

Press release

The number of people using annuities set to double

- Nearly one million people are considering annuities for the first time to guarantee stable incomes, avoid market volatility and make the most of higher rates
- However, misconceptions about the product are still high as 44% of people want a guaranteed income in retirement but less than half recognise an annuity as a potential solution
- Legal & General analysis of its own data¹ has seen annuity rates increase by around 40%

Nearly one million (990,000) pre-retirees, those aged over 55 and still in work, are considering annuities for the first time in preparation for their retirement, according to research from Legal & General Retail².

One in six people approaching retirement but still working (16%) are looking at the product due to improved rates against the backdrop of rising living costs. This is in addition to the 828,000 (14%) of working over 55s who had always planned to buy an annuity in retirement³.

Aside from the improvement in rates (18%), people considering an annuity are drawn by the stability of a guaranteed income making it easier to plan their finances (78%) and the assurances the product offers in a volatile market (36%).

But there is still a lack of awareness around the product. Of the one in five pre-retirees who wouldn't consider an annuity (20%), 16% said it was because they believe they offer a bad deal. An additional two out of five pre-retirees (44%) described wanting a guaranteed income for the rest of their lives but only half that number want or are considering an annuity, despite this being exactly what it is designed to achieve.

Legal & General analysis of its own data found that its annuity rates typically increased by around 40% from October 2021 to October 2022, and over 60% since 2016.

“There’s no hard and fast rule when it comes to deciding how to fund your retirement. What might work well now, may not be suitable for you in 10, 15 or 20 years’ time so it’s really important to remain actively engaged with it throughout later life.

“Despite annuities becoming more popular, we still need more awareness of the flexibility of fixed-term annuities and the benefits of enhanced annuities. Our research shows there’s still a lack of understanding about what an annuity is and what it can offer. This means people risk having an ‘either, or’ approach to funding their retirement, when in fact a blended approach might be more suitable.

“It’s important people are aware of all the options they have and whether a combination of these may present the best outcome. Having this knowledge will ensure people can reclaim their retirement at a time when they might be feeling lost due to financial pressures outside of their control.”

Lorna Shah, Managing Director of Retail Retirement, Legal & General Retail

To help people reclaim their retirement, Legal & General has created a [‘Reclaim Retirement’ hub](#), which includes free resources to help people better understand their options.

-ENDS-

Notes to editors

¹ This is based on Legal & General's own data. The YOY data was calculated in the 12 months ending in October 2022.

² Research was carried out online by Opinium Research amongst 2,003 UK adults aged 55+ who are still in work between the 8th-17th November 2022. Pre-retirees relates to those aged 55+ who are still in work. According to ONS statistics there are over 6,000,000 UK adults aged 55+ who still work. 16% of working adults aged 55+ who had not previously considered an annuity are now considering one because of interest rates and cost of living. This equates to 990,000 UK adults.

³ According to ONS statistics there are over 6,000,000 UK adults aged 55+ who still work. 14% planned to buy an annuity which equates to 828,000 UK adults.

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with over £1.4 trillion in total assets under management* of which a third is international. We also provide powerful asset origination capabilities. Together, these underpin our leading retirement and protection solutions: we are a leading international player in pension risk transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

** at 31 December 2021*

About Legal & General Retail

As of 1st January 2022, Legal & General Retail Retirement and Legal & General Insurance (our two retail businesses) have been combined into one division, Legal & General Retail, to enable us to better serve the needs of our retail customers.

Legal & General Retail helps protect the lives and futures of our customers; the division covers the savings, protection and retirement needs of our c12 million retail policyholders and workplace members. In 2021, we wrote £957 million of annuity premiums, and issued £848 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.4 million members, while in the UK we paid out a total of £1,133.8 million in insurance claims.

Further information

Name: Cordelia Jacob

Company: Lansons

Tel: +44 7870397543

Email: cordeliaj@lansons.com

Kia McLean

PR Manager

Kia.mclean@landg.com