



Annuity fact sheet

When you want to retire and take your benefits, you can use some or all of the funds in your Top-Up Account to buy an annuity.

What is an annuity?

An annuity is simply an agreement you make with a life insurance company. Under the terms of this agreement, you make a lump-sum cash payment to the insurer using the funds in your Top-Up Account. In return for this one-off payment, you receive a pension income from the insurance company, which is paid for as long as you live. Depending on the type of annuity you choose, the benefits may continue to your spouse or other beneficiary after your death.

How is the level of pension income worked out?

The amount of annuity depends on a number of things:

- 1 The amount of money used to purchase the annuity.** As a rule, the more money you have in your Top-Up Account, the larger your income will be.
- 2 Your age.** Generally speaking, the older you are when you buy your annuity, the higher your annuity income will be. This is because if you retire at a younger age, you will probably have your pension paid for longer than someone who is older when they start taking their pension.
- 3 The type of annuity you purchase.** Different annuities offer different features. Some features are more expensive to buy and result in a lower monthly income. When you retire, you can decide what features you want. For example, you can decide to have your pension paid to your spouse if you die, or you could have a pension that increases each year.
- 4 Where you buy your annuity.** It is worthwhile “shopping around” for an annuity because different insurance companies will charge different rates.

How much can I expect?

The amount of pension you receive depends on a number of factors. However, if you had £20,000 in your Top-Up Account, you decided to retire at age 65 and you didn't have a spouse, you could receive a pension of about:

- £1,000 a year for a flat rate pension; or
- £760 a year for a pension that increases each year with inflation.

Keep in mind, these figures are based on rates in effect at the time of writing this fact sheet and may not be available when you purchase an annuity. These rates do not constitute advice. You should obtain advice before purchasing an annuity.

What help can I get when deciding on an annuity?

When you start looking into annuities, you'll have several choices. Not only are there different types of annuities for you to choose from, but different providers as well. You can contact individual insurance companies yourself. However, the Trustees have made an arrangement with The Hub Financial Solutions, to help you to find an annuity at a competitive price. When our administrators have received your confirmation that you wish to pursue an annuity option through the open market they will request Hub Financial Services send information to you.

You do not have to use this service, and may wish to use your own independent financial adviser. Remember, buying an annuity is just one of the options available to you at retirement.