

# SECURING A BIGGER ANNUITY INCOME

*The lack of professional financial advice can be costly*

You only have one opportunity to shop around for your annuity. This is called 'exercising the open market option'. Once you have committed to an annuity provider and started to receive an income, the decision can't be reversed. So it is essential that you shop around and obtain professional financial advice to help you through the process.



## FAILURE TO SHOP AROUND

The National Association of Pension Funds (NAPF) pointed out that the failure of someone to shop around – or being unaware they were able to do so – might reduce their annual pension income by a third.

The insurance industry has in recent years reformed its annuity practices, and insurers now have to conform to guidelines set down by the Association of British Insurers (ABI).

### New guidelines will require insurers to:

- Provide clear and consistent information, including details on how to shop around for an annuity
- Highlight the details of enhanced annuities – the higher pension

income available to those with shorter life expectancy

- Signpost clients to external advice and support that is available
- Give a clear picture of how their products fit into the wider annuity market

## THE POINT OF RETIREMENT

Insurers have been obliged since 2002 to draw their clients' attention to the fact that they can shop around for an annuity at the point of retirement.

One of the ways in which people may end up with too small an annuity is by not taking into account their own medical circumstances. Having conditions as seemingly manageable as high blood pressure or diabetes

could qualify you for an enhanced annuity, which could pay you more income because your average life expectancy may be less.

### Key points about annuities:

- Make the right decision now, because you cannot reverse it later – don't just accept the annuity your pension provider gives you
- Shop around – it could be worth up to a third more income per month for you.



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- You can combine multiple pension pots into one annuity
- Common health issues, including smoking, high blood pressure and diabetes, can lead to an even higher monthly income
- Obtain professional financial advice

### **LACK OF KNOWLEDGE**

Getting the best annuity rate is just the tip of the iceberg. There are many important issues which, if ignored, could have a detrimental effect on your annuity income. At present, many people who cash in their pensions simply sign up to the annuity provided by their insurer, but this is rarely the best offer.

### **LIVE BETTER IN RETIREMENT**

If you are approaching your retirement, we can take you through the process step by step to find the best annuity for you. Your retirement should be a special time when you do those things you never had the opportunity to do before. So it's essential you think and plan carefully, as the decisions you take now cannot be undone later. If you are concerned about your retirement provision, please contact us to review your current situation.

### **HANDING OVER ALL, OR PART, OF YOUR PENSION FUND**

**To calculate your annuity they take into account:**

- Your age
- Your gender
- The size of your pension fund
- Interest rates
- Sometimes your health

**Examples of health problems that might entitle you to a higher income include:**

- Cancer
- Chronic asthma
- Diabetes
- Heart attack
- High blood pressure
- Kidney failure
- Multiple sclerosis
- Stroke

There are other health conditions that could also mean you receive a higher income, so if you're on any prescription medication, we can check with your provider whether you are likely to qualify.

### **OTHER REASONS FOR HIGHER PAYMENTS**

You might also be able to receive a higher monthly retirement income if you are overweight or if you smoke regularly.

Some companies also offer higher annuity rates to people who have worked in certain jobs, such as those involving a lot of manual labour, or who live in particular areas of the country.

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### **PROFESSIONAL FINANCIAL ADVICE YOU CAN TRUST**

Not only will different annuity providers offer different rates, they'll also offer different annuity options. We can help you shop around to find the right type of annuity that suits you. To discuss the options available to you, please contact us.