

EQUITABLE LIFE – GAR SURVEY

Final QUESTIONNAIRE (20.3.01)

INTRODUCTION

Good morning/afternoon/evening, my name is and I'm calling on behalf of MORI, the independent market research agency. We are conducting a survey on behalf of Equitable Life among a number of its policyholders. You may have seen an Equitable Life open letter advertised in the national press which mentioned that we might be calling? Would you be able to help us on this occasion?

- the interview will last around 10 minutes and all your answers will be treated in the strictest confidence according to the MRS Code of Conduct
- nobody will try to sell you anything as a result of this interview

(AGREE CALL BACK TIME IF NECESSARY)

OK TO CONTINUE..... 1 GO TO QA

SCREENING SECTION

QA Firstly, can I just check, do you currently hold a with profits policy with Equitable Life? SINGLE CODE ONLY

Yes..... 1
No 2
Don't know 3

CONTINUE IF RESPONDENT HOLDS EQUITABLE LIFE WITH PROFITS POLICY (QA 'YES'), OTHERWISE CLOSE

QB Which age group do you belong to, up to the age of 40, 41 to 50, 51 to 59, or 60 and over? This is just so we can ensure that we interview a representative spread of policyholders in terms of age. SINGLE CODE ONLY

Up to the age of 40..... 1
41-50..... 2
51-59..... 3
60 or over..... 4
Refused..... 5

CHECK QUOTAS AT QB – IF RESPONDENT'S AGE AT QB DIFFERS FROM HOW APPEARS ON SAMPLE, TAKE AGE QUOTAS FROM QB

QC The law states that for most pension policies you must buy an annuity with your pension fund when it matures, and this annuity then provides you with an annual retirement income until you die. The level of annual income paid to you by the annuity depends on the amount of money in your pension fund when you retire, and the percentage rate at which you buy the annuity.

As far as you are aware, is your Equitable Life policy one which offers Guaranteed Annuity Rates or GARs? That is to say, when your Equitable Life pension matures, will it enable you to buy an annuity from Equitable Life at a certain guaranteed rate? SINGLE CODE ONLY

- Yes 1
- No..... 2
- Have BOTH Equitable Life GAR and non-GAR with profits policies 3
- Don't know 4

ROUTING FOR GAR AND NON-GAR CUSTOMERS SHOULD BE AS FOLLOWS:-

- (I) IF RESPONDENT ANSWERS “BOTH” (CODE 3) AT QC, THEN INTERVIEW HIM/HER AS A GAR CUSTOMER (EVEN IF NON-GAR ON THE SAMPLE)**
- (II) IF RESPONDENT ANSWERS “NO” (CODE 2) AT QC BUT COMES FROM THE GAR SAMPLE, THEN INTERVIEWER SHOULD READ OUT...**

“In fact, at least one of your Equitable Life with profits policies is one which has Guaranteed Annuity Rates or GARs”

INTERVIEW SHOULD THEN TREAT SUCH RESPONDENTS AS GAR CUSTOMERS

- (III) IF RESPONDENT ANSWERS “YES” (CODE 1) AT QC BUT COMES FROM THE NON-GAR SAMPLE, THEN INTERVIEWER SHOULD READ OUT...**

“In fact, none of your Equitable Life with profits policies have Guaranteed Annuity Rates or GARs”

INTERVIEWER SHOULD THEN THANK THE RESPONDENT AND CLOSE THE INTERVIEW

- (IV) IF RESPONDENT ANSWERS “DON’T KNOW” (CODE 4) AT QC, THEN INTERVIEWER SHOULD READ OUT...**

(a) IF RESPONDENT IS A GAR CUSTOMER ON THE SAMPLE....“In fact, at least one of your Equitable Life with profits policies is one which has Guaranteed Annuity Rates or GARs”

(b) IF RESPONDENT IS NOT A GAR CUSTOMER ON THE SAMPLE.....“In fact, none of your Equitable Life with profits policies have Guaranteed Annuity Rates or GARs”

