FINANCIAL CONDUCT AUTHORITY

# Implementing information prompts in the annuity market

## Feedback on CP16/37 and final rules

**Policy Statement**

PS17/12

May 2017

# This relates to

Consultation Paper 16/37 which is available on our website at www.fca.org.uk/publications.

Comments or queries can be sent to:

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# 1 Overview

## Introduction

1.1 This Policy Statement (PS) sets out our response to the feedback received to CP16/37 'Implementing information prompts in the annuity market'.[1] It also sets out our final rules which require firms to inform consumers, by providing an information prompt, how much they could gain from shopping around and switching provider, before they buy an annuity.

## Who does this affect?

1.2 This PS will be of relevance to anyone with an interest in pensions and retirement issues, including:

- providers of retirement income products and other financial services products that play a role in consumers' retirement planning
- individuals and firms providing information or advice on retirement
- distributors of retirement income products
- trade bodies representing financial services firms
- consumer bodies
- individual consumers

## Is this of interest to consumers?

1.3 Our rules are likely to be of interest to consumers who intend to buy an annuity. The information our rules require firms to provide is intended to prompt consumers to shop around and, where appropriate, switch provider before they purchase an annuity. Our rules will not impact consumers who have already purchased an annuity.

### Context

1.4 We published our Retirement Income Market Study (RIMS) in March 2015. It found that the retirement income market was not working well for consumers.

1.5 RIMS proposed a number of interventions (remedies) in response to the problems identified. One was the redesign of the information that consumers receive from their providers in the run-up to retirement, including wake-up packs, and testing small

1 https://www.fca.org.uk/publications/consultation-papers/implementing-information-prompts-annuity-market-cp16-37

modifications to determine the effect they could have on consumer behaviour. This work is currently ongoing and we will publish the findings later this year.

**1.6** Another remedy was the creation of a pensions dashboard to allow consumers to see all their pension pots in one place. In the 2016 Budget, the Chancellor announced that government will ensure the industry designs, launches and funds a pensions dashboard allowing individuals to view all their retirement savings in one place by 2019.

**1.7** RIMS also found that consumer behavioural bias had weakened competitive discipline in the annuity market. The remedy proposed to address this was to require firms to provide an annuity quotation comparison. This would help a consumer, who has decided to buy an annuity, to easily identify whether they could be getting a better deal by shopping around.

**1.8** We commissioned consumer behavioural research to test how this information prompt could work in practice – including in the specific context of whether it could increase shopping around in the annuity market. We published the results in July 2016.[2] Two conclusions from the research were of particular relevance to the rules we are making in this PS:

- Firstly, the research suggested that an information prompt comparing available quotes should significantly increase shopping around. This conclusion was robust across different (including different socio-economic) groups.
- Secondly, the research suggested that a specific form of information prompt was most effective. The largest increase in shopping around occurred when consumers were shown a personalised communication that showed the amount, as annual income, that they could gain from shopping around and switching.

**1.9** On 25 November 2016, we published CP16/37 which set out our proposals and draft rules to implement this information prompt.

**1.10** Drawing on the remedy put forward through RIMS, and our subsequent consumer behavioural research, the draft rules proposed that firms should provide consumers looking to purchase an annuity with a personalised communication that showed the amount – as annual income – that they could gain from shopping around and switching.

**1.11** Our consultation closed on 24 February 2017. We are grateful for all input and, having carefully considered in detail all the comments and feedback received, we are now publishing our final rules.

**1.12** While we recognise that the number of consumers purchasing annuities has decreased following the introduction of the pension freedoms in April 2015, the market for annuities remains significant, with around 80,000 consumers purchasing annuities each year.[3] Further, our data suggests that a significant proportion of annuity sales are still being made to firms' existing customers. Improving competition in this market therefore remains an important objective for the FCA.

2 Oxera for FCA, 'Increasing consumer engagement in the annuities market: can prompts raise shopping around?' (https://www.fca.org.uk/publication/research/consumer%20engagement%20in%20annuities%20market.pdf)

3 FCA, Data Bulletin 8 (https://www.fca.org.uk/publications/data/data-bulletin-issue-8)

### Summary of feedback and our response

**1.13** We received 28 responses to our consultation from a variety of stakeholders, including consumer groups, trade bodies and firms. In general, respondents were supportive of the principle of the information prompt but had concerns about specific aspects of our proposals.

**1.14** Based on feedback, we have made the following changes to our final rules compared to those consulted upon:

- requiring the inclusion of a clear and prominent warning about enhanced annuities;
- requiring that firms engaging with consumers over the telephone will only have to provide the information prompt in relation to the specific guaranteed quote that a consumer has indicated they would like to proceed with; and
- requiring firms to implement by 1 March 2018.

Further detail is set out in Chapter 2.

### Next steps

**1.15** Firms affected by these changes will need to ensure compliance from 1 March 2018.

# 2 Implementing information prompts in the annuity market

## Introduction

**2.1** In this chapter we provide more detail on the feedback received on our proposals and the supporting cost benefit analysis (CBA).

**2.2** Our proposals were divided into four areas:

- the content of the information prompt
- the scope of our rules
- when the information prompt must be provided, and
- the date by which firms must implement the information prompt

**2.3** We asked questions under each of the four areas. Our responses to the feedback on the questions, along with other issues raised, are set out below.

## Content of the information prompt

**2.4** In CP16/37, we explained that our consumer behavioural research indicated that the personalised annual form of the information prompt encouraged the largest and most persistent increase in shopping around.

**2.5** We, therefore, proposed to require firms to deliver the information prompt in this form. The proposed rules required firms to include, in a prescribed format, the following information in the prompt:

- the amount used to purchase the proposed annuity
- whether the annuity is single or joint life
- whether payment is in advance or in arrears of the start date
- whether the income paid by the annuity is guaranteed for any period
- whether the income will increase in line with inflation or some other specified rate
- the provider's own quote, and
- how to shop around (the phone number and URL for the Money Advice Service (MAS))

2.6 Where the prompt indicates that the consumer could get a higher annual income elsewhere, it will show what that income is and the difference between it and the income quoted by the provider.

**Q1: Do you agree with our proposal to require firms to disclose this content?**

2.7 Many respondents used the question as an opportunity to make more general comments about the proposal. These respondents indicated that, while they agreed with the broad objective of the proposal, there were a number of areas for potential improvement.

2.8 A number of respondents commented that the requirement to provide the information prompt should only apply to ceding providers. A number of other respondents argued that when the consumer was using an independent financial adviser or market intermediary to search the whole market, the information prompt should not be given.

