

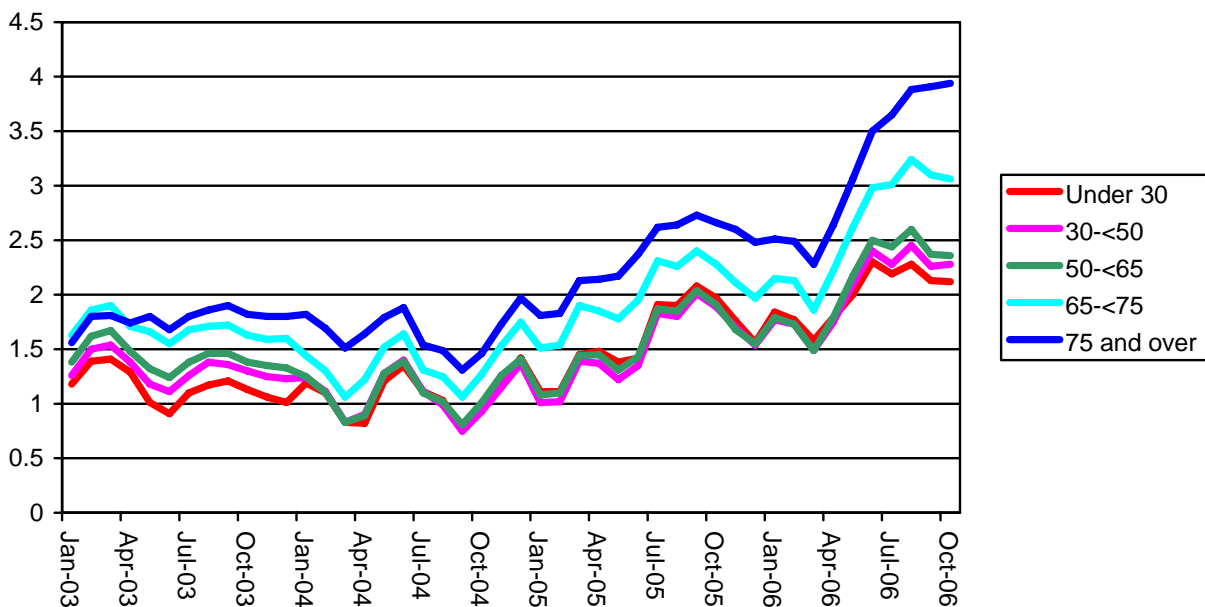
14 November 2006

LATEST MONTHLY FIGURES SHOW ELDERLY INFLATION RATE STILL CREEPING HIGHER

Latest figures out today show that the over-75s are still the age group being hardest hit by inflation with the elderly's annual inflation rate in October nudging close to 4% - double the government's inflation target, according to the Alliance Trust Research Centre's October alert that is part of its ongoing 'Age and Inflation' study. October's headline findings, based on analysis of official inflation figures and their impact on different age groups' spending patterns, are:

- **Inflation for the over 75s is running at above 3.9% - that's 63% more than headline inflation**
- **Gas price inflation of 40.6%, electricity price inflation of 27.3% and rising prices of food and soft drinks are fuelling the elderly inflation crisis**
- **Effect of new higher tuition fees on younger age groups was muted, underlining that, overall, the elderly remain the group worst hit by rising prices**
- **Alliance Trust maintains call for pensions to be linked to rise in retired cost of living**

Although the latest official inflation figures show that the headline rate of inflation remained unchanged at 2.4% in October, the Alliance Trust's model shows that the rate of inflation facing the over 75s remained at an elevated level of 3.9%. This is the third successive month in which inflation facing the over 75s has been at a record level since the Alliance Trust Research Centre's study began in January 2003.



Shona Dobbie, head of the Alliance Trust Research Centre said: *“Although it was widely expected that younger age groups’ inflation might start to catch up on retirees’ inflation this month with the introduction of higher tuition fees, our study shows that the UK’s elderly are still suffering most. Some under-30s may have been affected by an increase in education fees, but they are now benefiting from a sharp drop in prices of audiovisual and computing goods. In contrast, price pressures on the over-75s have not eased. Their inflation rate actually edged closer to 4%, which is twice the 2% target that the government has given the Bank of England.”*

Dobbie said, *“Price inflation in electricity, gas and food increased even further this month. The impact of price increases in these basic goods and services falls most heavily on the over 75s, who spend a higher proportion of their monthly budget on necessities. Other age groups are still facing lower levels of inflation as they benefit more from falling prices in clothing, footwear, household appliances, audio visual equipment and petrol.”*

“This month’s results illustrate once again the fact that the official headline inflation rate does not necessarily paint a true picture of the actual impact of inflation experienced by the over 75s.”

– ends –

Alliance Trust’s full new report on ‘Inflation and Age’ is available on www.alliancetrust.co.uk
You can obtain a copy of the report by emailing contact@alliancetrust.co.uk or phoning 08000 326323.

Contacts

Jane Holligan, Media Relations Manager

Alliance Trust PLC

Tel +44 (0)1382 306064

Mobile 07745 783212

Email jane.holligan@alliancetrust.co.uk

Web www.alliancetrust.co.uk

Richard Winder / Jeena Nadarajan / Anna Schirmer

Lansons Communications

Tel +44 (0)20 7294 3641 / 3629 / 3605

Email richardw@lansons.com /
jeenan@lansons.com / annas@lansons.com

Notes to editors

1. Alliance Trust PLC is the largest generalist investment trust company listed on the London Stock Exchange. Through its subsidiaries, Alliance Trust offers investment dealing, self-invested personal pensions and a choice of investment wrappers.
2. The Research Centre is part of Alliance Trust and was formed to carry out economic and social analysis to deepen our understanding of economies, markets and socio-economic issues.
3. Photographs of Shona Dobbie are available.

