

**PENSION ANNUITY**

# WANT A SECURE GUARANTEED INCOME FOR LIFE?

**What's an average-sized pension pot?**

In the UK, this amounts to £43,300<sup>2</sup>.

**What's an annuity?**

Traditionally, annuities are the most common way to secure a steady, guaranteed income.

They're usually bought using the money saved in your pension fund. In return, a regular sum of money is paid to you each year, for the rest of your life.

**What's a drawdown?**

A retirement income solution which lets you draw an income directly from your pension fund.

As retirement nears, you may already have pension funds or savings of your own. You might have ambitions to go on holiday, improve your home, or perhaps invest. Others might just want enough to live on and not run out of money.

In fact, 75% of 55-70 year olds surveyed would prefer a secure guaranteed income over an income that might rise or fall depending on financial markets<sup>1</sup>.

The answer might be a guaranteed income for life solution, also known as a pension annuity. It's something your adviser may recommend.

The Financial Conduct Authority (who regulates financial companies) has confirmed the value of such products:

**"For people with average-sized pension pots, the right annuity purchased on the open market offers good value for money relative to alternative drawdown strategies and may therefore be a good option for those with low risk appetites."**<sup>3</sup>

But not all your options are the same, so what should you do when you're thinking about your retirement income?

**Not all guaranteed incomes are the same**

You don't have to take the first offer. Your pension provider may offer you an annuity, but this might not be the best choice for you. Like with any major purchase you should shop around for the best buy. Your adviser is there to help you.

**Why shop around?**

It could make a big difference to your retirement. For example, if your pension fund is £50,000 and you shop around for the best offer, it could be roughly the same as adding up to an extra 1.6%<sup>4</sup> each year to your income.

<sup>1</sup> International Longevity Centre, 'Making the system fit for purpose', January 2015

<sup>2</sup> ABI UK Insurance & Long Term Savings – Key Facts 2015

<sup>3</sup> Financial Conduct Authority, 'Retirement Income Market Study', December 2014

<sup>4</sup> The illustration is based on an individual aged 65 with a £50,000 pension fund, five-year guarantee period, monthly in advance, no escalation, no value protection, no dependant's pension, based on RH2 7RT postcode. A facilitated adviser charge of 2% has been assumed. Rates compared to the lowest standard annuity rate offered via The Exchange from Iress on 21.04.17.

### It's probably easier than you think

We consider over 1,500 different medical and lifestyle conditions, either alone or in combination – which means you could get more income in retirement.

Lifestyle factors like smoking or drinking may qualify. More severe conditions such as cancer and heart disease would also be considered.

And that's not all...

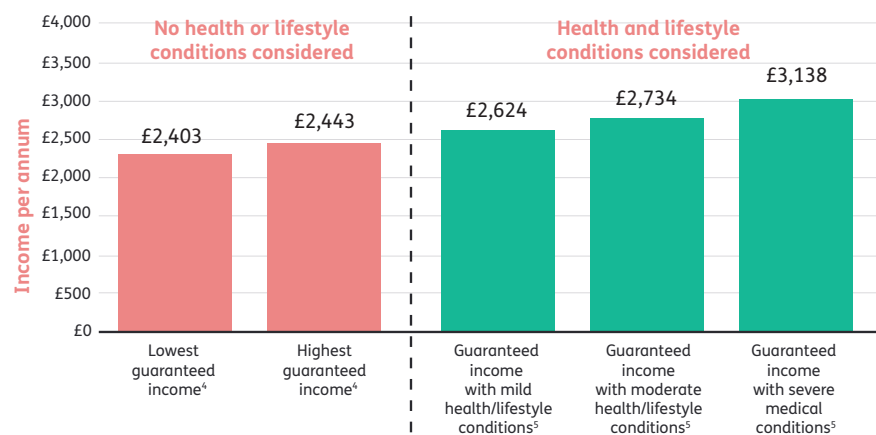
### Boost your income by up to 30%<sup>5</sup>

We consider your health and lifestyle. This means we can potentially offer you a higher income in retirement.

How much could this be? Well, compared to the lowest guaranteed income on the market, a guaranteed income from us could mean a potential increase of:

- up to 10% for mild conditions;
- up to 15% for moderate conditions; or
- up to 30% (sometimes even higher) for severe medical conditions<sup>5</sup>.

### What difference could your health make to your retirement income?



<sup>5</sup> Mild, moderate and severe annuity rates were taken from Just 21.04.17. Quotes were produced using the same illustration basis as for the standard quotes from Iress<sup>4</sup>, but with the additional health and lifestyle conditions included:

**Mild health conditions (10%):** Based on an individual who is 5' 7" tall, weighing 15st 13lbs.

**Moderate health conditions (15%):** Based on an individual who has diabetes Type 2 diagnosed five years ago, supplied HbA1c readings takes one medication daily, 22 units of alcohol weekly.

**Severe medical conditions (30%):** Based on an individual diagnosed with Parkinson's Disease nine years ago, hospitalised one year ago, and treated with one daily medication. They also have high blood pressure and high cholesterol, taking one daily medication for each.

Everyone's different, so it's best to speak to a financial intermediary before making any decisions.

## FOR MORE INFORMATION

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