2.9 Some respondents queried whether the information prompt should be given for every guaranteed quote, especially where multiple quotes were provided. Some respondents also queried whether the annuity provider or intermediary would be responsible for providing the information prompt where the consumer used an intermediary, such as a broker.

2.10 A number of respondents commented that the proposed information prompt could do more to highlight the consumer's next steps. They suggested that the information prompt puts the onus on consumers to find the better deal without equipping them with the knowledge or information to enable them to do this.

2.11 One respondent suggested that the information prompt should not be restricted to the annuity market, but compare annual annuity income with annual income available from other products the consumer might be able to purchase with their pension pot, such as flexible drawdown.

2.12 Some respondents also commented that the requirement to provide hard copies of the information prompt on a single sheet of A4 paper may not be suitable for consumers with sight difficulties who have requested the information in large font.

2.13 Finally, a number of respondents commented on the language and phraseology used in the template information prompts. They suggested that some of the language and phraseology was too technical and, therefore, unlikely to be understood by some consumers.

**Our response:**

We continue to consider that the requirement to provide the information prompt should apply to all types of annuity sale; including internal, open market and panel sales. As set out in paragraph 3.12 of CP16/37, during the consultation phase of RIMS, stakeholders commented that open market comparisons can be based on limited panels. This means that these comparisons do not search all of the market and a consumer could potentially get a better rate by shopping around.

Where a consumer uses an intermediary firm that sources annuities from the whole market, including a broker or independent financial adviser, the consumer is likely to be quoted the best rate available on the market. However, where the intermediary firm does not have access to every rate available, it is possible that the quote presented by the intermediary firm does not produce the best annual income available to the consumer. In that situation, the consumer would benefit from being made aware of this so they can shop around more widely if they choose to do so. If the quote presented by the intermediary firm is the highest available to the consumer, we consider that the consumer would also benefit from receiving confirmation of this. This is reflected in COBS 19.9.7R.

We consider that the requirement to provide the information prompt should apply to **any** firm providing a guaranteed quote to a retail client. This is reflected in COBS 19.9.2R.

It follows that, where an intermediary firm is used by a consumer, both the intermediary firm and the relevant annuity provider will be required to provide the information prompt. We recognise that this potentially duplicates the information provided. The final rules, therefore, mandate that where an intermediary firm is used by a consumer, the intermediary firm is able to rely on the information prompt given by the annuity provider, if it is satisfied that it is appropriate to do so. This approach was envisaged in CP16/37, but following feedback we have made the rules clearer on this issue.

Our rules require that the information prompt must be provided when a guaranteed quote is given by a firm to a retail client. Accordingly, where multiple guaranteed quotes are given by a firm to a consumer, the rules require that the information prompt must be provided in relation to each of these quotes. We accept the argument that this approach results in the consumer receiving more information to digest. However, we consider that a requirement to only, for example, provide an information prompt in respect of the first quote provided by a firm, would not be consistent with our policy intent – for example, where a consumer proceeds with a subsequent quote. The only exception is in relation to non-written quotes, which we cover in our response to Q6.

We are conscious that some consumers may ask about where the highest quote can be obtained (should this be relevant). While we have not mandated that firms provide this information, we intend to keep this under review. Once the prompt has been implemented, we will assess the impact it has on consumer outcomes. If we find evidence that consumers' ability to access the highest quote is inhibited by a lack of information about the firm that can provide it, we will explore the possibility of mandating provision of this information. In the interim, firms will note that the rules in new COBS 19.9 do not prevent them from providing a consumer with information about the firm offering the highest quote. Firms can consider providing such information, especially when a consumer expressly asks which firm is offering the highest quote.

We do not propose to extend the scope of the rules to require that the information prompt compares the best annuity quote available to other products the consumer might be able to purchase with their pension pot, such as a flexible drawdown policy. We are considering competition in the wider decumulation market through our Retirement Outcomes Review (ROR).

We have amended COBS 19.9.16R to provide that hard copies of the information prompt must be provided on a single sheet of A4 paper **unless** the recipient has requested that the information prompt is provided in an accessible format, such as large text.

We have amended the template information prompts to incorporate some of the feedback received on the language and phraseology used. We consider that the changes in language and phraseology adopted make the template information prompts easier for consumers to understand.

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**Q2: Do you agree with our proposal to require firms to use a prescribed format?**

**2.14** Most respondents agreed with our proposal to require firms to provide the information prompt in a prescribed format.

**2.15** However, a number of respondents commented that the approach was too prescriptive. They suggested that firms should be able to present the information prompt in a manner that is deliverable on their own systems and consistent with their in-house communication styles.

**2.16** One respondent commented that the prompt would better serve consumers if it set out the improvements over the expected lifetime of the contract, rather than simply the annual improvement.

**2.17** Some respondents commented that the information prompt should not simply signpost consumers to MAS. Some suggested that, where a firm has a broking solution that covers the whole of the market, it should be able to signpost the consumer to that service in addition to MAS. Others suggested that other free sources of consumer guidance – such as Pension Wise and The Pensions Advisory Service – should be signposted.

**2.18** In connection with the above, some respondents raised concerns about the annuity comparator tool to be used by firms to generate quotes. One suggested that, to promote consistency, we might mandate that a particular annuity comparator tool be used.

**Our response:**

While we recognise the potential benefit to firms that synchronising the presentation of the information prompt with its own house style might entail, we continue to consider that firms should present the prompt as prescribed by our templates. As set out in paragraph 3.7 of CP16/37, the simplicity of the information presented is important to the effectiveness of the prompt. The template information prompts have been carefully designed, based on consumer behavioural testing, to ensure that the figures presented are given prominence, to maximise the effectiveness of the prompt in promoting shopping around. Our research therefore indicates that giving firms freedom to change the format of the information prompt could reduce how effective it is at encouraging consumers to shop around.

As set out in Box 1 of CP16/37, we tested a version of the personalised annual comparison which set out the amount – as annual income – the consumer could gain from shopping around and switching along with an estimate of the gains foregone by not shopping around over a typical person's lifetime. Our research demonstrated that the addition of information about the estimated lifetime gains foregone reduced shopping around. Given this finding, it would not be appropriate to proceed with an information prompt that provides both pieces of information.

