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## Retirement savers missing out on stock market

**More than 1.8 million over-55s consider shares as an alternative to pensions**

**Lincoln Financial Group urges people to have faith in pensions and focus on products which can provide a guarantee**

More than 1.8 million savers are missing out on the benefits of long-term pensions investment by risking their retirement on the stock market, new research<sup>1</sup> commissioned by Lincoln Financial Group shows. They are putting money directly into shares and unit trusts, or investing via ISAs and PEPs to fund their retirement instead of saving into a recognised pension scheme.

Lincoln Financial Group is warning that investors are risking their retirement income on the stock market. This risk could be reduced by saving into pension products, which as well as offering some protection against volatility in share indices, also offer tax benefits worth 22% to basic rate taxpayers and 40% to higher rate taxpayers<sup>2</sup>.

Around one in four (26%) of those aged-55 plus who invest in shares regard their investments as an alternative to their pension, the research shows. 21% of those are considering increasing the money they have invested in the stock market despite recent volatility.

The FTSE-100 index endured a rollercoaster ride in 2007 starting at 6,220.8 and reaching an intraday high of 6,754.1 on 13 July before closing at 6,546.9. So far in 2008 it has suffered the worst start to a year since 1978.

Lincoln Financial Group is urging retirement savers to consider so-called Third Way pension products such as its own *Lincoln i2Live* which offers the advantage of a unique income guarantee option available to clients taking its *i2Live* Drawdown or *i2Live* Annuity.

**Lincoln Financial Group Head of Product and Marketing Simon O'Connor** said: "It is very worrying that so many people believe direct investment in the stock market could be an alternative to saving into a pension. People heading for retirement playing the stock markets to ensure they can have a comfortable standard of living are playing a very dangerous game."

“Stock market volatility this year has been pronounced and the recent past has seen four years in which the FTSE-100 has ended the year down. In fact the FTSE has still not returned to its high at the end of 1999.”

“Long-term investment is the key to successful retirement income planning and pensions are the ideal vehicle to deliver the retirement income aspirations of savers. The tax advantages alone make pension saving demonstrably superior to direct stock market investment.”

“Once you add in the risks of having to rely solely on stock markets to deliver income at the time you need it, the case for Third Way pensions becomes even stronger. We believe there is a need for guarantees wherever possible and pension products which enable investors to lock-in gains deliver a combination of growth and a degree of certainty.”

*Lincoln i2Live* offers an income guarantee option which can apply to all or part of a payment into *i2Live* Drawdown or *i2Live* Annuity. At outset and on each plan anniversary, a ‘maximum supportable income’ (MSI) is calculated. This is the yearly income that the fund can support throughout life. The initial guaranteed minimum income is 75% of the MSI at the time the guarantee is taken out and can increase at future five yearly reviews. Income can be taken each year up to the MSI or the guaranteed minimum income, if greater.

Lincoln’s research shows 44% of those aged-55 plus invest in the stock market through unit trusts, stocks and shares, ISAs and PEPs. They are the age group with the highest proportion investing in the stock market, whilst 37% of those aged 45 to 54 invest in the stock market.

Around 27% of those aged 45 to 54 consider stock market investment as an alternative to pensions while 34% of those aged 25 to 34 take the same view.

*Lincoln i2Live* offers three products under one umbrella and allows clients to accumulate a retirement income pot with a range of flexible options on taking an income in retirement. Crucially, the flexible income opportunities do not end at 75 – they can continue for the remainder of a clients’ lifetime and those of their dependents.

The unique income guarantee option is available through *i2Live* Drawdown and *i2Live* Annuity. The guaranteed minimum income is reviewed every five years in *i2Live* Drawdown, at the date of conversion to *i2Live* Annuity and every five years in *i2Live* Annuity.

*i2Live* Drawdown is an unsecured pension plan providing flexible income up to age 75. Clients can then convert to *i2Live* Annuity. The fund is available on death to provide a choice of death benefits to suit a dependant’s circumstances.

i2Live Annuity is a flexible annuity offering income flexibility for life. It offers income on death to dependants through the joint life option or through the dependant's guarantee period option. Customers can maximise income if no death benefits are required.

The allocation rate is 100% and there is no bid/offer spread. There is a £200 annual charge to cover the administration costs (increasing by RPI + 1% a year). Investment fund charges vary depending on the funds selected. The annual guarantee charge is 0.95% of the fund and is deducted by cancelling units monthly. In addition, charges equal to any commission agreed between the client and their financial adviser will be deducted from the fund.

**This press release is intended only for investment professionals and journalists and should not be relied upon by private investors or any other persons. Full product information can be found at [www.lincolnuk.co.uk](http://www.lincolnuk.co.uk)**

**Ends**

**Notes to editors**

<sup>1</sup> All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,080 adults. Fieldwork was undertaken between 7 – 12 November 2007. The survey was carried out online. The figures are weighted and representative of all GB adults (aged 18+).

<sup>2</sup> Tax benefits of investments depend on individual circumstances and may be changed without advance warning.

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**About Lincoln Financial Group**

Lincoln Financial Group is the UK business name of Lincoln National (UK) PLC and its UK subsidiary companies.

Lincoln National Corporation, the parent group, is listed as LNC on the New York Stock Exchange and is one of the world's largest organisations, placed in the FT Global 500 in 2007. Lincoln National Corporation was founded in 1905 and has a proud heritage of over 100 years financial strength and security, with long term credit ratings\* (as at 10 January 2008) of 'A+' from Standard & Poor's, 'a' from AM Best, 'A+' from Fitch and has assets under management of more than \$251 billion (as at 30 September 2007) and more than \$9.1 billion in annual revenues (for the year ended 31 December 2006).

The UK operation dates back to 1934 with assets under management of £5.17 billion (as at 30 September 2007). Lincoln in the UK is passionate about doing the best for its customers at or in retirement, by bringing to the market reliable and flexible solutions which enable transition through retirement, protecting and enhancing wealth to enjoy an income for life. It serves the needs of

customers nationwide either direct or through financial advisers and is dedicated to building excellent customer service.

In the UK, Lincoln Financial Group includes Lincoln Assurance Limited, Lincoln Investment Management Limited and Lincoln Unit Trust Managers Limited, which are each authorised and regulated by the Financial Services Authority. Any information offered will relate to the life assurance, pension and unit trust products and services of the Lincoln Financial Group, or may relate to other types of products or services of carefully selected partner companies not part of the Lincoln Financial Group. No personal financial advice or recommendations will be given.

\*All ratings have a “stable” or creditwatch positive outlook as defined by the respective agencies.