# Politicians issue fresh call for secondary annuities market

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A group of UK politicians has backed a move to re-examine the case for a secondary annuity market in the UK.

Six MPs have backed an early day motion in the UK's lower house of parliament, calling for a new debate on whether individuals who have already bought an annuity should be given more freedom to access their pension savings.

The government proposed a secondary market for annuities in 2015, but abandoned it a year later, saying that "creating the conditions to allow a vibrant and competitive market to emerge, with multiple buyers and sellers of annuities, could not be balanced with sufficient consumer protections". It also estimated

However, in the motion posted last month, MPs highlighted that some retirees "may need to access funds from their annuity in times of need" and called for legislation "to allow 5m retirees to safely partially sell their annuity".



The politicians included Ruth George, a Labour party member of the Work and Pensions Select Committee, and Stephen Lloyd, the Liberal Democrat party's spokesman for work and pensions issues.

Ros Altmann, who was pensions minister while the initial discussions about a secondary annuity market were taking place, has called for government to "reconsider" the idea.

Ros Altmann
@rosaltmann

Let's try to reconsider the idea of allowing people to sell unwanted annuities. If you agree, you could sign this petition calling to extend pension freedoms to pre-April 2015 retirees. - Sign the Petition! chn.ge/2mHdcvt via @UKChange

5:09 PM - Jul 25, 2018


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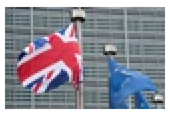
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## IPE QUEST


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Philip Hammond: Extend pension freedoms to pre-April 2015 retirees.

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1 See Ros Altmann's other Tweets

UK newspaper the Daily Mail has been calling for such freedoms for two years with its reader campaign dubbed 'Unlock Our Pensions'. This week, US annuities trading company DRB Capital provided funding for a separate 'Your Pension, Your Choice' campaign.

Since 2015, people approaching retirement have had more flexibility regarding how they can access their defined contribution (DC) retirement savings, including taking larger cash sums and accessing flexible drawdown products. The new campaigns want these flexibilities to be extended to those who have already retired.

However, some have questioned the claims backing the campaigns.

Ralph Frank, head of DC at Cardano, highlighted that retirees in the UK had not been forced to buy an annuity since 1995. He added: "Prior to the announcement of the freedom and choice reforms in 2014, 25% of DC retirees did not buy annuities – so were the 5m really 'forced' to do so?"

Frank also warned against setting a precedent for other forms of pension.

"The consequences, perhaps not unintended by those behind the campaign, are potentially massive," he said. "Even Pandora would hesitate opening this box. We certainly shouldn't be lifting the lid. At a time when the suitability of DB transfer advice is under scrutiny, is it necessary to add further case studies?"

In a blog post yesterday, Tim Sharp, pensions policy officer at the Trades Union Council, also warned against the idea of a secondary annuity market.

"Polling by Age UK found few annuity holders want to sell, but that those who do are likely to be poorer," he said. "Would someone who sold their annuity payments be deemed to have deliberately deprived themselves of assets and therefore denied benefit payments? We simply don't know.

"It all adds up to a lot of risk and uncertainty for savers, which is one reason why this half-baked idea was shelved the first time round. Helping savers get a good deal in retirement is a laudable aim. But reheating these flawed plans is not the answer."