We are not persuaded that it would be appropriate for the information prompt to refer to more than one annuity comparator tool. We consider all information prompts should only refer consumers to the MAS annuity comparator tool because our research clearly demonstrated that adding too much information to the information prompt could reduce its effect. Furthermore, the MAS annuity comparator tool provides coverage of the whole of the non-advised market and asks consumers underwriting questions that allow them to ascertain whether they are entitled to purchase an enhanced annuity. We cannot be certain that any alternative comparator tools referred to by the firm in the information prompt would provide such a comprehensive service.

Some respondents commented that other free sources of guidance could be highlighted in the information prompt, in addition to – or instead of – MAS. The key reason we decided to include details of MAS was because it provides a comprehensive annuity comparator tool. Other bodies offering guidance that is free at the point of delivery – for example, Pension Wise or The Pensions Advisory Service – do not have such facilities. If these bodies are replaced by a single financial guidance body, as proposed by the government, we will update our rules accordingly.

Finally, we have decided not to require firms to use a particular comparator tool when generating market-leading quotes. As set out in the guidance in COBS 19.9.8G, in generating a market-leading quote a firm is free to use a tool that will ensure that the whole of the annuity market is searched; whether that is the facility on the MAS website or commercially provided comparison software. We are aware that some firms will have pre-existing commercial relationships with businesses providing these solutions, and we do not propose to disrupt these arrangements.

## Scope and additional warnings

**2.19** In CP16/37 we explained that the requirement to provide the information prompt would only be triggered when a guaranteed quote is provided by a firm.

**2.20** We also set out two scenarios where we believed it would be appropriate for firms providing the information prompt to give additional warnings alongside the prompt. These were where consumers are entitled to a pension commencement lump sum (PCLS) of higher than 25% of their fund value or entitled to a guaranteed annuity rate (GAR), whether at the time of the quote or in future.

> **Q3: Do you agree with our approach to dealing with special cases (enhanced PCLS entitlement and consumers who are entitled to a GAR or will be able to access a GAR in future)? Are there any additional categories of consumer who should be warned when they see this comparison of annuity quotes?**

**2.21** Most respondents suggested that our proposed approach could lead to poor consumer outcomes because it does not make clear that income could be enhanced for consumers with medical conditions or if certain factors relating to the consumer's lifestyle were applicable.

**2.22** A number of respondents asked for clarity about our expectations of firms in relation to GARs. They were concerned that a firm providing the quote might not know whether the consumer was or would be entitled to a GAR, if that firm was not the holding provider. This concern was exacerbated by the fact that consumers entitled to a GAR are commonly unaware of their entitlement.

**2.23** Some respondents suggested that we should not, as we suggested in CP16/37, require firms to show the annual income payable from a GAR. In many instances a consumer cannot take advantage of a GAR until a future date, so the fund value is subject to fluctuations in the intervening period. It followed that it might be more sensible to require that firms simply confirm in the prompt that the consumer is entitled to a GAR and that it may provide a higher income.

**2.24** Respondents suggested that, where relevant, an additional warning should also be given in respect of Guaranteed Minimum Pension (GMP) rights and rights arising under section 9(2B) of the Pension Schemes Act 1993 (section 9(2B) rights). Others, conversely, suggested that where these rights were identified the requirement to provide the prompt should not apply, primarily due to their complex nature.

**2.25** Some respondents suggested that where a consumer is entitled to any form of guaranteed, enhanced or protected benefit in their scheme, they should be outside the scope of this proposal. In such cases the onus should be on the ceding scheme to clearly notify the consumer of these features.

**2.26** One respondent suggested that we should introduce a requirement for the consumer to take advice where the value of the fund used to purchase the annuity was over £30,000.

**Our response:**

In paragraph 2.3 of CP16/37, we explained that the information prompt is intended to solve the problem of consumers purchasing standard annuities from their incumbent provider rather than when they could have got a higher income purchasing an enhanced annuity on the open market.

However, we accept that some consumers receiving the information prompt – which will usually compare eligibility for standard annuities – might be eligible to purchase an enhanced annuity. We agree, therefore, that the information prompt should inform consumers that they may be eligible to purchase an enhanced annuity. We have amended the information prompt templates so that they each include a clear and prominent statement to this effect. The statement reflects the key questions that – if answered in the affirmative – are likely to result in the consumer being eligible to purchase an enhanced annuity.

With respect to expectations on firms providing information about the availability of GARs, COBS 19.9.12R(3) states that a firm must take reasonable steps to assist a consumer in ascertaining whether they are entitled to a 'pension-related' benefit, which includes a GAR. Guidance as to what constitutes 'reasonable steps' is set out in COBS 19.9.13G(2).

A number of respondents suggested that where a GAR is payable in the future, firms should simply be required to state that the GAR may provide a higher income than the quote set out in the information prompt. We consider that taking this approach risks understating the potential value of the GAR to the consumer. Our final rules, therefore, require that where a GAR is payable in the future an estimated annual income figure must be provided. However, we have amended the proposed information prompt template to emphasise that the figure presented is an estimate of the future annual income payable.

We consider that the vast majority of consumers with GMPs and section 9(2B) rights, will be looking to convert section 32 buy-out policies. These rights are likely to provide a better income than an annuity purchased on the open market. It follows that most consumers with a section 32 policy will elect to take the GMP or section 9(2B) related income. If consumers do not elect to take the income, it seems likely that their preference would be to cash in the policy or transfer the cash value of the policy to consolidate with other defined contribution pensions, rather than purchase an annuity. Furthermore, even if a consumer is looking to purchase an annuity, the contractual arrangement between the consumer and the section 32 policy provider may not permit the purchase of an annuity with another provider.

However, in the rare event that a consumer with these rights wishes to purchase an annuity and can do so with another provider, the rules mandate that the prompt must be provided. Given their potential value, we consider that the consumer should be made aware of their minimum pension rights in the prompt before they commit to an annuity purchase elsewhere.

Some consumers with a guaranteed, enhanced or protected benefit in their scheme will benefit from provision of the information prompt. While in most circumstances it will be in the consumer's best interests to take the guaranteed, enhanced or protected benefit, there will be circumstances where this may not be the case, such as if the consumer has medical conditions. Accordingly, consumers with a guaranteed, enhanced or protected benefit in their scheme must be provided with the information prompt.

Finally, we do not propose to mandate that a consumer must take advice if the value of the fund used to purchase the annuity is over £30,000. We consider that such requirement could force a consumer to take advice, and bear the associated costs, where it may not be needed or justifiable in their particular circumstances.