INTERVIEW SHOULD THEN TREAT SUCH RESPONDENTS AS GAR/ NON-GAR AS THEY APPEAR ON THE SAMPLE

MAIN QUESTIONNAIRE – ASK ALL CUSTOMERS

Q1 As you may know, Equitable Life has had to set aside more funds to pay Guaranteed Annuity Rates than expected. This has meant that last year’s bonus was lower and the investment freedom of the fund is restricted, which is likely to lead to lower growth. Had you heard about this problem? SINGLE CODE ONLY

- Yes 1
- No..... 2
- Don’t know 3

Q2 As far as you are aware, how, if at all, do you think this situation will have an adverse effect on you personally? DO NOT PROMPT. PROBE FULLY

(Open-ended Question).....

- Will not have an adverse effect on me personally..... X
- Don’t know..... Y

Q3 I am now going to read out some concerns which you may or may not have about the situation. For each one that I read out, please tell me what you feel about it on a scale where 10 is extremely worried, and 1 is not worried at all. So, firstly, how worried are you about....READ OUT STATEMENTS. ROTATE ORDER.

- “The safety of your savings”***
- “Good investment returns and therefore bonuses in the future”***
- “The fact that Guaranteed Annuity Rates may cost more than currently expected”***
- “Knowing where to get advice on the situation”***
- “The fact that Guaranteed Annuity Rates may be worth less than expected”***

FOR EACH STATEMENT, CODE RESPONSES USING 1-10 SCALE, WITH OPTION FOR “DON’T KNOW” AND “NOT APPLICABLE”

Q4 What, in your opinion, should Equitable Life be doing to help resolve this situation? DO NOT PROMPT. PROBE FULLY

(Open-ended Question).....

- Don’t know..... X

(no Q5)

Q6 In fact, Equitable Life is proposing to suggest a compromise way of resolving the problem. This would involve the Society paying extra money into all the individual pension funds of the people with Guaranteed Annuity Rates. In exchange, these pension holders would give up the guarantee on their annuity rates. Therefore, they would get an injection into their fund, but would buy an annuity at current - rather than guaranteed - rates on that fund when they retire. This would fix the total cost to the Society of the problem and remove the uncertainty for all policyholders.

**Do you think this would be an acceptable way of resolving the problem or not?
Do you think it would be...READ OUT CODES BELOW. SINGLE CODE ONLY**

- Very acceptable 1
- Fairly acceptable..... 2
- Neither acceptable nor unacceptable 3
- Fairly unacceptable..... 4
- Very unacceptable 5
- Don't know 6

ASK Q7a IF RESPONDENT ANSWERS EITHER "VERY" OR "FAIRLY ACCEPTABLE" AT Q6

Q7a Why do you think this would be an acceptable way of resolving the problem? DO NOT PROMPT. PROBE FULLY

(Open-ended Question).....

Don't know..... X

ASK Q7b-Q7c IF RESPONDENT ANSWERS EITHER "VERY" OR "FAIRLY UNACCEPTABLE" AT Q6

Q7b Why do you think this would be an unacceptable way of resolving the problem? DO NOT PROMPT. PROBE FULLY

(Open-ended Question).....

Don't know..... X

Q7c What else do you think Equitable Life could suggest which would be an acceptable alternative to this proposal? DO NOT PROMPT. PROBE FULLY

(Open-ended Question).....

Don't know..... X

ASK ALL CUSTOMERS

Q8a Thinking about the problem, how important, if at all, do you believe some form of compromise to be, given the uncertainties that will remain if the current situation continues? Would you say... READ OUT CODES BELOW. SINGLE CODE ONLY

- Very important 1
- Fairly important..... 2
- Neither important nor unimportant 3
- Fairly unimportant 4
- Very unimportant 5
- Don't know 6

INTERVIEWER, READ OUT:

Q9 Equitable Life have said that if a compromise proposal to resolve the situation is not achieved, then the investment performance of the fund will continue to be adversely affected. As a result, bonus rates are likely to have to be lower going ahead, leading to the benefits of customers such as yourself being worth less than envisaged.

