

What to consider when shopping around for an annuity.

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When you come to retire you will probably hear or read about shopping around to buy an annuity. So what exactly does that mean? Well the first thing to note is that you don't have to purchase your annuity from the company that administered your pension plan.

As with any big purchase it pays to shop around to get the best deal. It's worth remembering that for many people buying an annuity is probably the second biggest purchase they will make in their life after their house.

Shopping around is also known as the open market option and everyone is entitled to do this. Shopping around means using an intermediary, a specialist annuity broker or provider such as Aviva. Some intermediaries use what is known as the whole of market search, which is all annuity offerings from all providers. Others are restricted to a pre-selected panel search. It's important that you understand how much you're paying for the advice or guidance you receive when you buy an annuity, as this may affect your income.

Just like any other big purchase when shopping around you should make sure that they have a good selection of leading brands from which to make your choice.

It's also important that you understand the options you can take with your annuity. One example is if you're married and your spouse is reliant on your annuity income for their retirement, you should consider purchasing a joint life annuity.

There's further information on the Money Advice website including up to date comparison tables and competitive annuity rates. Finally you can visit our Retirement Centre for useful information and tools, these can help you understand your retirement options better.