

ABSTRACT

Provision for post-retirement income has become an important consideration for individual in recent years. Very few employers offer generous pension schemes that guarantee an individual a pre-defined pension amount on retirement. Individuals are increasingly being exposed to investment markets as they strive to make a provision towards their retirement. This study considered conventional annuities, which have been a popular means of providing for pension benefits. This was largely due to regulations that required an individual to purchase an annuity after retirement. However, regulations have changed and individuals now have a wider choice. There has been an emergence of alternative forms of post retirement income such as variable annuities, income drawdown plans and equity release schemes. It was found that these alternatives suit different individuals, depending on their personal circumstances. Data was generated by calculating various annuities for a period of 30 years for an individual getting an average income. Descriptive statistics was used to analyze the data. Presentation was in the form of graphs and explanation presented in prose. The study reveals that alternatives are preferred to the conventional annuities. The GMDB provided lower income given that an amount for the death benefit was set aside. The level annuities are considered to the escalating annuities if the individual did not get to survive past the breakeven point. Annuity providers should advise the annuitants on the various options of safeguarding their retirement future that suit their various lifestyles.