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**2.27** In CP16/37 we proposed that firms should use the same underwriting information to produce the comparison of quotes that they use to produce their own quotes. For example, if a consumer's current provider bases its quote on answers to five relevant questions about the consumer's circumstances, then the information prompt should be provided on the basis of the same five underwriting questions. This would ensure that the annuity comparison is performed on a like-for-like basis, striking an appropriate balance between reducing implementation costs for firms and helping consumers to realise the benefits of increased competition.

**Q4: Do you agree with our approach of requiring each firm to provide the proposed information prompt on the basis of a comparison of guaranteed quotes available to the consumer, using the underwriting information that was used by the firm?**

**2.28** Some respondents suggested that we go a step further than our proposals and agree – or mandate – minimum underwriting standards. Some respondents commented that, as was recognised in paragraph 3.20 of CP16/37, requiring firms to provide comparisons on a like-for-like basis could lead firms to reduce their underwriting levels, thus diminishing the differential between internal and open market quotes. They suggested that the introduction of compulsory minimum underwriting standards would eradicate the scope for firms to act in this way.

**2.29** A number of respondents expressed concerns that consumers would not be aware that the quote generated may have been underwritten using very limited information. One respondent suggested that we should mandate the inclusion of a clear and prominent warning on the template information prompt, informing the consumer that the quote was generated using limited information. Another respondent suggested that we should include a third column on the template information prompt informing the consumer of the questions that had not been asked in generating the quote.

**2.30** Some respondents also suggested that the provision of guaranteed quotes was impractical. One submitted that the only realistic opportunity for a firm to present a consumer with a guaranteed quote is at the point the consumer has decided to purchase an annuity and provided the information required to produce a fully underwritten quote.

**Our response:**

We recognise that, as highlighted by respondents, there is a risk that requiring comparisons on a like-for-like basis could lead firms to reduce the level of underwriting they provide to consumers. This would have the effect of reducing the differential between internal and open market quotes. However, we do not see a case for mandating minimum underwriting standards for firms. We consider that requiring the use of minimum underwriting standards would impose a disproportionate cost burden on firms and inappropriately intervene in their pricing models. Requiring comparisons on a like-for-like basis fits well within the consumer journey. It also gives a comparison of the quote sought, which our consumer behavioural research suggests will lead to an increase in shopping around.

Nevertheless, we recognise the risk highlighted by respondents. As set out in paragraph 3.20 of CP16/37, where a firm intentionally reduces the level of underwriting provided to consumers for the purpose of deterring a consumer from shopping around, we do not consider this would be in the consumer's best interests. If any breach of the client's best interest rule in COBS 2.1.1R is identified, we will take appropriate action.

We consider that a consumer is unlikely to understand the implications of a warning on the prompt that outlines where a quote has been generated on limited underwriting information. As set out previously, we have mandated a warning in respect of potential eligibility for enhanced annuities. We consider that this warning will be more effective at prompting consumers to consider their eligibility for an enhanced annuity.

Our proposals envisaged that the prompt will only be given where a firm's quote for comparison is a guaranteed quote. We recognise this will come later in the consumer journey than if we required it for indicative quotes. However, based on feedback, we continue to consider this will achieve our desired outcome.

## When is the information prompt to be provided?

**2.31** In CP16/37 we proposed that firms include the information prompt as part of the pre-sale disclosure for annuity sales.

**Q5:** **Do you agree that the information prompt should be provided before a consumer makes a decision to proceed to purchase an annuity?**

**2.32** Most respondents agreed that the information prompt should be provided before a consumer makes a decision to proceed to purchase an annuity.

**2.33** One respondent suggested that the information prompt should be provided earlier in the consumer journey to allow the consumer to compare the annuity quotes they receive with other products the consumer might be able to purchase with their pension pot. Another, conversely, suggested that where an intermediary firm is used by the consumer, the requirement to provide the information prompt should be given during the post-purchase cooling-off period.

**Our response:**

As set out in paragraph 3.23 of CP16/37, we consider that requiring the production of the information prompt as part of the pre-sale disclosure is consistent with the findings of RIMS and has the potential to deliver the greatest benefits to consumers.

We do not consider that the information prompt should be provided earlier in the consumer journey. It is important that the consumer has considered which products they might be able to purchase with their pension pot and whether they meet their needs prior to receiving focussed information about a specific product.

We also do not consider it is appropriate for the information prompt to be provided during the cooling-off period after a consumer has made an annuity purchase. It is clear that a consequence of this will be that fewer consumers take the decision to shop around and switch, as they will be unlikely to re-engage with the annuity purchase process.

**2.34** In CP16/37 we proposed that for non-written communications, such as telephony sales, firms should include information prompts in the same way as subsequent written disclosures. For example, where a consumer is told the level of income available to them during a phone call, they must be told the difference, in pounds and pence, between the firm's best quote and the highest guaranteed quote available to them on the open market.

**Q6: Do you agree that the information prompt should be provided in the same way to non-written and online communications?**

**2.35** Most respondents agreed with this proposal.

**2.36** Some respondent firms explained that they typically gave a number of guaranteed quotes verbally during telephone calls with consumers. Accordingly, the requirement to provide the information prompt for each guaranteed quote given could have the effect of making telephone calls significantly longer. This would increase costs for firms and make calls repetitive and confusing for consumers, which could ultimately disengage them.

**2.37** Some respondents indicated that they were concerned about the consistency of delivery across different media, particularly the telephone. One respondent suggested that we consider providing a script for delivering the information prompt on the telephone. Another respondent suggested that we should introduce generic guidelines for non-written communications.

2.38 One respondent raised that our consumer behavioural research that informed CP16/37 had not tested how an information prompt might be effectively delivered through telephone channels and there is, therefore, no evidence as to how our proposed approach will work on this media.

2.39 A number of respondents commented that COBS 19.9.14R(2) (now COBS 19.9.16R(2)) was unclear. These respondents felt the requirement to provide the information prompt would not arise if the consumer, during a telephone call with a firm, requested a guaranteed quote to be provided to them in writing by post or email.

**Our response:**

Although our consumer behavioural research did not explicitly test the provision of the information prompt through non-written media, we consider that the underlying finding of our research is also relevant for non-written communications. We are, therefore, proceeding to require this information to be provided for non-written communications.

However, following feedback, we have amended our proposal in relation to quotes given over the telephone. In the light of feedback received, we recognise the potential to disengage consumers during telephony sales where multiple figures are given. We have, therefore, amended our final rules to require that, when engaging with a consumer over the telephone, firms should only provide the information prompt once the consumer has confirmed that they would like to proceed with a particular guaranteed quote provided. This measure gives the consumer the benefit of the information prompt while reducing the risk of disengagement.

