ASISA

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Living annuity assets grow to R911.7 bn in 2025 with annual drawdown rates steady at 6.6%

The number of living annuities held by South African retirees more than doubled over the past 15 years since the Association for Savings and Investment South Africa (ASISA) began compiling living annuity statistics, while assets under management increased almost sixfold.

At the end of 2011, 278 000 living annuities were in force, with assets under management of R155.2 billion. Over the next 15 years to the end of 2025, living annuities increased to 579 205, while assets grew to R911.7 billion. New inflows reached a record in 2025, with retirees committing R104.5 billion to living annuities.

Jaco van Tonder, deputy chair of the ASISA Marketing and Distribution Board Committee, notes that the average income drawdown level steadily declined from 7% in 2011 to 6.6% in 2025. Since South Africans have faced rising living costs for several years, this suggests living annuity investors opted to preserve capital by lowering spending rather than increasing income by selecting higher drawdown rates, explains Van Tonder.

Overview of South Africa's living annuity book

Period	Average Living Annuity Drawdown Rate*	New inflows	Number of Living Annuities**	Total Assets Under Management
2011	7.0%	R23.9 bn	278 000	R155.2 bn
2021	6.9%	R85.6 bn	515 234	R614.1 bn
2022	6.7%	R67.1 bn	527 038	R625.9 bn
2023	6.6%	R78.3 bn	535 509	R682.2 bn
2024	6.5%***	R89.3 bn	554 043	R781.7 bn
2025	6.6%	R104.5 bn	579 205	R911.7 bn

* *The average income drawdown level is weighted by fund size (the total value of the drawdowns against the total value of the living annuity book).*
** *The number of living annuities does not imply the same number of policyholders. Policyholders may have more than one living annuity.*
*** *The average drawdown rate for 2024 was previously reported as 5.6%. We restated the figure after detecting a submission error when finalising the 2025 statistics.*

Preserving capital with responsible drawdown rates

A living annuity is a compulsory purchase annuity that does not guarantee a regular income. Instead, living annuity policyholders must select an income drawdown of between 2.5% and 17.5% of the value of their living annuity investment. This can be reviewed once a year on the policy's anniversary date.

Van Tonder explains that the income (or annuity amount) is dependent on the performance of the underlying investments. Therefore, to prevent the erosion of invested capital over time, the percentage of income drawn should not exceed the real returns of the investment portfolio supporting the living annuity.

Three key factors determine how long the capital will be able to produce a regular income:

- The level of income selected;
- Performance of selected investments; and
- The lifespan of the annuitant.

According to Van Tonder, annual drawdown rates of 4% to 5% in the first decade of retirement and below 8% in later retirement years are generally considered prudent, giving annuitants a high probability of preserving their purchasing power for their lifetime.

He says it is therefore encouraging that 45% of assets (R410.2 billion) held in living annuities at the end of 2025 fell into the 2.5% to 5% income band, followed by 27.3% (R248.9 billion) in the 5% to 7.5% income band. "This means that almost three quarters of living annuity assets are subjected to annual drawdown rates of 7.5% and lower," concludes Van Tonder.

Ends

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Association for Savings and Investment South Africa (ASISA)

ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.