



## Legal & General declares 2023 the landmark year for annuities - evidenced by sales hitting all-time high

- Customers seek certainty amidst economic volatility of recent years
- Demand for annuities skyrocketed in 2023 with Legal & General Retail announcing record-breaking sales of £1.43bn
- Sales were up 50% on the previous year
- Sales of fixed-term annuities also up - doubling as retirees seek to counter economic uncertainty

Legal & General Retail's annuity sales reached an all-time high of £1.43bn in 2023 as rates soared and people placed more value on having certainty over their finances.

Annuities have steadily been returning to favour since the pension freedoms in 2015, where people were given more choice over how they could access their pension savings. However, 2023 marked a turning point as annuity rates reached their highest levels in decades and turbulent markets saw more individuals seek the security of a guaranteed income.

Having seen average annual growth of annuity sales between 2015 and 2022 of 17%, sales then jumped up 50% in 2023; a substantial increase from the £954 million recorded in 2022. Legal & General has also seen its overall lifetime annuity market share more than triple from 6.5% since the start of 2016 to 20.2%.

In addition, sales of fixed-term annuities, which pay a guaranteed retirement income for a selected period of time, more than doubled as customers sought the benefits of a predictable and flexible retirement income. Fixed-term annuities are often used as a bridging option by individuals looking to boost their income before other pension sources pay out, and can provide a level of financial security, particularly when market conditions are unpredictable.

### **Lorna Shah, Managing Director, Retail Retirement, Legal & General:**

**“Nearly 10 years on since the introduction of pension freedoms, I think 2023 is a real landmark year for annuities with the far-reaching value and appeal of a guaranteed income coming back into focus. It has been great to see annuities reclaim the spotlight as a go-to product for income security. Improved rates, which has meant that people can get more for their money when purchasing an annuity, has played a key role in driving interest, but this is just one part of what makes annuities attractive. They also provide peace of mind and the security of a guaranteed income for life, which is a significant comfort for people transitioning into retirement or planning to stop work altogether but still wanting to maintain a steady monthly income, especially in times of economic uncertainty.**

**“We are also seeing increased interest in fixed term annuities as a bridging product and for blended retirement plans, featuring a mix of an annuity and drawdown, to cover fixed costs while the remaining fund benefits from the flexibility and growth potential of drawdown”.**

**-ENDS-**

## Notes to editors

### About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with over £1.2 trillion in total assets under management\* of which 39% is international. We have a unique and highly synergistic business model, which continues to drive strong returns. Legal & General provides powerful asset origination and management capabilities directly to clients, which also underpin our leading retirement and protection solutions. We are a leading international player in Pension Risk Transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Our purpose is to improve the lives of our customers and create value for our shareholders. Through inclusive capitalism, we are investing in long-term assets, such as real estate and infrastructure, that can help build a better society for the future.

\*as at August 2023

### About Legal & General Retail

Legal & General Retail helps create brighter financial futures for all our customers. The division covers the savings, protection and retirement needs of our c.13 million retail policyholders and workplace members.

In 2022, we had total individual annuity sales of £954 million, and issued £632 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.9 million members, while our Protection businesses gave peace of mind to more than 6.3 million UK life insurance, 1.8 million group and 1.5 million US customers, taking in £3.1 billion of gross written premiums.

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