In response to the calls for measures to ensure consistency of approach across different media, we consider that the information prompt templates clearly demonstrate the information that firms need to impart to consumers. We do not, therefore, consider that there is a need for further guidance around the information to be provided through non-written media.

Our intent was that where a consumer, during a telephone call with a firm, requested a guaranteed quote to be provided to them in writing via post or email, firms should provide this in a durable medium. We consider that the rules accurately reflect that intent.

## Date of implementation of the information prompt

2.40 In CP16/37 we proposed that the requirement to provide the information prompt should apply to firms from 1 September 2017. We considered that this would allow sufficient time for firms to make the necessary changes to their systems and processes.

**Q7: Do you have any comments about our proposed implementation date of 1 September 2017?**

2.41 The majority of respondent firms commented that the proposed implementation date was too challenging. Many commented that the introduction of the information prompt was a significant undertaking for firms, so a much longer period for implementation was appropriate. Some commented that firms were already implementing material changes brought about by other FCA rules. This meant that firms had limited capacity to make the system and process changes these rules would require by 1 September 2017. Two respondent annuity providers went further, stating that they would not be able to comply with an implementation date of 1 September 2017.

2.42 Conversely, other respondents – including both representative bodies and firms – welcomed our proposed implementation date, or suggested it was not soon enough.

**Our response:**

We appreciate the challenges some firms will face to implement the information prompt. The evidence provided by the two respondent annuity providers who claimed they could not comply with 1 September 2017 implementation indicates that some providers would find the implementation of these changes particularly challenging. Further, we are aware of work that firms are required to undertake following other, recent FCA publications, and the effect that has on firms' capacity to deliver further changes.

Conversely, as our CBA demonstrates, ultimately the cost to firms of providing the information prompt is outweighed by the benefit to consumers. We are therefore keen to avoid unnecessary delays to implementing the information prompt.

Having carefully weighed the feedback and evidence provided against the detriment delayed implementation will cause consumers, we have decided to require that firms must implement the information prompt by 1 March 2018. We consider that a period of approximately nine months to implement the necessary changes strikes a fair balance between the practical challenges of implementing the necessary changes and delivering the pro-consumer and pro-competition benefits of this policy as soon as is reasonably practicable.

## Other issues

### Cost benefit analysis

2.43 In CP16/37 we set out detailed CBA of our proposed rules, as required by section 138I(2)(a) of Financial Services and Markets Act 2000. This explained that our analysis suggested that while costs to firms were significant, ultimately they were far outweighed by the benefits to consumers.

**Q8: Do you have any comments on our CBA?**

**2.44** Most respondents provided no comment – or said they had no comment – on our CBA.

**2.45** One respondent suggested that we had significantly underestimated the overall cost to firms. It suggested that its own expected costs would be materially higher than the CBA estimated.

**2.46** Some respondents suggested that it was unreasonable for our CBA to assume an average cost of implementation, as the systems used by firms (their age, as well as the number) and back books of pensions held by firms providing annuities differed widely.

**2.47** Other respondents suggested that we had failed to incorporate the cost to firms of training staff to deliver the information prompt.

**2.48** Other respondents suggested that we had underestimated the increase to the length of telephone calls that the proposals entailed. For example, one firm explained that call times were currently 15 minutes on average – where three guaranteed quotes were provided to the consumer – but the requirement to provide the information prompt would push average call times to over 20 minutes.

**2.49** One respondent suggested that our CBA failed to take into account costs that arise from open market quotes that may be required to access GAR and PCLS terms.

**2.50** Another respondent suggested that the CBA failed to take into account the impact that the reduction in demand for advice will have on the businesses of intermediary firms. Although not stated, the respondent's suggestion appears to be that the existence of the information prompt will result in fewer consumers seeking assistance from an intermediary firm in purchasing an annuity.

**Our response:**

Only one respondent provided expected implementation cost figures that significantly exceeded those set out in the CBA. It is clear from the respondent's feedback that these costs are specific to its business. While the costs the respondent expects to bear are considerable, there is no evidence to suggest that other firms will bear similarly high implementation costs. On this basis, while the figures provided by the respondent do impact our CBA by pushing up the expected costs of implementation, the difference between the costs and benefits of this proposal remains significant in favour of benefits. We, therefore, do not consider that the figures provided by the respondent impact our proposals.

In the light of the above, our revised table of cost estimates is as follows:

| | Up-front | Ongoing |
|---|---|---|
| Retrieving quotes from the open market | £1.88m | – |
| Updating existing product disclosures | £8.65m | – |
| Subscription to quote comparison software | – | £306k p.a. |
| Additional customer contact: follow up calls from customers | – | £80k p.a. |
| Additional customer contact: longer calls to present the information prompt | – | £13k p.a. |

Please note that the changes set out above are the only changes made to the CBA in CP16/37.

The average cost figures set out in our CBA envisage that there will be differences in system architecture and technological capabilities between firms, so we consider that the figures already reflect that consideration.

Further, the ongoing costs that firms will incur to ensure staff remain appropriately trained are reflected in the ongoing costs set out in our CBA in relation to additional customer contact.

With respect to delivering the information prompt over the telephone, we consider that the analysis in our CBA remains appropriate. Our CBA envisaged that calls would last ten minutes longer than they do currently, so actually in excess of the amount of time suggested by the respondent. In any event, our amendment to the proposal in the CP – to require that the information prompt need only be given over the telephone when the consumer indicates they wish to purchase a particular annuity quoted – means, we consider, that the length of telephone calls is likely to be shorter than envisaged in the CBA. So, overall, we consider that the costs in the CBA are more likely to have been overstated than understated.

Our CBA did not include the costs that arise from open market quotes that may be required to access GAR and PCLS terms. We do not consider that, if included, they would significantly alter our CBA and no evidence has been provided to suggest to the contrary.

We do not consider that the information prompt will have the effect of reducing consumer demand for advice. Consumers on an 'advised customer journey' will already be on that journey when they receive the information prompt, and we do not consider that – irrespective of what it provides – it is likely to lead them to deviate from that journey. Consumers on a 'non-advised customer journey' are likely to continue to proceed without seeking advice, but we consider there is a chance that in some cases, having seen the information prompt, they could realise that their income could be significantly improved as a consequence of medical/lifestyle factors, and so could be prompted to take advice.

