

Shop around for pension deals

Daren O'Toole, director of pension specialist HFS Milbourne, considers the latest FCA investigation into the annuities market

INSURANCE companies are under fire from the Financial Conduct Authority (FCA) after a landmark report found that Britain's £14bn pension industry was 'fundamentally flawed'.

Reviewing 25 pensions firms representing 98% of the UK annuities market, the FCA looked at consumer attitudes and buying behaviour surrounding the purchase of annuities on retirement.

It found that six out of 10 retirees bought an annuity from the provider which they used when saving for a pension.

But 80% of those could have got a better deal and a more generous retirement income by shopping around and buying the annuity from another provider.

Over 150,000 retirees opt for

pensions that typically deprive them of 10% of their income. More than one in ten loses up to 15%, and one in 20 around a fifth. Those with poor health are particularly badly affected, often losing thousands of pounds of income over the course of their retirement.

Specialist

Daren said: "We always recommend that clients seek expert specialist advice to ensure they are getting the best deal available. Typically we can achieve terms for clients on the open market that are 15-20% better than those offered by their existing pension provider.

"This difference can amount to a significant amount of extra income over 20-30 years and those with a larger pension

pot are in a position to gain the most by looking at all the options.

"We routinely access products that are not widely available or cannot be matched by an existing provider. If a client has any medical or lifestyle conditions such as high blood pressure or cancer, or they may be overweight or a smoker, then they may be eligible for an enhanced or impaired annuity.

Higher income

"It is possible to generate a higher income for these and other clients who have a shortened life expectancy.

"Married couples also gain because we can identify 'added value products' which offer a payout that continues giving



Daren O'Toole

cash to a spouse after the partner dies. An independent review also allows the possibility of a drawdown pension (which allows an income to be drawn whilst the pension pot remains invested) to be considered too."

• HFS Milbourne Financial Services is authorised and regulated by the FSA and specialises in wealth management, pensions, finance on divorce, employee benefits and corporate financial planning. Visit www.hfsmilbourne.co.uk or call 01483 468888.