

Q I am a 64-year-old man, looking to retire next year. My main source of income is likely to come from an annuity purchased from a personal pension. I've heard about new rules affecting annuity payments. Should I be concerned? - R.H., Turriff.

A Barry O'Neill, investment director at Carbon Financial Partners in Aberdeen, said: You are probably referring to new laws being drawn up by the European Union, which will effectively remove the differences in annuity rates between men and women. Traditionally, men would expect to receive an approximately 13% higher annuity income than a similarly-aged woman, on the assumption that they would generally die earlier. These new rules will force insurers to offer equal annuity rates to male and female pensioners. With annuity rates at a low, with little prospects of improvement, it is now essential for those approaching retirement to exercise their "open-market option" and seek out the most competitive annuity rates. If you suffer from any medical conditions, or smoke and drink, there are specialised providers of "impaired" or "enhanced" annuity rates based on these factors, which may be substantially better than those offered by your pension provider.

Q I'm married with two children and have been planning for my retirement. I'm concerned what will happen to my family if I die early. What would you recommend? - E.H., Elgin.

A Mr O'Neill said: Making sure that your family is still provided for in the event of an early death is hugely important. The first thing is to ensure you have identified what your income and capital objectives are for retirement. Then you must identify any life cover you may have in place, including any for the mortgage and any provided by your employer. This will help an adviser to identify any shortfall and discuss the options available. You should also consider what happens if you are off work with a long-term illness or are diagnosed with a critical illness, such as cancer.