### Competition considerations

**2.51** A small number of respondents suggested that an Office of Fair Trading consultation and subsequent Notice – OFT1301 – prevented them from accessing their competitor's live rates for the purposes of pricing. Given that delivery of the information prompt in the manner proposed in CP16/37 required firms to do this, these respondents suggested that they would be in breach of OFT1301, as well as the Competition and Markets Authority's principles (although these were unspecified).

**2.52** To demonstrate an anti-competitive behaviour that could arise from an annuity provider accessing its competitor's live rates, one respondent presented the following scenario; if an annuity provider accessed its competitors rates and saw it provided the best rate by a significant margin, there is a risk that it could change its deal to the consumer to be only marginally above the next best rate available.

**Our response:**

Annuity providers can already access the live rates of their competitors through publicly-available sources, such as the MAS comparator tool. Accordingly, it is highly unlikely that our final rules will lead to any competition law issues arising.

However, we recognise concerns that there is scope for firms to act in an anti-competitive manner, as described above. We will continue to monitor the retirement income market. In the event that further concerns are identified with competitiveness of the annuity market this could be prioritised for further work.

### Equality and diversity considerations

**2.53** We have considered the equality and diversity issues that may arise from the approach set out in this PS. In CP16/37 we explained that we considered that the proposed information prompt will:

- promote shopping around across a variety of different demographics, including those with a greater incidence of protected characteristics, and
- produce greater potential benefits for consumers with two particular protected characteristics – disability and age

**2.54** No respondents commented on this assessment.

**2.55** Overall, we do not consider that the proposals made in CP16/37 – or any revisions detailed in this Policy Statement – adversely impact any of the groups with protected characteristics i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.

# Annex 1
# List of non-confidential respondents

Aegon

Age Partnership Retirement Limited

Age UK

Association of British Insurers

Association of Professional Financial Advisers

Canada Life

Capita

Financial Services Consumer Panel

Hargreaves Lansdown

Investment & Life Assurance Group

IRESS Ltd

JRP Group plc

Key Retirement Solutions

Mercer

Prudential

ReAssure

Retirement Advantage

Society of Pension Professionals

Standard Life

Tax Incentivised Savings Association

The Annuity Exchange

The Pensions Advisory Service

The People's Pension

Which?

# Annex 2
# Abbreviations used in this paper

| | |
|---|---|
| **CBA** | Cost Benefit Analysis |
| **CP** | Consultation Paper |
| **FCA** | Financial Conduct Authority |
| **GAR** | Guaranteed Annuity Rate |
| **GMP** | Guaranteed Minimum Pension |
| **MAS** | Money Advice Service |
| **PCLS** | Pension Commencement Lump Sum |
| **PS** | Policy Statement |
| **RIMS** | Retirement Income Market Study |
| **ROR** | Retirement Outcomes Review |

We have developed the policy in this Policy Statement in the context of the existing UK and EU regulatory framework. The Government has made clear that it will continue to implement and apply EU law until the UK has left the EU. We will keep the proposals under review to assess whether any amendments may be required in the event of changes in the UK regulatory framework in the future.

All our publications are available to download from www.fca.org.uk. If you would like to receive this paper in an alternative format, please call 020 7066 9644 or email: publications_graphics@fca.org.uk or write to: Editorial and Digital team, Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

# Appendix 1
# Final rules (legal instrument)

# CONDUCT OF BUSINESS SOURCEBOOK (PENSION ANNUITY COMPARATOR) INSTRUMENT 2017

## Powers exercised

A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(1) section 137A (The FCA's general rules);
(2) section 137T (General supplementary powers); and
(3) section 139A (Power of the FCA to give guidance).

B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

## Commencement

C. This instrument comes into force on 1 March 2018.

## Amendments to the Handbook

D. The Glossary of definitions is amended in accordance with Annex A to this instrument.

E. The Conduct of Business sourcebook (COBS) is amended in accordance with Annex B to this instrument.

## Citation

F. This instrument may be cited as the Conduct of Business Sourcebook (Pension Annuity Comparator) Instrument 2017.

By order of the Board
25 May 2017

## Annex A

## Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text.

Amend the following definition as shown.

| | |
|---|---|
| *pension annuity* | ~~an *investment* purchased with the sums derived from the vesting (partial or full) of a *pension policy* or *pension contract*, for the purposes of securing the beneficiary's entitlement to immediate or future benefits~~ means a *policy* which is a contract to pay an annuity on human life purchased by a *retail client* (wholly or partially) out of the funds of an *occupational pension scheme*, a *personal pension scheme* or a *stakeholder pension scheme* in which the *retail client* has an interest and includes a *short-term annuity*. |

# Annex B

## Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

## 14.2 Providing product information to clients

…

Exception: key features illustrations

14.2.6 R …

<u>14.2.6A</u> <u>R</u> <u>A *firm* is not required to provide a *key features illustration* in relation to a *pension annuity* if the *firm* provides the information required by *COBS* 19.9 (Pension annuity comparison information)</u>.

…

After COBS 19.8 (Disclosure of transaction costs and administration charges information in connection with pension schemes) insert the following new section. The text is not underlined.

## 19.9 Pension annuity comparison information

Definitions

19.9.1 R In this section:

(1) "guaranteed minimum pension" has the meaning in section 8(2) of the Pension Schemes Act 1993;

(2) a "guaranteed quote" is a quote that:

(a) is provided by a *firm* to a *retail client* for the purchase of a *pension annuity*; and

(b) is based on sufficient information to successfully underwrite the proposed *pension annuity*;

(3) a "market-leading *pension annuity* quote" is a quote for a *pension annuity* that:

(a) is generated by a *firm* by searching for, obtaining and comparing, *pension annuities* that are available to the *retail client* from across all of the *pension annuity* market using the same information as the *firm* has used to generate a guaranteed quote; and

(b) provides the *retail client* with the highest annual income from amongst all of the quotes generated under (a);

(4) "pension-related benefit" means one or more of the following:

(a) an existing or future entitlement to a *guaranteed annuity rate*;

(b) an entitlement to a pension commencement lump sum that exceeds 25% of the value of the *retail client's* benefit under the *occupational pension scheme*, *personal pension scheme* or *stakeholder pension scheme* in which the *retail client* has an interest;

(c) an existing or future entitlement to a guaranteed minimum pension; or

(d) section 9(2B) rights;

(5) "*pension annuity* comparator information" means the information that a *firm* must provide under this section;

(6) "pension commencement lump sum" has the meaning as in Part 1 of Schedule 29 to the Finance Act 2004; and

(7) "section 9(2B) rights" has the same meaning as in regulation 2(1) of the Occupational Pension Schemes (Schemes that were Contracted-out) Regulations 2015.

