



# Annuity

## FAQs

### Can I change my mind?

As per the FCA (Financial Conduct Authority) guidance, you can cancel your pension annuity contract within the first 30 calendar days should you change your mind.

For more information, visit:  
[www.handbook.fca.org.uk](http://www.handbook.fca.org.uk) - the right to cancel.

### Can I alter the annuity once set up?

Once the annuity has been set up and you are passed the 30-day cooling off period, you are unable to change the conditions of the annuity.

There is a product called a “flexible annuity,” which does allow changes and fluctuations in monthly payments. However, with the added flexibility, the rate you receive for a flexible annuity compared with a standard annuity is likely to be reduced.

### Do I have to use my current pension provider to buy an annuity?

No, you do not have to use your current pension provider to purchase an annuity. We recommend looking around for the best quotes as your current pension provider may not offer the best

rate. As part of our service, Equilibrium will happily assist with this.

### How are annuities protected if the annuity provider goes bust?

In the event the annuity provider goes bankrupt, you are safe in the knowledge that annuities are 100% protected by the Financial Services Compensation Scheme (FSCS) with no upper limit, provided it is taken out with a PRA-authorized insurer.

For more information, visit:  
[www.fscs.org.uk/check](http://www.fscs.org.uk/check)

### How long is my rate guaranteed?

This will vary from provider to provider. Typically, the range we have seen is between 10 and 30 days. In most cases, should the annuity rate go up during this time, the provider will give you the higher rate.

### Will I get a higher rate if I'm in poorer health? What conditions do insurance providers consider?

Yes, unlike with most other insurance products, certain health conditions will improve the rate you are likely to receive from the annuity provider.

Below is a list of conditions which, if you suffer from, will likely lead to a higher annuity rate:

- Heart conditions, including high blood pressure and high cholesterol.
- Diabetes
- Cancer, leukaemia, lymphoma, growth, or tumour
- Stroke
- Respiratory/lung disease
- Multiple sclerosis
- Neurological diseases (including Alzheimer's, Dementia and Parkinson's)

You may find the following sites useful:

[www.retirementhealthform.co.uk](http://www.retirementhealthform.co.uk)

[www.unbiased.co.uk](http://www.unbiased.co.uk)

## What about if I am a smoker?

Again, unlike most other insurance products, if you are a smoker or consume alcohol on a regular basis, you are likely to get an improved rate.

The reason you may receive a better rate is because your life expectancy (compared to the average person) may be reduced as a result.

## What is the difference between a Pension Annuity and Purchased Life Annuity?

A pension annuity is purchased using some or all of your defined contribution pension pot. The income received from the pension annuity is liable to income tax.

A purchased life annuity works in the same way, (exchanging capital for guaranteed income for life) although the annuity is purchased using another source (and not by a pension), such as an inheritance. There are also different tax rules when receiving your regular income – this is received in two parts:

- deemed capital\* element
- taxable savings income

The deemed capital element is exempt of UK income tax, as this is treated as a 'return of capital.'

The income element is liable to income tax, in the same way a pension annuity would be.

\* The amount of capital paid depends on the age and sex of the annuitant as well as the other benefits attached to the annuity such as a guarantee period and if there is any proportion added.

If you have any further questions, please don't hesitate to get in touch with us on **0808 156 1176** or by reaching out to your usual Equilibrium contact.

