

Media Release

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For immediate release

Open Market Option must be compulsory

Annuity Industry providers would support legislation to enforce use of OMO

Market will quickly adapt to ECJ ruling.

Recent research of leading annuity providers and experts within the industry showed that over 60% would support legislation, which compelled the use of the Open Market Option.

The same research, commissioned by leading annuity administrators, Xafinity Paymaster, showed that 82% of experts said that providers will quickly adapt to the European Court of Justice ruling on gender equality and greater product innovation would result as providers sought to differentiate.

Similarly, the majority of the industry (87%) believed that the abolition of compulsory annuitisation at age 75 is little more than hype and most retirees will continue to purchase their annuity as before, albeit maybe a little later in life.

Keith Boughton, Director, Insurance and Payments, Xafinity Paymaster commented:

“The overwhelming support for some form of OMO compulsion demonstrates that the industry realises it may need legislation and, rather than complaining, it supports it. Similarly, where changes are made, such as the abolition of compulsory annuitisation at age 75, or in a similar vein the implementation of the ECJ ruling, providers just get on with it.”

ENDS

Notes to Editor:

The Xafinity Paymaster Annuity Industry Survey 2011 was undertaken in April 2011 and targeted Product and Service providers, Employee Benefit Consultants, Financial advisors and Annuity Influencers. This is a significant group and we are delighted to report a response rate of 40% which indicates that participants welcome a forum to express their views.

- Download a copy of the research findings / full report at <http://www.xafinity.com/Microsites/Xafinity-Paymaster/Services/Annuity-Administration-Services.aspx>

INTRODUCTION FROM FULL REPORT: Welcome to the 2011 annual Annuity Industry Survey conducted by Xafinity Paymaster.

This survey was undertaken in April 2011 and targeted Product and Service providers, Employee Benefit Consultants, Financial Advisors and Annuity Influencers. This is a significant group and we are delighted to report a response rate of 40% which indicates that participants welcome this forum to express their views. As in 2010 the results indicate that these vary greatly and there is disagreement in a number of areas.

The last 12 months has seen a plethora of measures announced to increase retirement flexibility and it is clear that the shape and mechanics of the future market are still to be determined.

The results of this survey show that lifetime annuities are still expected to be the most widely selected annuity product over the next five years. In 2011, 95% of respondents supported this stance up from 90% in 2010.

Despite this, an increasing percentage of respondents believe that the market still requires a greater number and alternative shapes of product to meet the needs of the market over the next five years. Only 52% of respondents, down from 64% believe that the existing range is adequate.

The last 12 months has also seen a growing recognition that the Internet will play an increased role in decumulation of pension fund assets and that execution only business will play the key role in the future. Over 96% of respondents believe that this to be the case, up from 72% in 2010.

The survey also reveals some conflicting views held. These primarily relate to the sources and means of provision of affordable advice to consumers. It is clear that this issue is one that needs greater focus from all those keen to ensure that the UK has a vibrant and efficient decumulation market that provides appropriate and equitable advice for consumers.

As the leading independent annuity administrator in the UK, we have a role to support the provision of services to support new annuity products as well as ensuring there are appropriate means of servicing a growing annuitant population.

I would like to thank all those who gave their time to participate and share their views and insights into the UK annuity market at this particularly interesting time...

Download a copy of the research findings / full report at
<http://www.xafinity.com/Microsites/Xafinity-Paymaster/Services/Annuity-Administration-Services.aspx>

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Background information:

Xafinity Paymaster is a leading business process outsourcer providing pension, payroll and annuity administration to more than 750 schemes and 2.9 million members, covering the full spectrum of sizes and arrangements. Xafinity Paymaster supports 130 major public and private sector organisations and makes payments totalling over £11 billion per annum to pensioners, dependants and annuitants in over 180 countries worldwide.



Xafinity was awarded the “Third-Party Administrator of the Year” award at the Professional Pensions UK Pension Awards 2011.

About Xafinity Paymaster's Insurance and Payments division:

- Paying 2.2 million pensioners and annuitants including 45,000 residents overseas
- Niche service provider to insurance companies
- Administering over 600,000 annuities on behalf of insurance companies.
- UK's leading independent provider of annuity services for insurance companies.

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