As you may know, Equitable Life has suggested that £1.5 billion may be used to boost the individual pension funds of Guaranteed Annuity Rate policyholders, in exchange for them not receiving the annuity rates which they were originally guaranteed. That is because £1.5 billion is the estimated cost of providing the Guaranteed Annuity Rate benefits to those policyholders

If divided evenly among Guaranteed Annuity Rate policyholders, this figure of £1.5 billion would equate to an increase of around 20% for each policyholder's fund. So, for example, one proposal could involve the company boosting the value of all the individual pension funds with Guaranteed Annuity Rates by around 20%. In other words, such a proposal would mean each customer affected being offered the same percentage increase by way of compensation in exchange for not receiving the annuity rates originally agreed, regardless of how far away they are from retirement.

With this in mind, please tell me the extent to which you agree or disagree with the following statements I am going to read out. READ OUT STATEMENTS. ROTATE ORDER. PROBE FOR: Agree strongly; tend to agree; neither agree nor disagree; tend to disagree; disagree strongly; don't know; not applicable

In principle, all the customers affected should receive the same level of compensation, regardless of how far they are from retirement

Customers who are nearer retirement should receive more compensation than those whose who are further away from retirement

Customers who are further from retirement should receive more compensation than those who are nearer to retirement

ASK ALL GAR CUSTOMERS

Q10 As a Guaranteed Annuity Rate policyholder, how likely would you be to accept a compromise of 20% extra value being added to your pension fund in exchange for you not receiving the annuity rates which you were guaranteed? Would you be...READ OUT CODES BELOW

- Very likely1
- Fairly likely2
- Neither likely nor unlikely.....3
- Fairly unlikely.....4
- Very unlikely.....5
- Don't know6

ASK IF 'VERY' OR 'FAIRLY UNLIKELY' AT Q10

Q11 You mentioned that you would be unlikely to accept 20% extra value being added to your pension fund by way of compromise. In percentage terms, how much extra value would need to be added to your pension fund for you to accept giving up your guaranteed annuity rates in exchange? DO NOT PROMPT.

- 21-25%1
- 26-30%2
- 31-35%.....3
- 36-40%4
- More than 40%5
- WOULD NOT GIVE UP GUARANTEED ANNUITY RATES6
- Don't know7

ASK ALL GAR CUSTOMERS

Q12 If you had to choose between, firstly, 20% extra value being added to your pension fund in exchange for giving up your guaranteed annuity rates, or secondly, keeping your guaranteed annuity rates but having restricted investment freedom on the fund and likely lower returns over the years ahead, which would you choose? SINGLE CODE ONLY

- 20% extra value added to pension fund in exchange for giving up guaranteed annuity rates1
- Keeping guaranteed annuity rates but having restricted investment freedom2
- Don't know3

ASK ALL GAR CUSTOMERS

Q13 Thinking now about your own personal situation with Equitable Life. Which one of the following that I am going to read out best describes what you personally plan to do in the near future? READ OUT. ROTATE ORDER. SINGLE CODE ONLY.

- Continue to pay into my Equitable Life pension fund as normal..... 1**
- Stop paying into my Equitable Life pension fund but leave it with Equitable Life for now2**
- Withdraw my pension fund from Equitable Life and take it to another company3**
- Increase the level of contributions paid into my Equitable Life pension fund.....4**
- None of these5
- Don't know.....6

ASK IF RESPONDENT ANSWERS CODES '1' OR '4' AT Q13

Q14 If there is a compromise agreed, there will need to be a cut-off date for new contributions to guaranteed annuity rate policies, for the purposes of calculating the injection of 20% extra value into individual funds. Do you think policyholders should be given advance notice of the cut-off date to allow them to pay premiums before the cut-off, or should it only be announced on the day itself? SINGLE CODE ONLY

- Policyholders should be given advance notice of the cut-off date 1
- Cut-off date should only be announced on the day itself.....2
- Don't know.....3

ASK ALL CUSTOMERS

Q15 When it comes to voting for or against Equitable Life's compromise proposal, do you think you are likely to seek the advice or expertise of anyone else in helping you to decide how you would vote? IF YES, ADD: Whose advice would you seek? DO NOT PROMPT. MULTICODE OK

