



**Myths and Misconceptions**

The Duration and Cost of Today's Retirement

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Retirement Advantage

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**Agenda**

- What does retirement look like for most people?
- How do people view retirement?
- How much income will they want?
- What are their perceptions of longevity?
- What do they want from their retirement savings?
- Can new solutions better meet their expectations?

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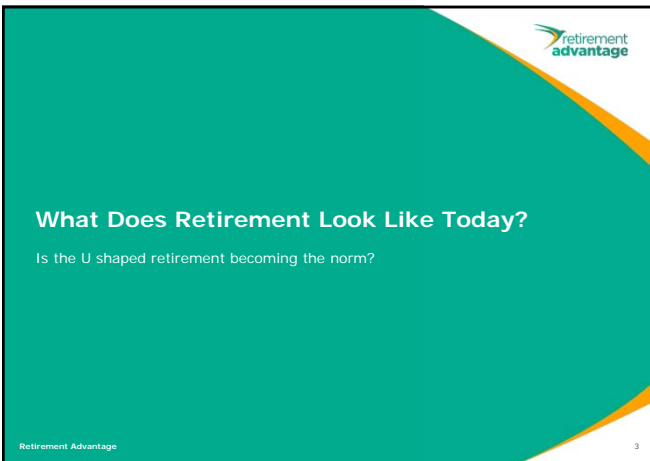
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**What Does Retirement Look Like Today?**

Is the U shaped retirement becoming the norm?

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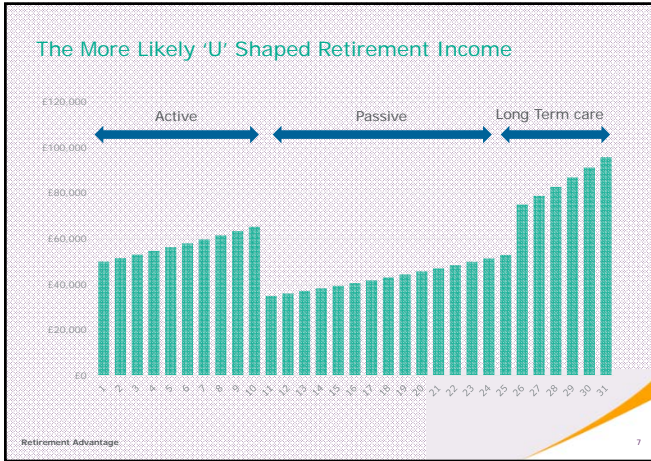
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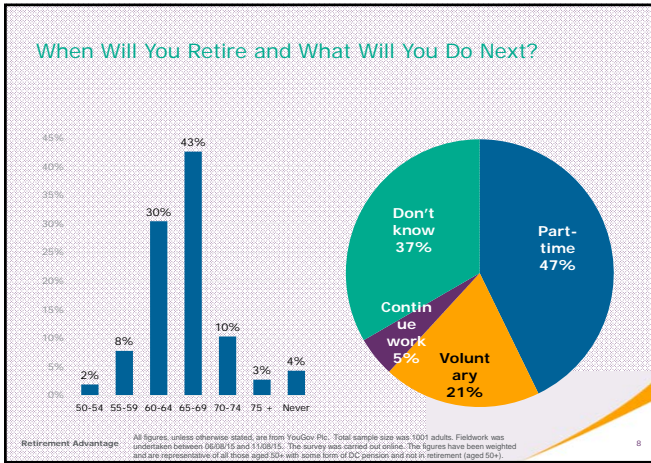
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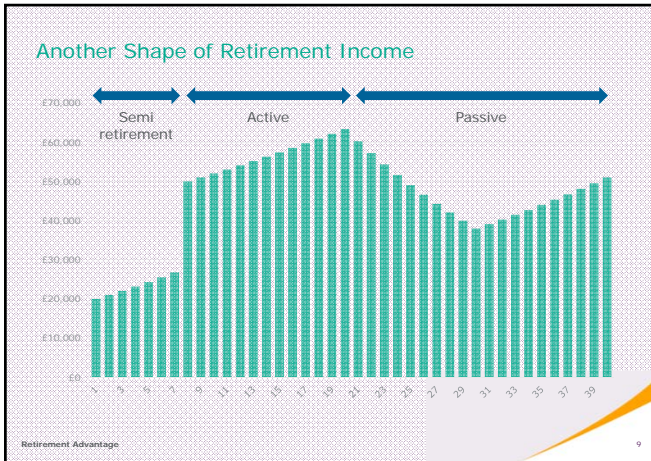
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## Costs and Concerns