Application

19.9.2 R This section applies to a *firm* that:

(1) provides a *retail client* with a guaranteed quote for a *pension annuity*; or

(2) is asked by another *firm* ("F") for a quote for a *pension annuity* where F is seeking a quote for the purposes of generating a market-leading *pension annuity* quote.

Purpose

19.9.3 G This section specifies:

(1) when a *firm* must provide:

(a) a *retail client* with *pension annuity* comparator information, including whether the *pension annuity* it is offering will provide more or less annual income than the market-leading *pension annuity* quote; and

(b) a quote to another *firm* seeking a quote for the purposes of the other *firm* generating a market-leading *pension annuity* quote;

(2) how a *firm* must compare a guaranteed quote and a market-leading *pension annuity* quote and how any applicable pension-related benefits should be factored into the comparison; and

(3) the content and format of the *pension annuity* comparator information that must be provided in different circumstances.

Content of pension annuity comparator information

19.9.4 R When providing a guaranteed quote to a *retail client* a *firm* must use the relevant template in *COBS* 19 Annex 3R to provide:

(1) the following information about the features of the *pension annuity* that is being offered:

(a) the cost of the *pension annuity* where the cost is expressed as a single sum in pounds sterling net of any *adviser charges*;

(b) if applicable, the amount and details of any *adviser charges* that the *firm* will be paying;

(c) if applicable, the amount of any *commission* that will be paid and to whom any such *commission* will be paid;

(d) the annual income the *pension annuity* will provide to the *retail client* expressed as a single sum in pounds sterling;

(e) whether the annual income referred to in *COBS* 19.9.4R(1)(d) is guaranteed for any period of time and, if so, the duration of that period;

(f) the frequency of payments that will be made to the *retail client* and if such payments will be paid in advance or in arrears;

(g) whether the *pension annuity* will provide an annuity to only the *retail client* or to the *retail client* and another beneficiary; and

(h) whether the annual income offered by the *pension annuity* will increase in value over time and, if so, the basis upon which it will increase;

(2) if applicable, information about:

(a) the *guaranteed annuity rate* that a *retail client* is already entitled to or will be entitled to in the future;

(b) the date from when the *guaranteed annuity rate* is payable;

and

(c) the annual income that a *retail client* can reasonably expect to receive pursuant to the *guaranteed annuity rate*;

(3) if applicable, information about:

(a) the annual income that a *retail client* is already, or in the future will be, entitled to pursuant to either or both a right to a guaranteed minimum pension or section 9(2B) rights; and

(b) the date from when that annual income is payable;

(4) if applicable, information about the maximum pension commencement lump sum that the *retail client* is entitled to and whether that lump sum would represent more than 25% of the value of the *retail client's* benefit under the *occupational pension scheme*, *personal pension scheme* or *stakeholder pension scheme* in which the *retail client* has an interest;

(5) the helpline phone number and the website address for the *Money Advice Service* and an explanation that the phone number and website can be used to obtain *pension annuity* quotes from other *pension annuity* providers;

(6) information about how a *retail client's* health or lifestyle may entitle the *retail client* to a *pension annuity* that pays a higher income (an enhanced annuity); and

(7) the comparison information required under *COBS* 19.9.7R.

19.9.5 G A *firm* should consider *COBS* 19.9.11R in cases where it is not clear whether a *retail client* is entitled to a pension-related benefit.

Exceptions from the requirement to provide the information required by COBS 19.9.4R

19.9.6 R (1) The requirement to provide the information required by *COBS* 19.9.4R and the related requirement in *COBS* 19.9.7R does not apply to a *firm*:

(a) if that *firm* ("F1") is reasonably satisfied that:

(i) the *retail client* has already received the information required by *COBS* 19.9.4R from another *firm* ("F2"); and

(ii) the information provided by F2 to the *retail client* relates to the same guaranteed quote that F1 would otherwise use as the basis for providing the information required by *COBS* 19.9.4R; or

(b) in any case where a *firm*, during the same telephone conversation, provides a *retail client* with more than one guaranteed quote.

(2) Where (1)(b) applies, a *firm* must comply with *COBS* 19.9.4R if:

(a) the *retail client*, during the same telephone conversation, selects one of the guaranteed quotes to explore further; or

(b) the *retail client* subsequently contacts the *firm* to explore further one of the guaranteed quotes ("Q1") that the *firm* has previously provided where Q1 was not, at the time it was provided, accompanied by the information required by *COBS* 19.9.4R.

Information comparing a guaranteed quote and a market-leading pension annuity quote

19.9.7 R A *firm* must:

(1) generate a market-leading *pension annuity* quote before providing a guaranteed quote to a *retail client*;

(2) determine which of the following will, or is most likely to, offer a *retail client* the highest annual income:

(a) the *pension annuity* offered by the guaranteed quote ("A");

(b) the *pension annuity* offered by the market-leading *pension* annuity quote ("B");

(c) if applicable, the pension that a *retail client* is entitled to, or will be entitled to, pursuant to the *retail client's* entitlement to a *guaranteed annuity rate* ("C"); or

(d) if applicable, the minimum pension that a *retail client* is entitled to, or will be entitled to, pursuant to the *retail client's* entitlement to either or both a guaranteed minimum pension or section 9(2B) rights ("D");

(3) use the template in:

(a) Part 1 of *COBS* 19 Annex 3R where B offers a *retail client* the highest annual income; or

(b) Part 2 of *COBS* 19 Annex 3R where A, C or D offers a *retail client* the highest annual income;

(4) where B offers the highest annual income:

(a) calculate as a single sum in pounds sterling the amount by which B provides a higher annual income than A;

(b) include that amount in the relevant place in the template; and

(c) include a statement making it clear that a *retail client* could obtain a higher annual income by searching the open market for a *pension annuity*;

(5) where A offers the highest annual income, include a statement that A will provide the *retail client* with the highest annual income; and

(6) if applicable, where C or D will, or is likely to, provide the highest annual income:

(a) calculate as a single sum in pounds sterling the amount by which C or D, as applicable, will, or is likely to, provide a higher annual income than A;

(b) include that amount in the relevant place in the template; and

(c) warn the *retail client* that:

(i) the entitlement to, as applicable, C or D, will be extinguished if the *retail client* accepts A; and

(ii) accepting A will result in the *retail client* receiving a lower annual income than the *retail client* is entitled to pursuant to, as applicable, C or D.

