75 when he took out his Plan and his property was valued at £250,000. He decided to use the entire value of his property to create an additional income.

Like many people, Mr West likes to know just how much money is coming in each month. He chose the Fixed Income Option and now receives £1,472 net each month. He knows that this income will stay the same, whatever happens to property prices in the future.

Illustration as at 1 April 2004

Option 2

An income that is linked to the value of property

The Property Linked Income Option allows you to benefit from any future house price rises. If you choose this option, your income will be directly linked to the Unit Price of the GE Life Equity Release Income Plan Fund. This fund is made up of all the properties owned by GE Life Limited through Equity Release Income Plans.

If you choose this option, your income will change in line with the Fund's value. For example, if the Fund's value rises by 5% over a year, so will your income. On the other hand, if its value falls by 5%, your income will fall as well. Any changes in your income will happen annually on the anniversary of the date you took out your Plan.

You can anticipate some of the future growth of the property market to improve the starting level of your income. However, to do so an assumption on the growth of future house prices has to be made. The assumed rates of growth you may choose from are 2%, 3% or 4% per annum. The higher the rate you assume the higher the starting income figure will be. On the other hand, it is important to realise that for your starting income to be maintained, the Fund value must grow each year by at least the Assumed Growth Rate selected at the outset.





Example 6

Mr Evans

Mr Evans chose the 3% Assumed Growth Rate when he took out his plan. At the anniversary of his first year with the plan the actual rise over the year was only 2%. Therefore his income would be reduced by about 1% in the following year.

However, had the fund grown by 4% after the first year, then Mr Evans income during the 2nd year would increase by about 1%. This is because the first 3% would already have been taken into account by his initial choice of the 3% Assumed Growth Rate.

If the value of the properties in the Fund had remained unchanged during the first year then Mr Evans income during year two would reduce by about 3%.

Illustration as at 1 April 2004

Option 3

An income that is partly fixed and partly linked to the value of property

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.



More information about these options can be found in the Key Features Document.

Your Personal Illustration will show the effect these options may have on both your starting and future income.

Once your Plan is up and running

Your income

Once your Plan is set up, your income will be paid directly into your bank or building society account each month.

The only charge you will incur is a fixed £1 per month lease rent, which is deducted from your income.

Your property

It is a requirement of the Plan that you keep your property fully insured. You will also remain responsible for normal household expenses such as gas, electricity, council tax and water charges, along with the general maintenance of your property.

The Plan gives you the freedom to move house in the future if you wish. However, your new property will need to meet the qualification criteria for the Plan.

Your pension

Your Plan will not affect any pensions you may be receiving, whatever their value. However, if you receive benefits in the form of the Minimum Income Guarantee or associated benefits, or Council Tax Benefit, the amount you receive may be reduced or lost altogether. If this is the case, we recommend that you check carefully with the relevant authority the effect your Plan could have on the benefits you are receiving.

If the worst happens

If your Plan is arranged on a joint life basis and one of you should die, the income will continue in full for the remaining lifetime of the surviving partner. This gives couples valuable peace of mind, as they know that the surviving partner will have an ongoing income and be able to remain at home throughout their lifetime.

If you take out your Plan on a single life basis and die during the first five years, your estate would be paid the income due from the date of your death to the end of the fifth year. This would be paid as a lump sum.



Unless the Property Retention Option has been selected, no capital will be returned to your estate on your death, or the death of the partner who lives longer in the case of couples.

Taxation

Typically income is paid TAX FREE, although this will depend on your age and the value of your property used to purchase income. Your personal illustration will clarify your position.

If you are likely to be affected by inheritance tax, your Plan could reduce its effects. To find out more, please speak to your financial adviser.

This document is based on GE Life's understanding of current legislation and Inland Revenue practice as at 1 April 2004 all of which may change in the future. In particular the tax reliefs and advantages described are those currently available and may be varied in the future.

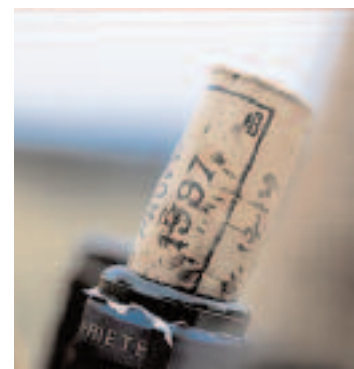
Legal Fees

GE Life will pay your legal fees and disbursements, up to a maximum amount (see table below). 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.

Property Value	Solicitors Fees
Up to £100,000	£220*
Up to £150,000	£250*
Up to and including £200,000	£300*
Above £200,000	£350*

**Plus VAT plus reasonable disbursements*



What to do next

Step 1

Before applying for the Equity Release Income Plan, we strongly recommend that you discuss your circumstances with your family, particularly your heirs and other beneficiaries of your will, as it will have an impact on your estate.

You should also speak to your solicitor regarding the Plan. For your protection, and in accordance with the Safe Homes Income Plans code of practice, your solicitor will be asked to certify that the terms and effects of the legal aspects of the Plan have been fully explained to you and that your attention has been drawn to the various Plan particulars.

If you would like more information about the Plan, please read the Key Features Document that accompanies this guide. In addition, your financial adviser will be able to answer your questions, discuss the various options available and tailor the Plan to meet your specific needs.

Step 2

Complete an application form and give this to your financial adviser, along with your cheque for the valuation fee.

Step 3

If your application is accepted, we will arrange for your property to be valued by a qualified independent valuer from your local area. You chose this valuer from our approved panel. If this creates any problems for you, please contact us or speak to your financial adviser.

At this point, we will send your solicitor full details of the Plan, together with the necessary legal documents. Your solicitor will then be able to deal with the legal formalities, leading to the completion of the transaction.

You are not committed to the Plan until all the necessary documents have been approved by your solicitor and signed by you.

Step 4

Once we receive a satisfactory valuation report, we will confirm in writing that your application has been accepted. In the same letter, we will also confirm the initial income payable under your Plan.

Step 5

Once your solicitors have satisfied themselves on the legal details, they will ask you to sign the relevant documents signifying your agreement to the Plan. We will then issue your policy document and lifetime lease. When these formalities are complete, the income payments from your Plan will commence.

Your income will be paid directly into your bank or building society account on the first day of each month. Normally the first payment will be at the start of the month following completion. If you have arranged to receive a cash lump sum under your Plan's Cash Facility, this will normally be paid at the same time as your first income payment.



GE imagination at work

