



Developing an Annuity Market in Europe

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On the premise that pension provision in Europe will dramatically change over the next few decades, this book concentrates on the funded component of pension wealth, and specifically on annuities – financial products that, on the basis of actuarial equivalence, allow the conversion of wealth into a lifelong stream of income.

Developing an Annuity Market in Europe provides an analysis of how longevity and return risks are dealt with, besides considering key features from both household and insurance company perspectives. It takes account of the fact that annuity markets are expected to attract much interest in future years given the prospective cuts in public pension expenditure. In order to fill the gap between shrinking pensions and desired retirement consumption, the authors argue, annuities must be well regulated and supplied with financially attractive products. These conditions hardly exist today: thin markets and scant interest prevail, information is incomplete and imperfect, products show significant disparities. The contributors to this book explore the causes of present malfunctioning and examine the changes that may give annuities a new and vital function, which, along with greater competition and greater regulation may significantly alter the present scene of pension finance.

Finally, the book offers an overview of regulatory issues including transparency, prudential provisions, appropriate levels of guarantees, and administrative costs.

This important and timely book will be invaluable to anyone interested in annuities, from practitioners through to students, researchers and academics concerned in financial or public economics.

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