

Annuity rates increase by 20% in the last twelve months adding over £25,000¹ to lifetime income

 **20%** increase in rates since June 2022

 This has increased lifetime income by **£25,000** for a 65 year-old man

 and **£27,900** for a 65 year-old woman

Yet despite the steady increase in rates, half of over 50s do not know if an annuity rate is good value for money²

The increase means that someone looking to annuitise in recent weeks could expect to receive **an annual income of £7,115 based on a £100,000 pension pot, an increase of £1,227 on the £5,888 they would have received in June of 2022.**


Current Rates and Total Expected Income (2023)

Age	Average Annuity Rate	Annual Income	Total Expected Income - Female	Total Expected Income - Male
60	6.39%	£6,387	£172,455	£155,849
65	7.11%	£7,115	£158,660	£142,296
70	7.93%	£7,935	£141,234	£125,365

*Total expected income figure based on life expectancy statistics from the Office of National Statistics, are based on age annuity is first purchased. Total expected income includes annuity income only.

Improving rates with age

While purchasing an annuity earlier in retirement will result in higher income overall, annuity rates also increase with age. This means that those who decide to purchase one later in their retirement are likely to benefit from higher rates.

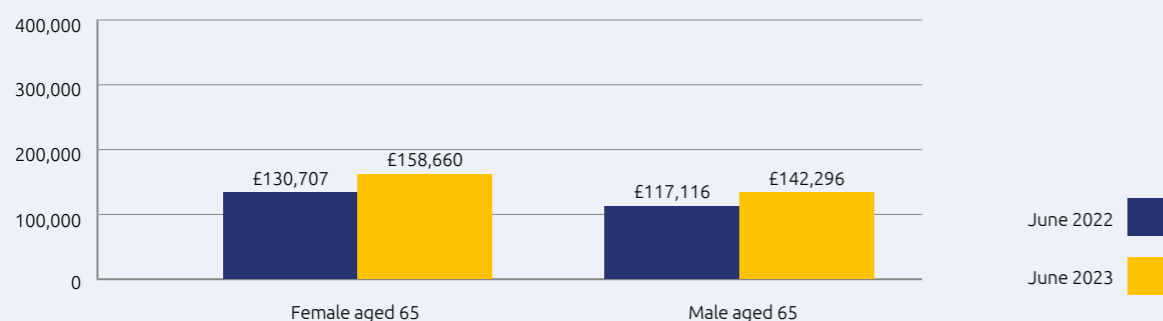
 **24%** difference in annuitising at 60 vs 70

Total lifetime income

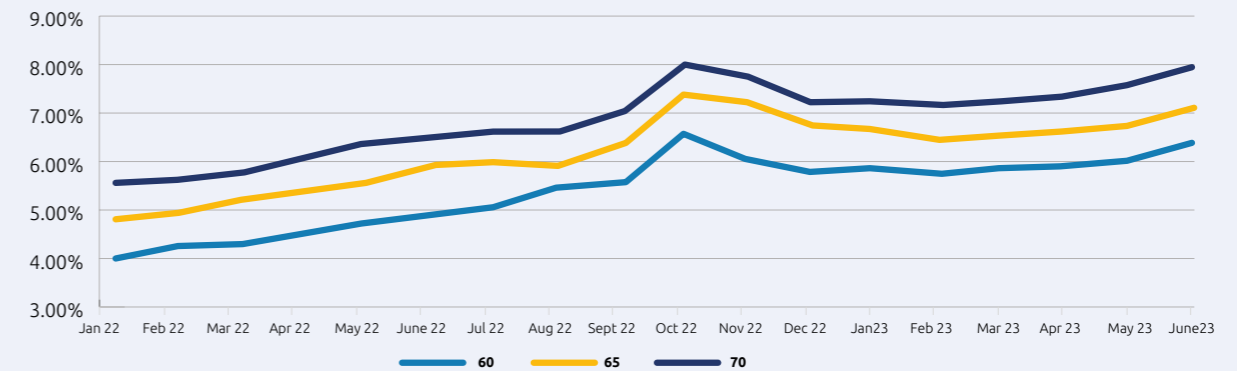
The Tracker found that total expected lifetime income for the average female who bought an annuity at 65 had increased from £130,707 in June of last year to £158,660 as of June 2023 – a difference of over £27,900. The equivalent figure for a male was £117,116 to £142,296 – a difference of over £25,000. Total expected income is based on life expectancies from ONS.

Changes in total expected income

June 2022 - June 2023



Average historic annuity rates for a healthy 60, 65, 70-year-old



Graph shows the increase in annuity rates since the start of 2020, split by ages 60, 65, and 70, as at June 2023.

Pete Cowell, Head of Annuities – Individual Retirement at Standard Life, said:

“Annuity rates have improved significantly over the last year, meaning pension savers can get much more for their money than before. This, coupled with the certainty and security offered by a guaranteed income, makes the value offered by annuities hard to ignore, and especially in the current climate in which every penny counts. For those wishing to explore the value of an annuity, there is the possibility of annuitising at different points during retirement, allowing people to benefit from higher rates and greater income.

“We’re entering a new era of retirement income planning, in which we’re moving away from the notion of retirement income being a one and done approach. When it comes to retirement planning, people need to consider what they expect their retirement to look like, based on their individual circumstances, and work out how best to make the most of their retirement savings. What’s becoming more appealing is the idea of a blended approach, with annuities and drawdown working in combination to meet different needs in retirement. This approach allows a portion of savings left in flexible drawdown and with the potential to grow, and the annuitised portion providing an element of guarantee to cover essential costs in retirement.”

About the Annuity Rate Tracker

The Tracker, developed by Standard Life, part of Phoenix Group, monitors current average annuity rates across the market for those annuitising at aged 60, 65, and 70. It also shows the total lifetime income from an annuity and the extent to which annuity rates improve with age.

About Standard Life

- Standard Life is a brand that has been trusted to look after peoples’ life savings for nearly 200 years
- Today it proudly serves millions of customers who come to Standard Life directly, through advisers and through their employers’ pension scheme
- Standard Life is part of Phoenix Group, the largest long-term savings and retirement business in the UK. We’re proud to be building on nearly 200 years of Standard Life heritage together
- Our products include a variety of Pensions, Bonds and Retirement options to suit people’s needs, helping our customers to invest and save for their future. We’re proud to offer a leading range of sustainable and responsible investment options
- We support our customers on their journey to and through retirement with comprehensive, easy-to-understand guidance so they can invest in the right way for their needs, and plan a future they feel confident about

Media enquiries

For further information, photos, video content or interviews, contact:

Jennifer Smallwood, Senior PR Manager
07858 367818 / Jennifer_Smallwood@standardlife.com

Samantha Griffith, PR Consultant
07752 465345 / samantha_griffith@standardlife.com

Notes to editors

¹ Annuity rates data provided by AMS Retirement. Accurate as of June 2023.

² Based on Standard Life research carried out by independent market research agency, Opinium, on Standard Life’s behalf. This survey was conducted with a nationally representative sample of 2000 adults aged 50+ from the 6th – 14th March 2023.