



**23 April 2010**

## **Consumers in the dark over annuities**

New research carried out by Sun Life Financial of Canada reveals that four in ten (42%)\* consumers have no idea what an annuity is.

When presented with a choice of descriptions of what an annuity is, of which only two were correct, a quarter of people (25%) selected incorrect descriptions. The correct descriptions were identified by just 33% and 29% respectively.

Whilst the survey of UK adults highlighted confusion of annuities across all ages, perhaps most worrying is the confusion experienced by those falling into the 'at retirement' age group. 23% of over 55 year olds wrongly think an annuity is a 'savings pot which you accumulate throughout your working life' and a further 23% saying they have no idea what an annuity is. Worryingly, 1% of over 55 year olds (172,000\*\*) said they thought an annuity was an 'insurance policy that protects against unemployment throughout the course of your working life'.

Sun Life Financial of Canada also asked people how they would prefer to receive income in their retirement. Interestingly, 22% of over 55 year olds say they want their money in retirement to remain invested and to be able to draw down an income, whilst 7% want to ensure they have the same guaranteed retirement income every month, as provided by a conventional annuity.

Mark Stopard, Head of Marketing at Sun Life Financial of Canada said: "There is a clear knowledge gap when it comes to retirement income planning, particularly amongst the over 55s, for whom purchasing an annuity product is imminent. Although people have firm views as to how they want to receive their income in retirement, there is a basic lack of understanding when it comes to annuities, and how they operate as an income generator. It's likely

people will assume all annuity products are the same, which may help to explain why so many end up with level annuities that offer no protection against inflation and the changing income needs of retirement.”

He continued: “A product such as *i2Live*, provided by Sun Life Financial of Canada, allows consumers to consolidate their retirement savings, take a drawdown, and then annuitise and they do so whilst remaining invested. They therefore benefit from potential capital growth, but have the security of a guaranteed monthly minimum payment.

“It’s clear that people across the board could benefit from improving their understanding, especially those who are fast approaching retirement. Seeking independent financial advice is the best way to ensure your plans for future wealth are on track. There is a wide range of retirement income products available, so being able to make an informed choice is vital.”

For more information visit [www.sloc.co.uk](http://www.sloc.co.uk) or speak to your local independent financial adviser.

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**Notes to editors:**

\*All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1241 adults. Fieldwork was undertaken by YouGov in April 2010. The survey was carried out online. The figures have not been weighted.

\*\*Based on 17.2m over 55s from the Mid 2008, UK, England, Scotland, Wales and Northern Ireland census, Table 1 from National Statistics website.  
<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=15106>

## **About Sun Life Financial of Canada in the UK**

Sun Life Financial of Canada is well established in the UK and part of a global organisation, headquartered in Toronto, Canada. UK companies operate under the brand Sun Life Financial of Canada.

Sun Life Financial of Canada in the UK is focused on providing flexible and innovative product solutions for customers in and approaching retirement. We are dedicated to building excellent customer service by offering the highest levels of customer care and quality products. We have a heritage in the UK dating back over 100 years to 1893 and serve the needs of customers direct or through financial advisers nationwide.

As at 31 December 2009, Sun Life Financial of Canada has £11.59 billion assets under management in the UK with over 860,000 plans in force.

For more information, please visit [www.sloc.co.uk](http://www.sloc.co.uk)

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