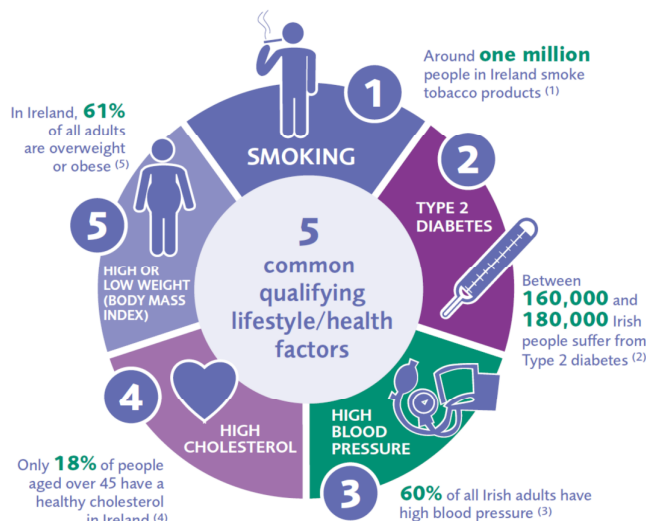




## Introducing Enhanced Annuities

### Shane O Farrell BAFS, FSAI, Executive Manager Risk and Longevity, Irish Life Corporate Business

Until now, annuities have been priced the same for all lives of a certain age regardless of health, as insurance companies assumed normal health and lifespan for all. An **Enhanced Annuity** changes this. With our new Enhanced Annuity, Irish Life will assess the health of the individual and quote an annuity cost appropriate to his or her expected future lifespan. This means the argument that those in poor health are better off avoiding annuities has to be challenged.



#### Why now?

**Enhanced Annuities** account for around 50% of total open market annuity sales in the UK\*. **Enhanced Annuities** are sometimes also called “Underwritten Annuities”. The product was initially developed in the UK over a decade ago as “impaired life annuities”, where better terms were offered for serious medical conditions.

Irish Life **Enhanced Annuities** cover a full range of health issues from lifestyle factors to serious medical conditions, giving great potential when advising clients to help get the most from their retirement options.

*\*source Reinsurance Group of America*

## The Irish Life Annuity Doctor will assess the retiree's health



We suggest you visit the Annuity Doctor with all clients at their retirement planning review. The Annuity Doctor is our online system to assess your client's health and allows us to decide whether your client qualifies for an enhancement.

The Annuity Doctor is available at [www.PensionChoice.ie](http://www.PensionChoice.ie) where you can get:

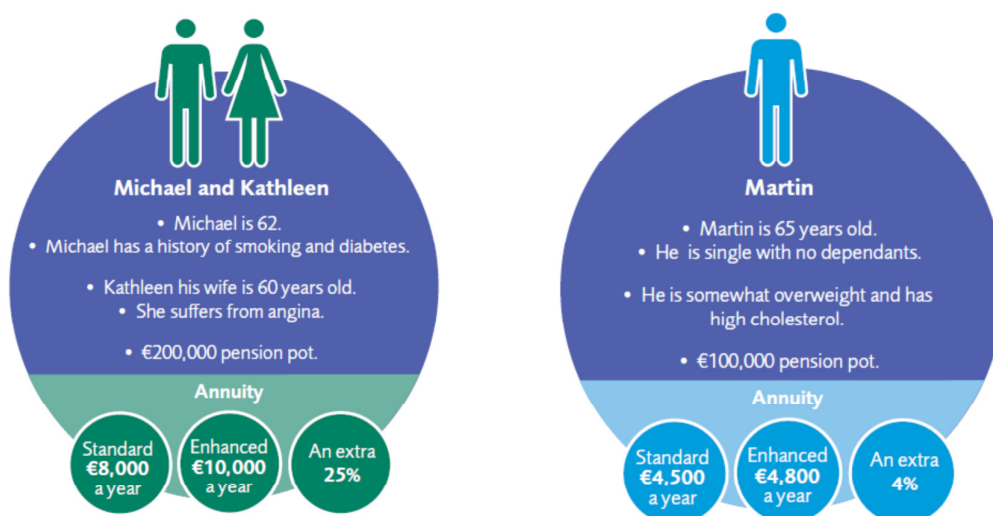
- ✓ Standard Annuity quotes - available with no log-in required
- ✓ Enhanced Annuity quotes - log-in required to input, store and update your client's medical information over time (between an initial meeting and final quote, say)

Register today on [www.pensionchoice.ie](http://www.pensionchoice.ie) to receive your log-in

### Medical Information Required

You may be wondering what sort of medical information will be required. How will you know what to ask your clients? Don't worry – the Annuity Doctor prompts all of these questions. Below are some of the more common types of health factors you might experience with your clients. You should ask clients to consider their medical history and to make a note of any medications they are taking (including name and dosage) before you meet them so they have all the details to hand.

Enhancements can be granted in respect of health conditions on first and/or second lives (although the enhancement in respect of second life conditions can be diluted down somewhat as they are not the primary cost driver).



#### Example 1:

If your client has been diagnosed with diabetes and smokes

The Annuity Doctor will first ask you about your client's current and past smoking habits, including how long they have smoked for. For diabetes, the Annuity Doctor will first ask you the date of diagnosis, whether it's type 1 or type 2.

This will be followed by questions about your client's:

- current medication(s)
- exact names and dosage levels.

The Annuity Doctor will then ask for your client's two most recent test readings and details of any complications or other conditions associated with diabetes.

#### Example 2:

If your client is overweight and has been diagnosed with high cholesterol

The Annuity Doctor will ask about your client's last two blood pressure and cholesterol readings (total cholesterol level plus HDL & LDL levels if known). This will be followed by questions about your client's current medication(s), exact names and dosage levels.

#### How will Irish Life verify the health information provided?

It depends on the size of the fund. For most funds, we are happy to confirm the details after the event. That is, we may write to the client's GP to confirm the medical details presented are accurate. We'll pay the doctor fees for this (however, it often helps if a client rings the doctor and asks them to give the report their quick attention). For very large funds (currently funds over €1m but this is at our discretion), we will write to the client's doctor to confirm the details are correct before we quote a confirmed rate. Where an annuity has commenced and the client's doctor informs us of a less serious health history, we will adjust the annuity rate down to no worse than standard rates (but reflecting any over-payments to date in the lower annuity).

#### Best Advice and Approved Retirement Funds (ARFs)

In the past clients in somewhat poorer health were often recommended away from annuities because they did not offer good value for money for them. Yet many of these clients were risk averse and valued certainty of income precisely because they were in poor health. Enhanced Annuities challenge this logic: such clients now get a fairer deal and we expect many advisors will find them an ideal product. Enhanced Annuities provide certainty of income for life but at fairer terms reflecting their health.

Talk to your Irish Life Account Manager today to find out more about Irish Life Enhanced Annuities or visit [www.pensionchoice.ie](http://www.pensionchoice.ie) for full information.

