

“More data is needed to understand how future pensioners could best use guaranteed income sources” says Pensions Policy Institute

On Thursday 26th May 2022, **The Pensions Policy Institute (PPI)** published **Briefing Note 130: Set for life? - Guaranteed incomes in retirement**, which explores the current state of the UK guaranteed retirement income market. This is ahead of a major piece of new research into when is the ‘right’ time to annuitise scheduled for a September release. As well as examining the fall in annuity purchases since the introduction of the pensions flexibilities in 2015, the Briefing Note also considers the ‘annuity puzzle’; why do people not purchase annuities even when they may prove to be their best option in retirement.



Mark Baker, Senior Policy Researcher at the PPI said “There is no doubt that guaranteed retirement income products will continue to play a role in the retirement landscape, but their significance and use will change. This represents a challenge and an opportunity for industry; as pot sizes increase and people may become more engaged with their workplace pensions, new products and options could be developed and more widely used.

As we move into a future where retirees are more dependent on the incomes they can yield from DC savings, the way that the market responds will be critical in ensuring that the best available products and pathways are available to meet a variety of needs and will help shape the way people perceive and use guaranteed retirement income products. Tackling the negative attitudes many people hold towards annuities may also be a key element of shaping a future where people who would benefit from a guaranteed retirement income have both the access and the inclination to do so.

In order for the market to respond well, more understanding of how factors including gender, ethnicity, family and housing determine people’s attitudes and behaviours will be necessary as we currently have very little evidence as to the roles that these factors play. Improved data on behaviour and attitudes collected at a national level will be a necessary building block for designing the future. PPI will publish a report in September 2022, which explores these issues in more depth and asks when the optimal time to purchase a guaranteed income might be for people with different characteristics.”

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Notes for editors

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