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## **CONSUMER RESEARCH REVEALS OVERWHELMING APPETITE FOR GUARANTEES AT RETIREMENT**

- **90% of over 45s say guarantees are important to them**
- **60% say they are most likely to choose a product that provides a minimum guaranteed level of income for life**
- **35% of people say economic downturn means they are now more likely to consider a variable annuity product**

On 29 June 2009, AEGON – a market leader of variable annuities in the UK – launched its new ‘third-way’ investment product, AEGON Secure Lifetime Income. This variable annuity retirement solution combines the benefits of a purchased life annuity, which provides a guaranteed income for life, and an investment bond, which provides investment flexibility; investment growth potential; and valuable inheritance benefits. The guaranteed minimum income from AEGON Secure Lifetime Income starts at between 3.5% and 5% of the original investment, depending on the age of the customer when they start taking income. This minimum income level has the potential to grow each year in line with any increases to the underlying investment. Once the income level has increased, the new higher amount is locked in and this becomes the guaranteed lifetime income amount – until there is further growth.

To highlight the growing market for variable annuities, AEGON recently commissioned consumer research to gauge the attitudes of people over the age of 45 towards guarantees and alternative retirement solutions. The results clearly show that there is a considerable appetite for variable annuity products, and the valuable guarantees they provide.

90% of people surveyed said they value guarantees on their retirement income and, compared to traditional annuities, bonds and income drawdown, nearly 60% (58.8%) said they are most likely to choose a retirement product that provides a minimum guaranteed level of income for life that offers the potential to increase over time.

When asked in the context of the current financial climate if they would now be more likely to consider a variable annuity type product to secure a guaranteed minimum lifetime income, 35% of people said they would.

Gordon Greig, Head of Individual Marketing at AEGON said:

"Our research has revealed that larger numbers of people are drawn to products that will provide them with guarantees in the current financial climate. AEGON Secure Lifetime Income meets those demands for income security in retirement.

"The variable annuity market is growing as more customers and advisers become familiar with the 'third-way' concept. It is encouraging to see people are recognising the importance of this market and the value for money variable annuities provide.

"AEGON remains at the forefront of product innovation and development in the variable annuity market, with products that we've designed to meet the needs of customers with both investment money and pension money."

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## Notes to Editor

- AEGON commissioned Tickbox.net and Opinion Matters to ask people over the age of 45 their opinions and attitudes towards guarantees. The research surveyed 1,008 people between 27 May 2009 and 9 June 2009.
- AEGON Secure Lifetime Income is a guaranteed minimum lifetime withdrawal benefit. Income paid is created from the initial investment made. If additional withdrawals are taken this will reduce future income payments and death benefits.
- Income can only be taken from AEGON Secure Lifetime Income at or after age 60
- Minimum age at entry is 45 and the maximum is 79.
- Minimum single premium investment is £15,000. Maximum investment is £1m.

- The guaranteed income payable from AEGON Secure Lifetime Income is within PLA “Capital Content” limits. Therefore if the income levels do not breach these limits, income will remain tax-free for life. If the income exceeds the capital content levels due to the income escalator feature, customers may be subject to tax at their nominal rate on the amount in excess of the capital content limit. For instance, the capital content limit for a 60 year old male is 4.1%. If the guaranteed income increases to 5% for example, the customer would be liable to tax at their nominal rate on 0.9% of their income. The capital content levels vary depending on the age of the customer when income payments commence and their gender.
- The guaranteed minimum inheritance benefit is the higher of
  - The total contributions paid less the total withdrawals taken or
  - 100.1% of the surrender value of your plan
- The only circumstance in which the guarantee wouldn't apply is if AEGON Scottish Equitable International plc failed. In this unlikely event, the benefits from the plan may be affected.
- AEGON is one of the world's leading insurance groups with approximately 31 thousand employees world-wide and 40 million customers in the Americas, Europe and Asia. AEGON's revenue generating assets totalled EUR 334 billion at 31 March, 2009.
- In the UK AEGON offers pensions, life insurance, asset management and financial advice to around 2 million customers. AEGON UK has assets under administration of £44.2 billion and employs over 4,900 staff.