

MONEY

TALK



Consumer expert Sue Hayward's savvy finance tips

Our Insider's Guide To... choosing an annuity

One of life's big financial decisions is how to save for your pension; but just as important is the decision over how to spend a chunk of your pension pot when it comes to buying an "annuity".

Most people use part of their pension to buy an annuity. This provides a regular income for life and, just like buying energy or insurance, you can shop around for the best deal.

Taking the annuity offer pushed by your pension provider can cut the cash you get by around 30%, and with annuity rates at low levels it's important to do everything you can to boost your retirement income. As buying an annuity is a once-in-a-lifetime purchase, you need to make the right choice.

It's also worth knowing that the EU Gender Directive, which came into force in December, means insurers can't take gender into consideration when working out annuity rates. This has the knock-on effect that women can expect to get better annuity rates than before, while men will lose out with lower rates.

For anyone not in the best of health, "enhanced annuities" should be considered. These products are designed for people with medical conditions like diabetes or high blood pressure, which could reduce life expectancy.

FACTS!

- ◆ You don't have to take the annuity offer from your pension provider.
- ◆ New rules from the Association of British Insurers mean you should be encouraged to shop around. This can boost your pay-out by 30%.
- ◆ Consider an "enhanced annuity" if you're in poor health.

Get Your Point Across



Sometimes it's frustrating making a complaint as some companies don't even reply. Any ideas?

◆ You should voice your complaint if you're unhappy – and give thanks when a company's gone the extra mile! – but sometimes the time it takes to track down

a contact can mean you put it off. So why not post your thoughts on a great new site called Rant and Rave? You can see comments at www.66099.co.uk and these are sent to the relevant company, too. The number to call or text is 66099 – and it's free from a mobile.

Choose carefully



TIP!

Considering a care home for elderly relatives? Go to www.myageingparent.com for jargon-free money advice.

3 ways to SAVE

1

Turn £50 into £210! Exchange money into Tesco Clubcard points at topcashback.co.uk. You'll get a 5% bonus, so £52.50. Then swap points for vouchers at 4 times their value.

2

Watch for insurers charging "renewal" fees. Hastings Direct want £20 to renew a policy and while this is listed in the small print, how many of us actually read the terms and conditions?

3

Don't stash your cash at home. The Financial Services Compensation Scheme say some of us keep over £1,000 in cash. Many house insurance policies won't stretch to this.

