

# Press release



19 May 2009

## Demand for flexible annuities is still strong amongst IFAs

**73 per cent say flexible annuities offer a valid alternative to traditional annuities**

**Over half of IFAs state that traditional annuities are outdated**

**Majority of the clients are now more concerned about their annuity choice**

A new study from Lincoln Financial Group looking at IFA views on retirement planning reveals a significant uplift in those favouring flexible annuity products.

Following recent industry figures showing an increase in take up of flexible annuities, Lincoln's research shows that almost three quarters (73 per cent) of IFAs believe that flexible annuities offer a valid alternative to traditional annuities and income drawdown. Lincoln has tracked this over the last two years and found a significant increase with only 55 per cent of IFAs believing flexible annuities are a viable option in 2007.

Lincoln's IFA study revealed that more than one in ten (12 per cent) IFAs believe that the majority (over three quarters) of their clients would now consider a flexible annuity when planning for their retirement.

Lincoln's IFA study demonstrated a loss of confidence in traditional annuities. Over half (56 per cent) of IFAs think that traditional annuities don't offer sufficient choice and 57 per cent said that traditional annuities are outdated and don't offer enough flexibility for today's retirement environment. 55 per cent of IFAs said that traditional annuities didn't provide enough protection against inflation.

In addition to this, the current climate has placed a greater emphasis on planning for retirement and IFAs state that almost two thirds (59 per cent) of their clients are now more concerned about choosing the right annuity for their circumstances.

**Simon O'Connor, Head of Products and Marketing at Lincoln Financial Group,** said: *"There is a significant shift in attitudes towards flexible annuities with many feeling there is a real need for flexible options in the current market. IFA views on traditional annuities as outdated and inflexible indicate that they don't always suit a clients needs."*

*“Our study reveals that flexible annuities are now being seriously considered as alternatives to the more traditional and well known retirement options. These products carry increasingly important benefits in the current climate, such as protecting a pension pot against the effects of inflation and providing the option of an income guarantee. 80 per cent of IFAs say that providing a secure income is their client's main priority in retirement so it is not surprising to see more IFAs interested in products with income guarantees.*

*“As the popularity of flexible retirement products increases, it is important that providers support and work with IFAs to educate them on the benefits and flexibility that these products can offer.”*

*Lincoln i2Live* was launched to provide customers with a unique range of flexible options to take them through each stage of retirement planning. *Lincoln i2Live* offers three products under one umbrella, *i2Live Accumulator*, *i2Live Drawdown* and *i2Live Annuity*, and allows customers to switch from one product to the next to suit their circumstances.

**Ends**

#### **Notes to editors**

#### **Source**

\* George Street Research carried out an online poll of 202 IFAs in April 2009

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Lincoln National Corporation, the parent group, is listed as LNC on the New York Stock Exchange. Lincoln National Corporation was founded in 1905 and has a proud heritage of over 100 years financial strength and security, with credit ratings (as at 4 March 2009) of 'A-' from Standard & Poor's, 'a-' from AM Best, 'A' from Fitch and has assets under management of \$178 billion (as at 31 December 2008).

The UK operation dates back to 1934 with assets under management of £4.19 billion (as at 31 December 2008). Lincoln Assurance Limited is part of Lincoln in the UK, within which UK life and pensions business is written. AKG actuaries' current financial strength rating (as at October 2008) rated Lincoln Assurance Limited with an overall Financial Strength rating of 'B+'.

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 enables a smooth transition through retirement, protecting and enhancing wealth to enjoy an income for life. Lincoln serves the needs of customers nationwide through financial advisers and is dedicated to building excellent customer service.

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