

Equitable Life Guaranteed Annuities following the High Court Judgement

In the High Court Judgement delivered on 9th September 1999 Equitable Life's approach to paying terminal bonuses on policies where the guaranteed annuity option is invoked has been upheld by Lord Justice Scott. Leave to appeal has been given but any appeal may not be heard for some time.

You have recently switched out of the With Profits Fund into Equitable Life's Money Fund in order to crystallise the non guaranteed element of the policy/policies. In doing so you have had to give up any right to guaranteed annuity rates, which following the judgement remain of questionable value.

You should now consider whether to switch back into the Equitable Life With Profits Fund.

On a switch back into With Profits your fund would be divided between guaranteed and non guaranteed elements in the same proportions as before the switch into the Money Fund. Provided that Equitable Life continue not to apply a market value adjuster or impose any other penalty on transfer you will still be able to use the full fund value to purchase an annuity on the open market.

As a With Profits Fund holder you would be a Member of the Society and should Equitable Life demutualise and/or be sold should therefore qualify for any demutualisation/sale bonuses, but the non guaranteed element of the policy/policies would still be vulnerable.

You may prefer to consider transferring away from Equitable Life to another provider to gain access to better performing funds and a wider spread of investment management houses.