# Single or joint annuity

## An example

Stephen, 65, approached his adviser for help with his maturing personal pension valued at £50,000 after allowing for the tax-free cash sum. He ran his own business which he had sold the previous year.  His wife Anne, 60, had worked as a teacher and had a small pension of her own.

Stephen had initially thought it was better to buy a single life annuity to maximise his annuity income as his wife had her own pension. He thought a joint-life annuity would significantly reduce his pension. His current provider had offered him income on a single life basis of £2,542.

Stephen's adviser reviewed their circumstances and identified a significant reduction in Anne's income if Stephen did buy a single life annuity and he had died before her. A joint life annuity would allow Anne to continue to receive income.

The adviser obtained open market annuity rates and pointed out the following to Stephen:

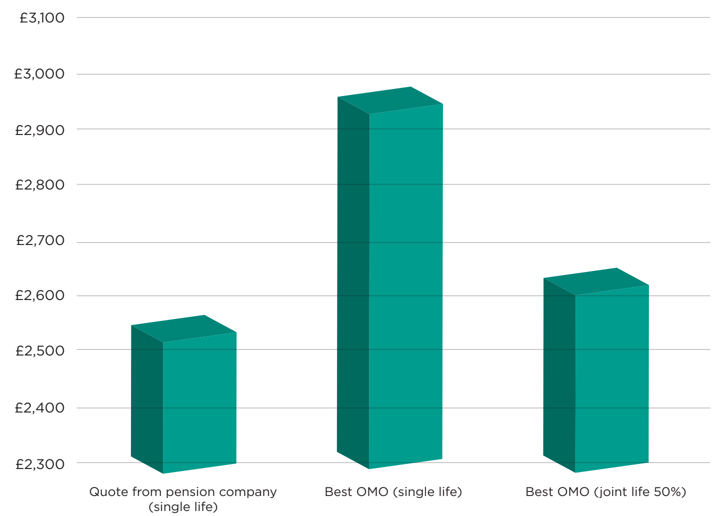
- Through research, the single pension increased from £2,542 to £2,975 – that's £433 more, each year.
- The income for a 50% joint-life annuity paid £2,635 – that's £93 more than the single-life annuity offered by Stephen's original pension company.

**The recommendation:**
Stephen's financial adviser recommended he invested in a joint-life annuity with 50% spouse's pension and level monthly payments.

Stephen and Anne were pleased at the outcome. They are now getting additional income and Anne has peace of mind that she will be financially secure should Stephen die before her.

**"Without the help of an adviser I would have bought a single rather than joint-life annuity. We got more money each year and, should I die first, Anne will be financially secure"**

Gross annuity income - £50,000 purchase

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