

Changing annuity course mid-stream

Karen Wentzel, head of annuities at Sanlam Employee Benefits, advises a reader on selecting an appropriate retirement product.

Q: I retired with an investment-linked living annuity. I am considering moving to a guaranteed annuity option to lessen the

risk and stress. What are the factors to consider?

A: A guaranteed annuity is not just one type of product.

It represents a range of choices – guaranteed escalation, inflation-linked, index-linked and with profit annuities.

Identifying the right choice requires an understanding of your current and future needs and the benefits that each provides. This is best done with a qualified financial planner.

Your choice will determine the starting pension for a specific

lump sum, as each type of guarantee has a different “price”.

After purchase, increases in your pension will depend on the product. With a guaranteed escalation annuity, the increase will not be influenced by interest rates.
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