- Family/friends/acquaintances 1
- Independent Financial Adviser (IFA) 2
- The Equitable Life Adviser/salesman who originally sold me my policies 3
- Advice which appeared in the media (eg. newspapers, magazines, TV/radio programmes)..... 4
- Other advice sought (PLEASE SPECIFY) 5

- NO – WOULD NOT SEEK OTHER ADVICE/EXPERTISE 6
- Don't know 7

(no Q16)

ASK ALL NON-GAR CUSTOMERS

Q17 As you may know, the current situation impacts upon any Equitable Life customers who hold with profits policies with the company, such as yourself, regardless of whether or not guaranteed annuity rates were included. With this in mind, please tell me the extent to which you agree or disagree with each of the following statements. READ OUT STATEMENTS. ROTATE ORDER. PROBE FOR: Agree strongly; tend to agree; neither agree nor disagree; tend to disagree; disagree strongly; don't know; not applicable

“If Equitable Life’s proposal for resolving the situation does not go ahead, then my policy will end up being worth less when it matures than would currently be the case”

“Whilst stabilising the fund and increasing investment flexibility is important, I am not prepared to allow Guaranteed Annuity Rate policyholders to get more than they have already obtained at a cost on my policy”

“ I would support Equitable Life’s compromise proposal to give Guaranteed Annuity Rate policyholders a rise equivalent to 20% of the value of their pension funds in exchange for them not receiving their guaranteed annuity rates”

ASK ALL CUSTOMERS

Q18 I am now going to read out a number of statements about the current situation with Equitable Life. Please tell me the extent to which you agree or disagree with each. READ OUT STATEMENTS. ROTATE ORDER. PROBE FOR: Agree strongly; tend to agree; neither agree nor disagree; tend to disagree; disagree strongly; don't know; not applicable

It is in my personal interest for a compromise to be reached

If the current situation is not resolved soon, then the future financial performance of Equitable Life will be in jeopardy

In principle, I would be prepared to make a sacrifice of some sort in the size of my benefits in order to help stabilise the fund and allow greater investment freedom

ASK ALL GAR CUSTOMERS ONLY

I will not accept any solution to the situation other than me receiving the full Guaranteed Annuity Rates (GARs) I originally agreed with Equitable Life

CLASSIFICATION - ASK ALL GAR CUSTOMERS ONLY

Q19 Can I just ask, when do you actually expect to retire? PROMPT WITH CODES BELOW. SINGLE CODE ONLY

- Over the next 12 months..... 1
- Over 12 months, up to 2 years from now2
- Over 2 years, up to 3 years from now3
- Over 3 years, up to 5 years from now4
- Over 5 years, up to 10 years from now5
- Over 10 years, up to 20 years from now6
- Over 20 years, up to 30 years from now7
- Over 30 years from now.....8
- Don't know.....9
- Refused0
- ALREADY RETIRED X

Q20 When you retire, you will be able to take something like 25% of your Equitable Life pension fund in cash, tax-free. Do you plan to do this? SINGLE CODE ONLY

- Yes 1
- No 2
- Don't know..... 3

Q21 Do you plan to pass your Equitable Life pension-on to your spouse after your death? SINGLE CODE ONLY

- Yes 1
- No 2
- Don't know..... 3
- Don't have a spouse 4

ASK ALL GAR CUSTOMERS, EXCLUDING THOSE WHO DO NOT HAVE A SPOUSE AT Q21

Q22 Were you aware that many Equitable Life Guaranteed Annuity Rate pensions do not continue to your spouse after your death? SINGLE CODE ONLY

- Yes 1
- No 2
- Don't know..... 3

Q23 Knowing this, when you retire would you still intend to take your Equitable Life pension benefits all at Guaranteed Annuity Rates, or do you think you will convert some of the fund to provide a pension to your spouse? SINGLE CODE ONLY.

- Will still take benefits all at Guaranteed Annuity Rates 1
- Will convert some fund to provide a pension to spouse..... 2
- Don't know..... 3

THANK RESPONDENT AND CLOSE