# **UK Annuity Market Customer Expectations**

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## **UK Secondary Annuity Market Research**



# Sellingmyannuity.co.uk

### unlocking the value of your annuity

Launched July 2015



#### **Background**

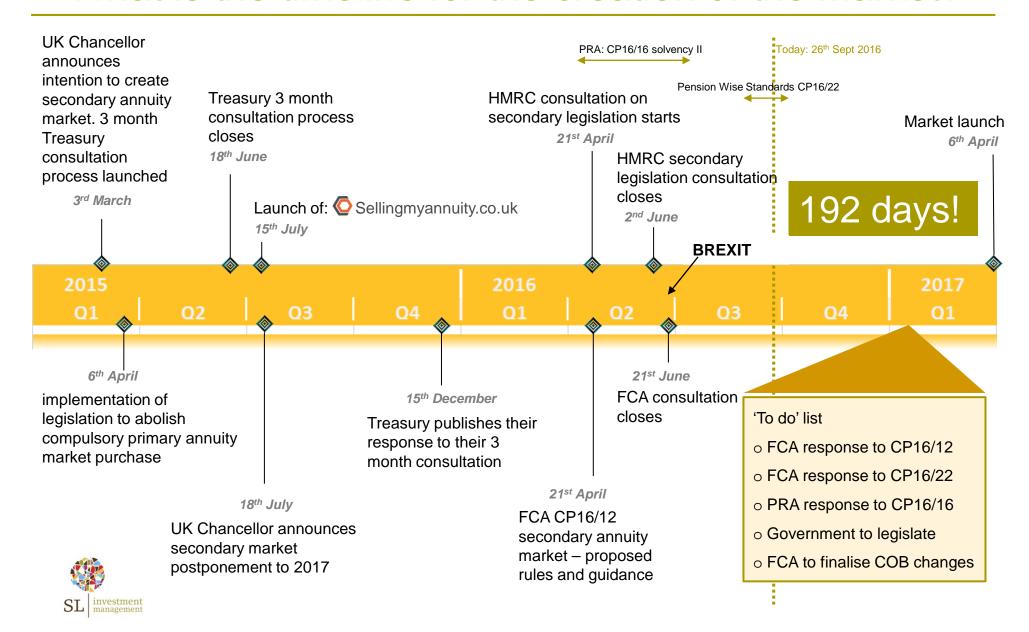
- a trading style of SL Investment Management
- sister site of sellingmyendowment
- aimed at secondary annuity market research
- potential Broker role in the future

#### **Promotion**

- low key
- SEO optimised to gradually build organic search traffic
- linked from SL's other corporate & retail websites
- no advertising e.g. Google Adwords
- no promotion via third party web sites \ press releases



## What is the timeline for the creation of the market?



## What are the aims of Sellingmyannuity.co.uk?

#### **Primary aims**

#### 1. Customer Expectations

- Price
- Sale Process
- Post Sale Intentions
- 2. Payment & Retained Benefits
- Full Settlement vs. Staged Payments
- Full Sale vs. Retained Benefits



#### 3. Personal & Financial Status

- Married \ Single \ Divorced
- Savings & Investments
- Loans & Debt

#### 4. Heath & Life Expectancy

- Diet \ Sociability \ Weight
- Exercise \ Alcohol \ Smoking
- How long do they think they will live?

#### **Secondary aims**



 to assess interest from Professional Investors on participation in the secondary annuity market



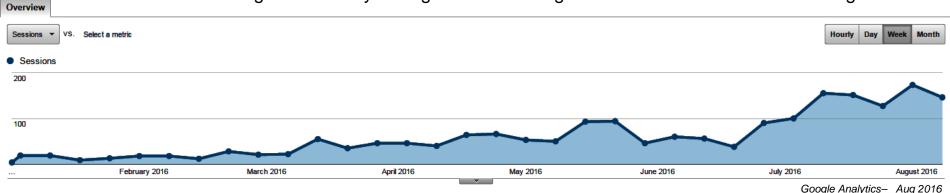
 to assess opinion from UK Financial Advisors on the creation of the secondary annuity market.



# How much interest in Sellingmyannuity.co.uk?

#### **Webtraffic**

- Average of 20 hits per week at the start of 2016
- Traffic has grown steadily through 2016 reaching 173 visitors in the first week of August 2016



#### **Advisers & Investors**

Secure page accessed by entering their details.









**Annuitants** 



- Invited to enter policy details to receive a free evaluation.
- Prior to receiving their evaluation asked to complete a short survey.
- Upon completion of the survey sent their evaluation matrix.



Annuity Valuation requests 329 Completed Surveys 251 (76%)

end Aug 2016



## Results – customer expectations

"...what would you consider to be the most important aspects in reaching your sale decision?"

86%

• Best Sale Price

22% to 35%

Fast Payment \ Regulated Company \ Quality Service \ Simplicity of Process

15% or less

Recognised Brand \ Financial Advice\ Family or Friend Recommendation

#### "...what would you do with the proceeds of the sale?"

31 to 32%

Add to Cash Savings \ Pay off Debt

11 to 14%

• Home Improvement \ Investment \ Property Investment \ Support Family & Friends

7 to 8%

• Take a Holiday \ Car Purchase

#### **Conclusions**

- Annuitants want a simple, speedy and well regulated sales process where they can achieve best value for their annuity sale.
- Annuitants generally want to sell their annuity to rearrange their finances not to use the proceeds to purchase high value material goods.



## Results – Payment & Retained Benefits

"...How strongly would you agree or disagree with the following?"

#### Payment options

(Strongly agree)

74%One off payment for full sale of annuity

• 3-5 year secured fixed term loan at a more favourable rate than a personal loan

• 3-5 Year enhanced payment dependent upon survival of annuitant

#### **Retained Benefits**

(Strongly agree)

• Outright sale with no further interest

• Retention of beneficial interests e.g. Spouse

• Retention of proportion of annuity e.g. half of all future payments

Full sale of annuity stream for 3-5 year period then revert back to annuitant

#### **Conclusions**

48%

- Annuitants have a strong preference to be paid in full for their annuity at the point of sale.
- Annuitants have a preference to sell the full rights under their annuity outright.
   Although would consider other options to retain benefits.



## Sample Results – other

#### Last thoughts...

- The average age of annuitant submitting their policy details was 63. Younger than the current average age of a UK Pensioner.
- Nearly 80% of annuitants submitting their policy were male.
- Most annuitants submitting their details had taken out their annuity policy in the past 6 years.
- Based upon table LEs, annuitant price expectation translated to a secondary IRR of 5.0%.
- Annuitants with larger value policies tended to have a higher expectations of price.
- Half of annuitants expected to receive a secondary price greater than their initial purchase price net of annuity payments.
- Over 90% of annuitants believe they have above average health.



## **QUESTIONS?**

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