

Enhanced annuity

An example

George was retiring at age 60. He shopped around himself for the best annuity for his £75,000 personal pension. The best rate he could find for a joint-life annuity with 50% spouse's pension for his wife Sue, aged 55, was £3,718 per year.

At the last minute he decided to take advice from an expert after reading in the national newspapers about the importance of doing so.

The recommendation:

George's financial adviser followed the usual advice process. Whilst completing the retirement questionnaire he found out that both George and Sue smoked, and took medication for blood pressure and cholesterol control. This meant they qualified for an enhanced annuity. George was unaware that their health would make such a difference. The increased annuity was £4,000, which was £282 higher than the rate George had found himself.

Not only did George's adviser get enhanced rates on the option he wanted he obtained quotes for other options and as a result George and Sue decided to invest in a joint-life annuity with 2/3rds spouse's pension instead of 50%. This paid £3,876 per year which was still higher than the rate George had found.

George and Sue are now getting more income, plus, Sue has peace of mind that she will be financially secure should George die before her.

“I thought I could do this myself but I didn't know about enhanced annuities. I am so glad I took advice”.

