

RIDING THE MARKET WAVE: WHY IT'S A GOOD TIME TO CONSIDER WITH-PROFIT ANNUITIES

2 October 2025

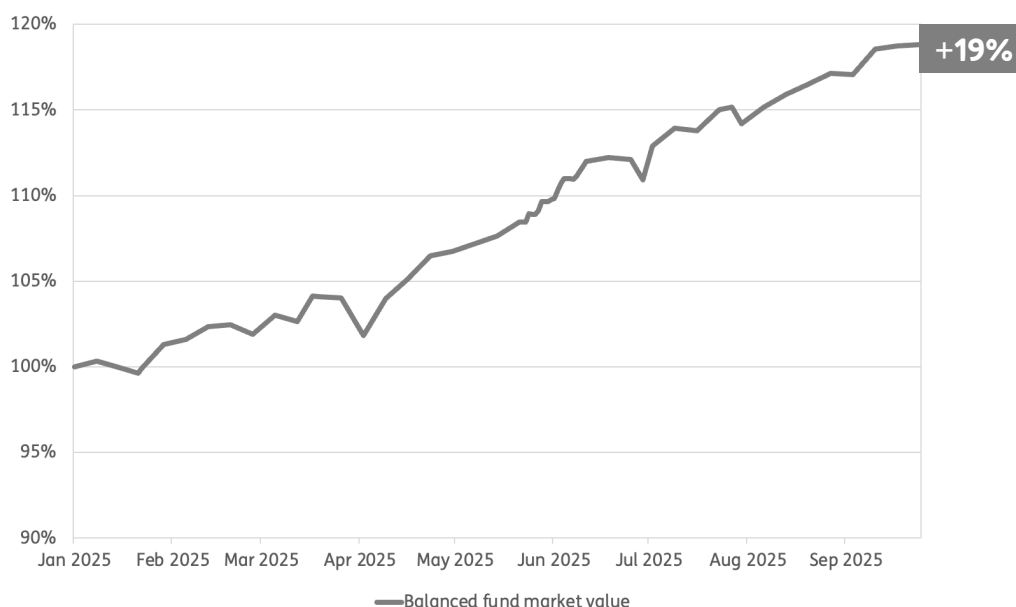
Thanks to robust market performance, balanced funds have delivered double-digit returns over the past year. With-profit life annuities benefit from this in two ways: strong prospects for good increases from 2026 onwards, and more available funds to secure a higher guaranteed income for retirement, making it a compelling time to consider Just Lifetime Income.

In recent years, retirees have gravitated toward fixed escalating life annuity options, especially those guaranteeing annual increases of around 5%. The appeal of these products lies in their simplicity and predictability as clients know exactly how much their income will grow each year. The downside, however, is that fixed annual increases may not be sufficient if inflation rises unexpectedly.

A with-profit annuity is invested in a diversified portfolio of bonds and a balanced fund and is therefore expected to outperform a fixed escalating income product in the longer term, which is invested only in bonds. Yet with-profit annuities have been less popular lately, mainly due to modest annual increases as a result of subdued smoothed returns of balanced funds, which drive increases.

However, the landscape for with-profit annuities is shifting.

With the recent surge in market performance, balanced funds are posting robust returns since the start of this year:



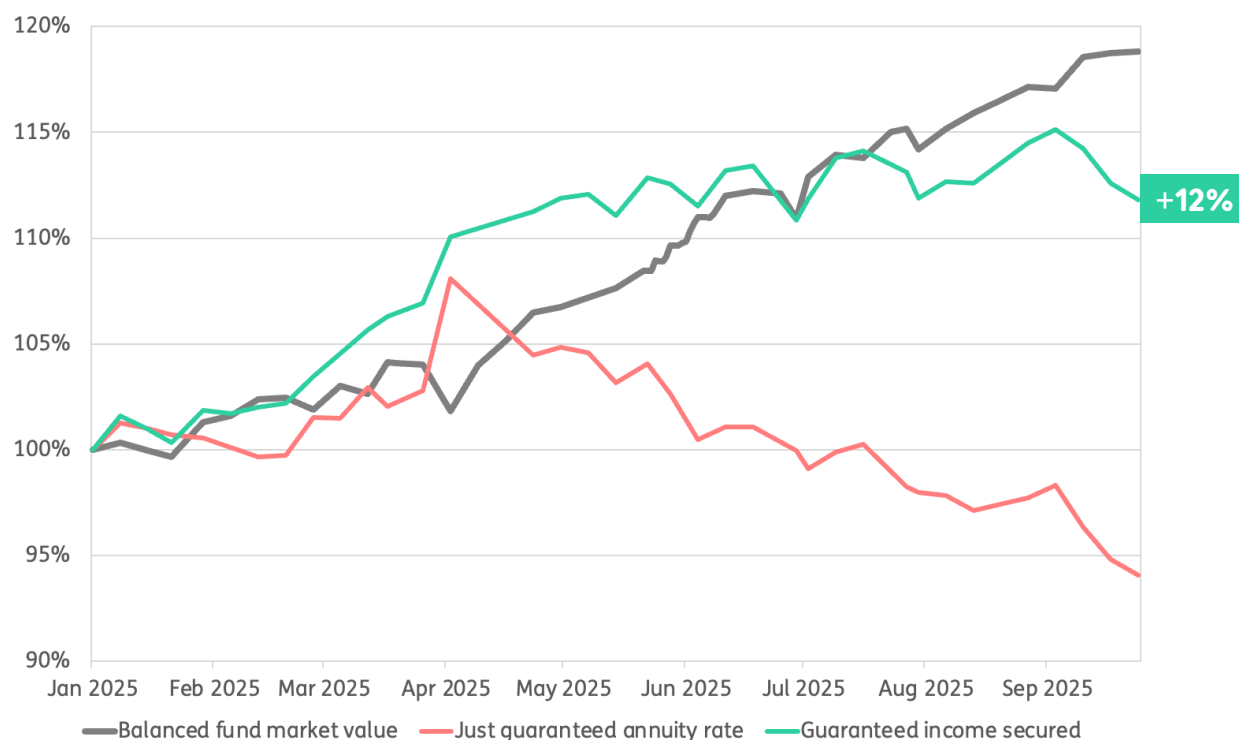
This turnaround is now translating into significantly higher expected annual increases for Just Lifetime Income holders, since smoothed returns on the underlying funds have performed well in the last few years, and some of the low-performance years have fallen off the smoothing period.

As a result, increases of more than 5% are projected for 2026 on some of the popular Just Lifetime Income options. This marks a notable improvement and signals a return to competitiveness for with-profit annuities, making them a compelling choice once again for those seeking lifetime income solutions with higher expected income growth over the long term.

A further benefit of good balanced fund performance is that the effective guaranteed income which a client can secure has increased materially, despite the fact that annuity rates have come off their recent highs experienced around April 2025.

This can be seen in the following graph which tracks the following since January 2025:

- The **grey** line is the market value of a balanced portfolio.
- The **coral** line is the JuLI annuity rate.
- The **green** line is the level of guaranteed lifetime income that a client can purchase: the market value of the balanced portfolio is applied to the JuLI annuity rate to calculate the starting income that can be bought.



Source: Just SA

For both advisers and clients, this is an opportune time to consider securing a Just Lifetime Income. The current environment offers the potential for a robust starting income, along with the possibility of benefiting from recent and future market performance. Taking action now will ensure a degree of financial stability for clients, a safety net of income that cannot decrease, while still allowing for the prospect of investment-linked income growth.

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