

Why is the amount £5,000?

Considering the financial pressures on the public purse, the Government believes that £5,000, with an additional £5,000 for those in receipt of Pension Credit, is an appropriate and reasonable level of payment.

What is the extra £5,000 for those in receipt of Pension Credit?

The Government recognises that this is a very varied group, with different circumstances. Therefore the Government wants to focus the available funds on those policyholders who needed it most. If someone is in receipt of Pension Credit they will have had their financial situation assessed, and will have a low income. More information on the rules around these payments will be published later in the year.

Why aren't deceased policyholders included?

These payments are to help this group of elderly policyholders who may be living with a reduced annuity income. Because these payments are chiefly intended to help relieve some of the pressures associated with this, payments will not be made to those policyholders who are already deceased. This is also in order to maximise the payment available to living policyholders. However, should an annuitant pass away after the announcement before receiving their payment, this payment will pass to their estate.

How will this affect the wider Equitable Life Payment Scheme?

The wider Equitable Life Payment Scheme will be unaffected by these payments. The rules and design of the Scheme will stay the same, and all necessary funds remain in place to make payments to eligible policyholders.

Will these payments be free of tax/affect entitlement to other benefits?

This will form part of the regulations brought before Parliament later this year.

What should I do now?

There is no need for you to do anything at this stage. Those appointed by the Government to make these payments will be in touch with all pre-1992 Equitable Life With-Profits Annuitants in advance of those payments being made in the period after April 2014. In addition, updates will be provided on the HM Treasury website periodically.