



Some of the key differences to consider when comparing annuity and ARF

Issue	Annuity	ARF
Payable for life	Yes, an annuity offers an income guaranteed payable for life.	An ARF could run out while you're still alive leaving you with no regular income.
Access to income	Certainty of a level of income guaranteed for life, although this certainty means no flexibility.	Doesn't provide an income guaranteed for life but does allow you more flexibility when taking your money from your pension pot. Bear in mind if you take income at too high a rate, it could run out in your lifetime. You must withdraw a minimum of 5% per year from your ARF from the year you turn 61.
Investment growth	No, you are paid an income for the rest of your life – you are locked into an annuity rate.	By leaving your fund invested you can benefit from any investment growth. Bear in mind the value of the fund may fall as well as rise. Remember that different investment options have different levels of risk.
Passing on to dependents	The income stops when you and your partner (if a joint life annuity) die.	You can leave the remaining fund to your dependents subject to tax.