Most won't meet their expectations for retirement

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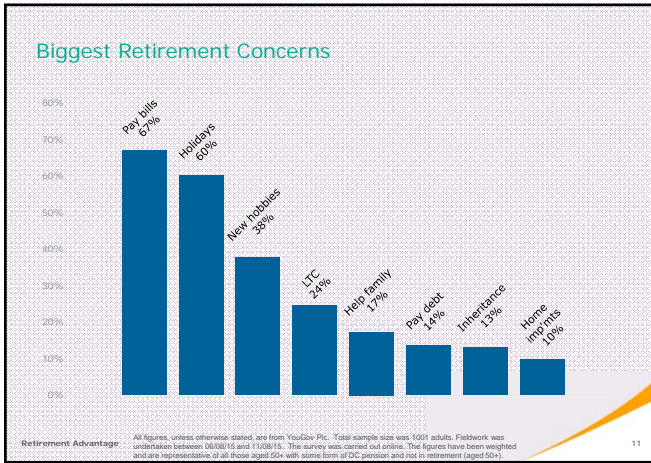
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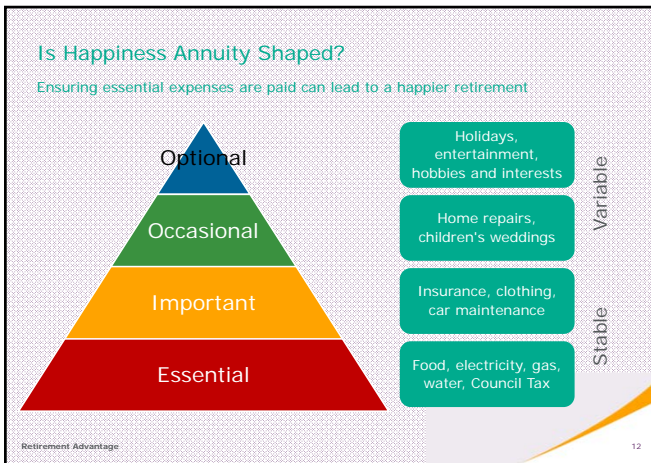
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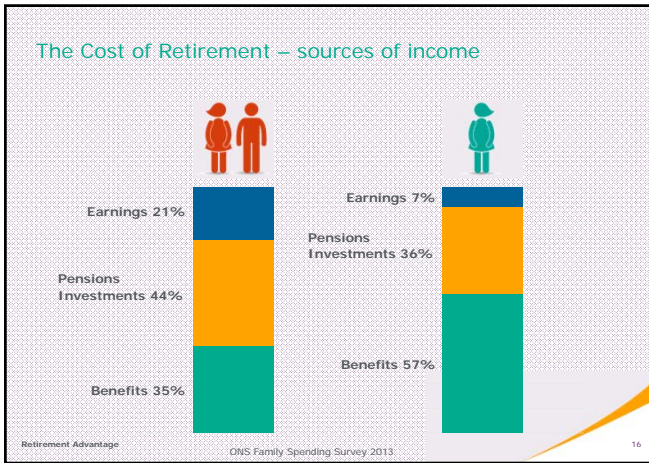
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### The Cost of Retirement

	Couples	Individuals
Income from Pensions & Investments	£ 15,307	£ 6,047
Healthy	£299,378	£110,162
Unhealthy	£286,122	£102,039
Average pension Fund for Annuity Purchase 2015	£56,433	

Retirement Advantage Rates are for Retirement Advantage Guaranteed Annuity for a male life aged 65 without guarantees and with no medical conditions. Correct as at 4<sup>th</sup> February 2016. Capital cost takes account of full state pension for a married person of £9,643 p.a.

