

# Thousands risk losing out on extra pension income by not disclosing health conditions, research shows

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- Thousands of people are at risk of losing out on getting more money from their pension because they don't know about 'enhanced annuities'
- More than three quarters (76%) of over-55s are unaware that smoking, drinking or a medical condition could actually increase the money they get if they buy an annuity

Over three quarters (76%) of over-55s don't know that medical conditions or lifestyle choices, such as smoking and drinking alcohol, could actually increase the money they receive from an annuity, new research by Legal & General shows. The findings mean that many retirees could be missing out on a higher pension income by not disclosing health issues or lifestyle choices when buying an annuity. This could potentially cost them thousands of pounds in retirement income.

The survey of more than 2000 over-55s by Legal & General found that consumers often see the impact of disclosing medical conditions for annuities as similar to other types of insurance products. Almost one in ten (8%) think ill health would reduce the amount of money they receive in retirement, while another 18% believe it won't make any difference to how much money they get in retirement. Worryingly, a small group (5%) think that telling an annuity provider about a medical condition they have would see their application rejected.

The FTSE 100 company's Price of Freedom research also revealed that a larger number of people approaching retirement are not aware of what an annuity actually is. Just under half (47%) of the over-55s surveyed couldn't accurately describe the product. Overall, less than half of the people surveyed (49%) said they had heard of annuities and confusion about the product could be potentially affecting uptake, with just 26% of respondents who are retired saying they have an annuity.

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*“Customers are confused about how annuities work. People with health conditions, as well as smokers and drinkers, stand to benefit from better annuity rates – but only if they disclose everything to their financial adviser or annuity company. First and foremost, we need to help customers to understand the potential benefits of annuities, which offer them a guaranteed income for life in retirement. Part of that is about education and information – but it's also important that our industry talks plainly to consumers, removing the jargon and explaining the options available in a clear and helpful way. Just 26% of retirees have taken out an annuity, but there are thousands more who could benefit from a guaranteed income in retirement.”*

**Emma Byron, Managing Director at Legal & General Retail Retirement Income**

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The findings follow previous research from Legal & General which found that more than half (54%) of people aged over 55 aren't managing their retirement finances at all.

### Notes to Editors

Buying our Pension Annuity is a once and for all decision. The options a customer selects when they buy the annuity cannot be changed later on. Depending how long they live for, the total income paid to the customer may be less than the amount used to buy the annuity.

The annuity cannot be cashed in or surrendered at any time.

Legal & General's lifetime Pension Annuity can be bought using the money from a pension pot. It will pay an income for the rest of the annuity holder's life. To apply the applicant must be at least 55 years old and have at least £5,000 to invest after they've taken any tax-free cash they might want to withdraw from their pension pot.

Certain options may not be available and different options will be available if the applicant applies through an adviser or intermediary. If the pension plan includes any money from contracting-out of the earnings related part of the State Pension, there may be certain restrictions on how we can pay the income. We will show any restrictions that apply on the illustration.

### About Legal & General

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. As at 31 December 2017, we had over 9.5 million customers in the UK for our life assurance, pensions, investments and general insurance plans.

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