

# Homeplan

Yearly statement at 1 February 2006

Plan holder: Andrew Example

Plan number: **W12345678A-D**

Plan started: 18 Dec 1992, Plan matures: 18 Dec 2017

## How to contact us

 **0845 60 60 390**

Monday to Friday 8.30am - 5pm

### Our details:

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[www.standardlife.co.uk](http://www.standardlife.co.uk)

## RED ALERT: HIGH RISK OF SHORTFALL



There is a high risk that your plan won't pay out enough to cover the target amount of £29,264.00 when it matures. Please see the section "What you might get back" for more information.

## Your plan summary

*You can register for online information at [www.standardlife.co.uk/online](http://www.standardlife.co.uk/online)*

*The total value is what you'd get if you cashed in your plan on 1 February 2006.*

This statement is to help you check your plan's progress and review your savings. This page summarises the key information about your plan. The rest of the statement gives you more detailed information.

### Your plan value

Total value on 1 Feb 2006	Total value on 18 Dec 2005	Amount we'd pay on death (1 Feb 2006)
£8,259.56	£8,133.62	£29,264.00

### Payments to your plan

Current monthly payment	Payments since 18 Dec 2005	Cost of life cover
£44.04	£44.04	£1.40

### What you might get back

*There's important information about these figures under the section "What you might get back (in detail)".*

These illustrations show what you might get when your plan matures. These are not minimum or maximum amounts. They're examples to help you plan for your future. You could get back more or less than this.

If your investment grows at the	Low rate	Intermediate rate	High rate	Target amount
What your plan might be worth	£18,404.00	£21,304.00	£25,430.00	<b>£29,264.00</b>



We strongly suggest you consider taking action to make sure you'll be able to repay the whole of your mortgage loan. Please read the enclosed factsheet from the independent watchdog the Financial Services Authority (FSA), "Your endowment mortgage - have you acted yet?". This explains the main options open to you.

## Your plan value (in detail)

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The table below shows the value of your fund on 1 February 2006.

Fund name	Total units	Price of each unit (p)	Fund value
Life With Profits Fund	3,788.812	202.2	£7,660.96
<b>Total fund value</b>			<b>£7,660.96</b>

### Total value

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*The total value is what you'd get if you cashed in your plan on 1 February 2006.*

Total fund value	£7,660.96
Final Bonus	£598.60
<b>Total value on 1 Feb 2006</b>	<b>£8,259.56</b>



These figures are not guaranteed. The final bonus is the amount that would have been paid if you had left with profits on 1 February 2006. This bonus is designed to reflect with profits returns not already taken into account in unit prices.

### With Profits bonuses

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*Standard Life is a mutual company and its with profits investors share in the financial performance of the Standard Life Group.*

We add regular bonuses by increasing the price of units you have in the Life With Profits fund each day. The units have grown at the following rates.

From 18 Dec 2005 to 1 Feb 2006	<u>2.00% a year</u>
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## What you might get back (in detail)

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The figures below show how much your plan might be worth when it matures, taking into account the actual performance of your plan up until now. We provide you with three illustrations showing a range of growth rates, a lower rate, an intermediate rate and a higher rate. The Financial Services Authority (FSA) sets a maximum for each of these rates. For some funds we have used lower rates. Please refer to the Growth Rates in Life Illustrations document enclosed.

If your investment grows at the	Low rate	Intermediate rate	High rate	Target amount
What your plan might be worth	£18,404.00	£21,304.00	£25,430.00	<b>£29,264.00</b>
▶ the shortfall would be	£11,264.00	£7,964.00	£4,164.00	



There is a high risk that your plan won't pay out enough to meet the target amount of **£29,264.00**. This is because, assuming our charges stay the same, the rate of growth needed to reach the target amount is higher than the maximum rate we have used for your plan.

We strongly suggest you consider taking action to make sure you'll be able to repay the whole of your mortgage loan. Please read the enclosed FSA factsheet "Your endowment mortgage - have you acted yet?" which explains the main options open to you.

In addition to the amount payable from your plan on maturity, there may be a top-up payment out of the provisions already set aside in respect of the Standard Life Mortgage Endowment Promise. As outlined in our letter of October 2004, it is our current expectation that there will be a payment of between £40,404,040,144 and £40,404,040,216 (unless a lower amount is required to meet your target amount at maturity).

Please see the section "About our Mortgage Endowment Promise" on the next page for more information.