19.9.8 G When a *firm* is required to generate a market-leading *pension annuity* quote it may use:

(1) the facility on the *Money Advice Service* website; or

(2) software, or any other means, that will enable the *firm* to search for, obtain and compare *pension annuities* available to the *retail client* from across all of the *pension annuity* market.

[*Editor's note*: the facility in (1) is at www.moneyadviceservice.org.uk/annuitiesquotes .]

Requirement to provide another firm with information pursuant to COBS 19.9.4R(7) and COBS 19.9.7R

19.9.9 R A *firm* ("F1") must take reasonable steps to provide any information requested of it by another *firm* ("F2") where such information is requested in order for F2 to comply with its obligations under *COBS* 19.9.4R(7) and the related requirement in *COBS* 19.9.7R.

19.9.10 G A *firm* is reminded that when complying with the requirement in *COBS* 19.9.9R it should do so in a way that is consistent with its obligations under competition law.

Pension commencement lump sum

19.9.11 R (1) This *rule* applies if a *retail client* is entitled to a pension commencement lump sum that would amount to more than 25% of the value of the *retail client's* benefit under the *occupational pension scheme*, *personal pension scheme* or *stakeholder pension scheme* in which the *retail client* has an interest.

(2) A *firm* must warn the *retail client* if the *pension annuity* offered by:

(a) the guaranteed quote; or

(b) the market-leading *pension annuity* quote,

will, if accepted, reduce the pension commencement lump sum that a *retail client* would otherwise be entitled to receive.

Information about pension-related benefits

19.9.12 R (1) This *rule* applies where a *retail client* is unable to confirm an entitlement to a pension-related benefit.

(2) This *rule* does not apply if a *firm* is the *retail client's* current provider of a pension-related benefit.

(3) A *firm* must take reasonable steps to assist a *retail client* ascertain whether the *retail client* is entitled to a pension-related benefit.

(4) If, despite having taken reasonable steps under (3), it remains unclear whether a *retail client*:

(a) is entitled to a *guaranteed annuity rate*, a *firm* must proceed as if the requirement in *COBS* 19.9.4R(2) is not applicable;

(b) is entitled to a guaranteed minimum pension, a *firm* must proceed as if the requirement in *COBS* 19.9.4R(3) relating to information about a guaranteed minimum pension is not applicable;

(c) has section 9(2B) rights, a *firm* must proceed as if the requirement in *COBS* 19.9.4R(3) relating to information about section 9(2B) rights is not applicable; or

(d) is entitled to a pension commencement lump sum, a *firm* must proceed as if the requirement in *COBS* 19.4.4R(4) is not applicable.

19.9.13 G (1) *COBS* 19.9.12R is likely to apply where a *retail client* does not know, or cannot recall, if the *retail client* is entitled to a pension-related benefit.

(2) A *firm* may wish to consider doing any of the following as part of taking reasonable steps to assist a *retail client* ascertain whether the

*retail client* is entitled to a pension-related benefit:

(a) suggesting the *retail client* locate any documentation which may contain relevant information about a pension-related benefit; and

(b) encouraging the *retail client* to contact their existing pension provider for relevant information relating to a pension-related benefit.

(3) *COBS* 19.9.12R does not apply to a *firm* that is a *retail client's* current pension-related benefit provider because that *firm* will be in possession of information relevant to determining whether a *retail client* is entitled to a pension-related benefit.

Retail client's consent to generate a market-leading pension annuity quote

19.9.14 G Before generating a market-leading *pension annuity* quote a *firm* should consider whether it needs the consent of the *retail client* to use any personal data for the purposes of generating the quote.

19.9.15 R (1) This *rule* applies to a *firm* where the *firm* requires the *retail client's* consent to the *firm* generating, on behalf of the *retail client*, a market-leading *pension annuity* quote and that consent is not obtained.

(2) A *firm* must take reasonable steps to obtain a *retail client's* consent.

(3) Where this *rule* applies:

(a) *COBS* 19.9.4R(7) and *COBS* 19.9.7R do not apply;

(b) a *firm* must include information warning the *retail client* that a higher annual income might be obtained by searching the open market for a *pension annuity*; and

(c) a *firm* must use the template in Part 3 of *COBS* 19 Annex 3R to provide the applicable *pension annuity* comparator information.

Medium of disclosure

19.9.16 R (1) A *firm* must provide the *pension annuity* comparator information in a *durable medium* or make the information available on a website (where that does not constitute a *durable medium*) that meets the *website conditions*.

(2) If the requirement to provide the *pension annuity* comparator information arises during a telephone conversation with a *retail client*, a *firm* must:

(a) orally provide the *pension annuity* comparator information over the telephone;

Part 2: Template for cases where the guaranteed quote, the guaranteed annuity rate, a guaranteed minimum pension or section 9(2B) rights offer the highest annual income

**Where a guaranteed quote, a guaranteed annuity rate, a guaranteed minimum pension or section 9(2B) rights offers the highest annual income**

Part 3: Template for cases where the a retail client does not consent to a market-leading quote being generated

**Where appropriate consent has not been given to allow a firm to generate a market-leading quote**

*Firm Logo*

keyfacts®

Annuity features

| | |
|---|---|
| Purchase price **£XX,XXX** | **No guarantee** period |
| Paid **quarterly** in advance | Payments **increase** by 2% per year |
| **Dependants income** | *[Other key features of annuity]* |

If relevant, include key information here such as:

**You are entitled to a [guaranteed annuity rate][minimum level of guaranteed pension] from [date/customer's age] paying an [estimated] annual income of £X,XXX.**

**You are entitled to tax free cash greater than 25% of your pension pot. You may lose this right if you switch provider.** Your existing pension provider will be able to provide more information about this.

For arranging this policy, your intermediary will receive £ZZZ commission from your provider.

You have agreed with your adviser that the cost of their services will be taken from this policy as follows [provide details here].

## Our quote

This annuity would provide you with an annual income of:

**£A,AAA**

## Can you get a better income from your annuity?

**You may be able to get a higher income by shopping around.**

If you want to see what other options are available from other providers please visit **moneyadviceservice.org.uk/annuitiesquotes** or call 0800 138 7777.

**Did you know?**

If you've not already been asked questions about your health or lifestyle, answering these could get you even more income.

For example - if you've smoked tobacco, been advised by a medical professional to adjust your lifestyle to improve your health or had a medical condition requiring prescribed medication or hospital treatment - you may be entitled to more income than is quoted above.

Visit **moneyadviceservice.org.uk/annuitiesquotes** or call 0800 1387777 to find out more.

*Company contact details and other key information*

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