

Annuities - UK - August 2015

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“In retirement, people still want a predictable, guaranteed income more than anything else. Hybrid, or ‘third way’, products that provide this alongside more attractive rates and the ability to keep some pension funds invested to draw a more flexible income from seem well set for significant growth in the years to come.”
 – Rich Shepherd, Financial Services Research Analyst

This report looks at the following areas:

- Personalised online tools can help plug the advice gap
- Freedoms cash plans are more cautious than feared
- Hybrid products seem perfect, but have their own challenges

The announcement of the pension reforms included in the 2014 Budget was enough to cut sales of annuities in half in 2014. Now that the pension freedoms are in place, having been launched in April 2015, sales are likely to fall even further. However, among the difficulties faced by providers are opportunities for real innovation in the post-Budget environment. Many providers are looking to provide this innovation, and there are signs that the new retirement income industry will be healthier than the one previously dominated by annuities.

The vast majority of people plan to arrange a retirement income solution at retirement, and auto-enrolment is making the potential customer base for providers bigger than ever. While annuities as we have known them in the past won't enjoy the dominance they previously had, there are opportunities for providers to offer a range of traditional annuities, drawdown and hybrid products of the two to return to growth in the coming years.

This report focuses on the UK annuities market. The report includes examination and discussion of the size of the market and leading providers' performance and competitive strategies, the driving influences behind the market and the performance of income drawdown. The report also includes Mintel's exclusive consumer research. This looks at pension ownership, awareness of the 2014 Budget changes and what people expect to do with their pension fund at retirement, including what they plan to spend any withdrawn pension freedoms cash on. Finally the report looks at how people plan to get information on retirement income and what features they want most from retirement income products.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Internal and non-advised sales rise

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Just Retirement is the UK's largest annuity provider...

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