### About these illustrations

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- ▶ These figures are only examples and are not guaranteed - they are not minimum or maximum amounts. What you will get back depends on how your investment grows and on the tax treatment of the investment.
- ▶ You could get back more or less than this.
- ▶ All firms use the same rates of growth for projections (except where they believe a lower growth rate is more appropriate) but their charges vary. Please refer to the Growth Rates in Life Illustrations document for details of the rates of growth used in this illustration.
- ▶ Do not forget that inflation would reduce what you could buy in the future with the amounts shown.
- ▶ You are invested in with profits. The above figures make an allowance for any minimum benefit guarantees that may apply to your with profits investment at maturity.
- ▶ The illustration basis makes an allowance for anticipated charges.

### **About these illustrations continued**

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► In the past we have enhanced maturity payouts through the addition of discretionary amounts, known as benefits of mutuality. However, in October 2004 we announced that we intend to reduce these discretionary payments and we expect that they will be phased out over the two years from that date. No allowance for the benefits of mutuality has been made in the illustration above.

On 17 October 2005 the Standard Life Board confirmed that it intends to recommend to members that the Company should demutualise and list on the London Stock Exchange, subject to satisfactory completion of all legal, regulatory and other processes. The Board continues to believe that demutualisation and flotation is the best way forward and in the best interests of the Company, its members and customers. It is expected that a proposal will be put to members ahead of a Special General Meeting in May or June 2006 for implementation as soon as practicable thereafter.

- In this illustration we have allowed for deductions in respect of the assessed cost of guarantees provided under with profits business. Please refer to the Growth Rates in Life Illustrations document for more details.
- The amounts shown assume 142 more monthly payments will be made before maturity.

### **About our Mortgage Endowment Promise**

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One of the conditions of the Promise was that future growth in our capital needed to be sufficient for the Company to set aside regular provisions for the financial support offered by the Promise. However, as explained in our letter of October 2004, this has not been the case. Despite this, the Board has exercised its discretion to set aside regular provisions in the past, but has now decided to suspend making further provisions. This is because we have concluded that it is unlikely that there will be sufficient future internal growth in capital to justify making further provisions in respect of the Promise.

Out of the provisions already set aside in respect of the Promise, we currently intend to make discretionary top-up payments - unless a situation arises where this would materially disadvantage other customers. Some examples of such situations would be a significant adverse change in investment conditions, a prolonged period of poor investment experience or changes in the way in which insurance companies have to demonstrate their solvency.

We cannot be certain at this stage of the levels of top-up which will be affordable from the existing provisions. We will regularly review the level of top-up payments which we currently expect to be able to make, and inform you if it changes from the range shown above.

*If you have any questions, please call us on 0845 60 60 390. Please have your plan number ready when you call.*

## Conditions

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For your plan to be eligible for any top-up payment, the following conditions must be met between now and the maturity date of your plan:

- ▶ you have to pay all future payments in full until the maturity date
- ▶ your plan must remain fully invested in with profits or the Managed Fund, or a mix of these.

We will not pay any top-up if:

- ▶ you reduce the payment amount (except if you change the plan from two or more lives to single life)
- ▶ you change the term of your plan
- ▶ you partially or fully cash-in your plan or stop payments permanently or use the Early Maturity Option (if this applies to your plan)
- ▶ the plan is assigned to a third party (except on divorce/dissolution of civil partnership or as security for a mortgage) e.g. sold as a Traded Endowment Plan.

## What to do now

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*More information about these options is included in the enclosed FSA factsheet "Your endowment mortgage - have you acted yet?". Please read this carefully and think about what action you need to take.*

There are actions you can take to make up the potential shortfall.

Your options include:

### **Making changes to your mortgage loan**

such as switching the amount of the potential shortfall to a repayment mortgage, repaying some of your mortgage early, or switching your interest only mortgage to a repayment mortgage. Making changes to your mortgage is probably the lowest risk option to make up a shortfall. You may wish to speak to your mortgage lender about your options.

### **Starting an additional savings plan**

such as an ISA (Individual Savings Account), to cover the potential shortfall.

### **Varying your endowment plan**

for example by extending the term or topping it up with extra payments, where allowed.

We recommend that you contact your adviser before taking any action. If you don't have a financial adviser we can help. Please call us on 0845 279 8808 for further information about your options.



*If you have other endowments, investments or regular savings plans aimed at paying off part of your mortgage you should also take these into account when deciding what to do.*

### **Do you think you have a valid complaint?**

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If you think you should consider complaining about the original sale of your plan, you should take action now. If you do not complain until after 5 January 2008, you will probably have lost your right to compensation. Enclosed with this statement is a FSA factsheet, which explains the complaints process. To obtain the full pack of FSA leaflets, call 0845 456 1555.

**This statement will not affect or change your legal rights or your rights under this plan.**