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## Longevity

"They underestimate me"

*George W. Bush*  
Bentonville, Arkansas; November 6, 2000

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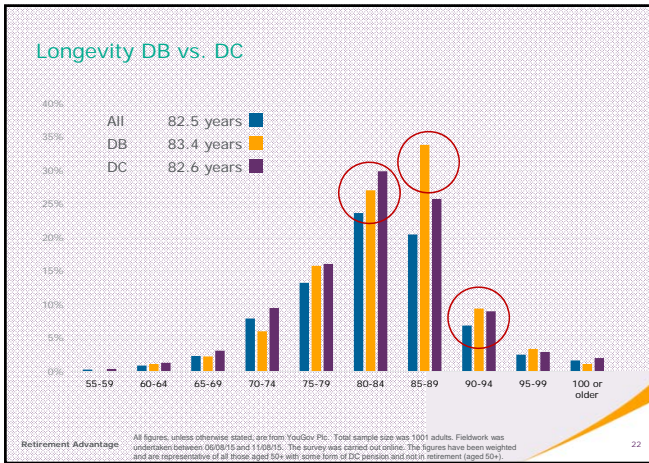
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**Needs, wants and understanding risk**  
Contradictory requirements make satisfy demands difficult

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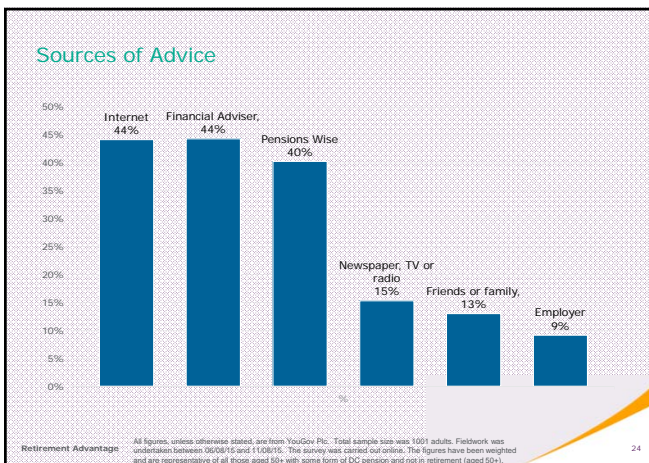
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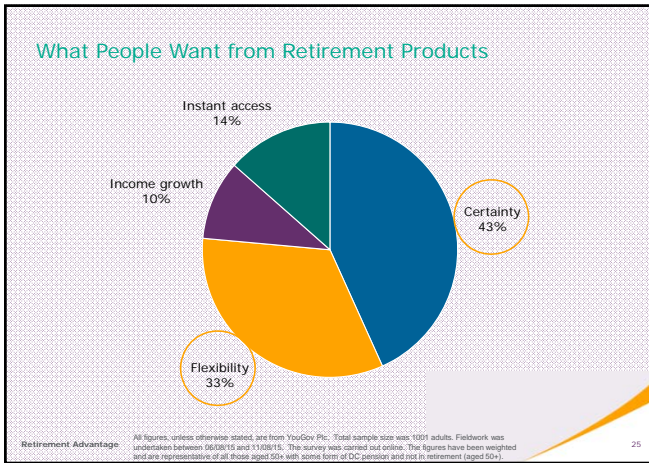
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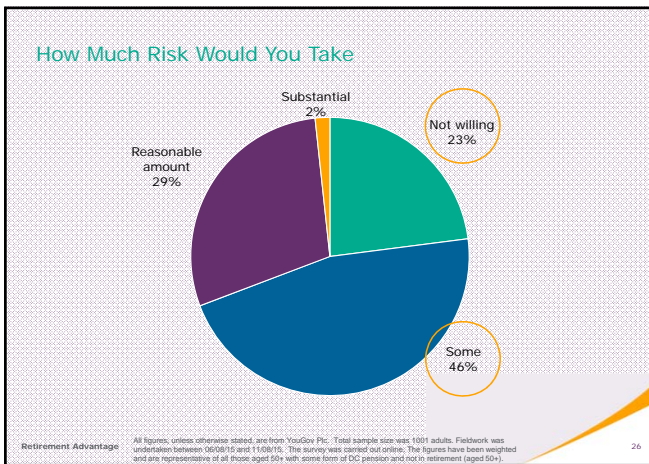
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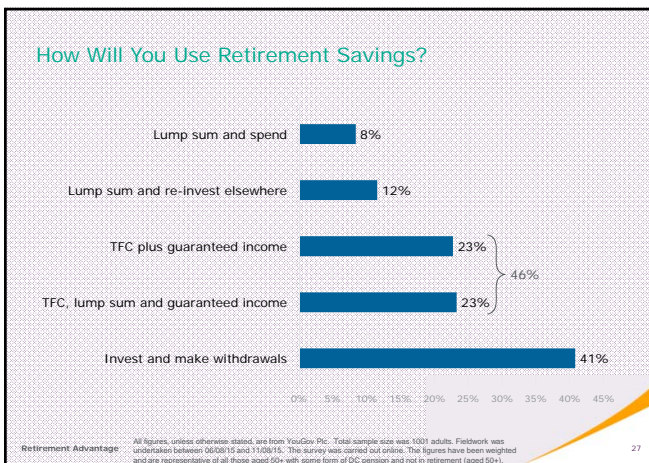
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### How to Reconcile Certainty and Flexibility?

