

# 2021 Bonus Declaration

With-Profits Pension Annuity (excluding former Equitable Life With-Profits Annuities)

This document gives you information about the current bonuses for your With-Profits Pension Annuity plan. If you have any questions after reading this, please speak to your financial adviser or give us a call. You can also visit [pru.co.uk/existing-customers](http://pru.co.uk/existing-customers)

## So how have we done?

In 2020, our With-Profits Fund delivered a small positive return in what was a highly unusual year for global investment markets. The impact of the COVID-19 pandemic was severe in the early part of the year, although many investment markets, and the Fund, finished positively. Whilst the longer term performance of the Fund remains strong, there is still considerable ongoing uncertainty in relation to the future outlook for global economies and the investment markets which is reflected in this year's bonuses.

Our Additional Bonuses include additional money we shared with our With-Profits Pension Annuity customers as part of last year's Bonus Declaration. Our Additional Bonuses aren't guaranteed. There's also a chance we might have to take back this extra money in future, to protect the interests of all planholders and the financial strength of our With-Profits Fund. Unless something very unusual was to happen, we wouldn't normally expect to have to do this.

In 2021 the team will continue to take decisions that allow them to manage the Fund prudently. We'll aim to secure the highest total return for the Fund (after any tax and investment expenses) while maintaining an acceptable level of risk and protecting our planholders.

Bonus Declaration Year										
Gross Fund Return in preceding year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	2.1%	10.5%	10.3%	8.3%	3.6%	14.5%	10.3%	-2.8%	11.5%	1.7%

Source: Prudential. 'Gross' refers to before tax, charges and the effects of smoothing. Fund returns do not include the additional surplus shared as part of the PAFL Final 2020 Bonus Declaration

## What does this mean for you?

The table below shows the bonuses we've announced this year.

Your yearly statement will show the change in your income as a result of these bonuses after taking into account your chosen Anticipated Bonus Rate (ABR). It'll also tell you if you have the option to change your ABR or switch to a Prudential Guaranteed Pension Annuity. Please see your statement for more information.

The Regular Bonus for all our With-Profits Pension Annuity plans are 0.25%.

Date Annuity Started	Additional Bonuses %
1991/92	249
1992/93	284
1993/94	177
1994/95	210
1995/96	182
1996/97	173
1997/98	143
1998/99	132
1999/00	126
2000/01	106
2001/02	119
2002/03	155
2003/04	156
2004/05	126
2005/06	100
2006/07	77
2007/08	72
2008/09	99
2009/10	129

Source: Prudential.

**Past performance isn't a guide to future performance.** The rate of future bonuses can't be guaranteed. Additional Bonuses can be changed and are not guaranteed until it become payable at your next plan anniversary. However, once in payment this will continue to apply until your next plan anniversary. The income payable can go up or down on your plan anniversary.

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## What are the different types of bonus?

### Regular Bonuses

Regular Bonus is added to your Plan annually. We don't guarantee that a Regular Bonus will be added each year, but once added it can't be removed.

When we set Regular Bonuses, the main thing we consider is the return we expect our investments to earn in the future. We hold back some of this return with the aim of paying a proportion of the investment return as Additional Bonus. By doing this we aim to keep the cost of the guaranteed benefit at a sustainable level, in order to maintain investment flexibility and to protect the financial strength of our With-Profits Fund.

### Additional Bonuses

You may also get an Additional Bonus, which is applied at your next Plan anniversary falling on or after 6 April 2021. Any Additional Bonus is only payable for the 12 months following that Plan anniversary.

If the investment return has been low over the lifetime of your Plan, we may not pay an Additional Bonus.

Additional Bonus may be reduced or removed and isn't guaranteed.

If you'd like to know more please read the Customer Friendly Principles and Practices of Financial Management (CFPPFM) relevant to your Plan. You can also read our Asset Mix and Investment Returns documents as they may be useful to you.

All are available on [pru.co.uk/ppfm](https://pru.co.uk/ppfm)