

The growing importance of defined contribution pension arrangements has drawn increased attention to the means by which retired people draw down their assets. Most of countries require annuitisation of at least a fraction of defined contribution plan accumulations. Annuity markets have recently attracted some criticism with respect to pricing and its costs. Requiring individuals to participate in the annuity market can reduce selection effects. Right incentives and conditions created by the government can enhance the effectiveness of annuity market. But excessive requirements and inappropriate regulation can have substantial cost for the individual.

We compare the value of life annuity products in an international context emphasizing the case of Chile and Sweden and the role annuities are to play in the new mandatory defined contribution pension plans of Hungary, Poland and Slovakia.