



# Annuities

## Video transcript

Once you retire, an annuity gives you a regular guaranteed income for the rest of your life.

Annuities are provided by insurance companies and pay you a retirement income in exchange for your DC pot – like the savings you’ve built up in the Investment Builder.

Normally, you can take up to 25 per cent of your DC pot as a one-off tax-free lump sum, and use the rest to buy an annuity.

The income you get will be based on a range of factors, including:

- The size of the DC pot you use to buy the annuity
- Your age and health at the time
- Whether you want your income to increase over time
- And whether a pension will be provided to your dependents when you die

The income you get and the charges you’ll pay to set the annuity up can vary a lot between providers, so it’s worth spending plenty of time and getting as much support as you can before making any final decisions – because it could make a difference of thousands of pounds over your lifetime.

It’s also important to choose the right type of annuity and shop around to get the best deal you can.