Existing products offer these features but not together

#### Certainty - Annuity

- Guaranteed income for life
- No growth
- No loss
- Inflexible
- Some death benefits
- Money-back guarantee or guarantee periods

#### Flexibility – Drawdown

- Growth potential
- Loss potential
- Totally flexible income
- Investment choice
- Return of fund death benefits

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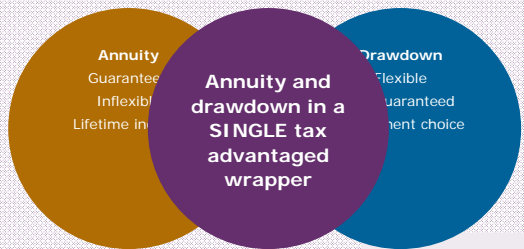
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### Buy Annuity and Drawdown and get both sets of features

An annuity as an asset of the pension scheme like any other




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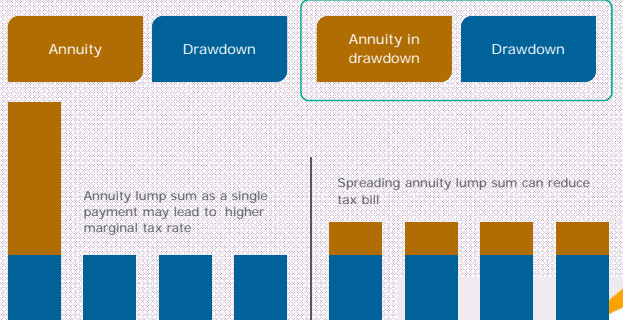
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### Death Benefits

Annuity and drawdown together can offer tax benefits




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### Income Flexibility and Tax Benefits

Annuity and drawdown together can offer a more flexible income and tax benefits

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### Conclusions

- Most people still underestimate the risks they face in retirement
- Retirement preparedness still has some way to go for individuals to have sufficient resources to retire as they would wish
- Expectations of what retirement will look like have yet to catch up with reality
- Many will continue to rely on working longer and additional state benefits
- Little or no tolerance for risk for most people
- Understanding of providing retirement income is limited as requirements are often contradictory
- Pension freedom gives product developers the opportunity to offer new solutions which help to meet retirees requirements

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### Conclusions

A full copy of our report 'De-risking Retirement' is available at [www.retirementadvantage.com](http://www.retirementadvantage.com)

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