

2021 Smoothed Return Announcement

Income Choice Annuity

This document gives you information about the current and historic declared Smoothed Returns for your Income Choice 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

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 Smoothed Returns include additional money we shared with our Income Choice Annuity customers as part of last year's Bonus Declaration. Our Smoothed Returns 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.

The table below shows our With-Profits Fund returns for this year and over the last 10 years.

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 Smoothed Returns we have announced this year. The full Smoothed Returns history is shown on the back page. Your yearly statement shows the change in your income because of the Smoothed Returns announced in the February 2021 Bonus Declaration, after taking into account the Required Smoothed Return needed to maintain your selected income. The change in your income each year won't reflect exactly the performance of the With-Profits Fund, because of the effects of smoothing and charges.

Effective Date (Annuity Start Date)													
Announced Smoothed Return	09/03/09 to 05/04/09	06/04/09 to 05/04/10	06/04/10 to 05/04/11	06/04/11 to 05/04/12	06/04/12 to 05/04/13	06/04/13 to 05/04/14	06/04/14 to 05/04/15	06/04/15 to 05/04/16	06/04/16 to 05/04/17	06/04/17 to 05/04/18	06/04/18 to 05/04/19	06/04/19 to 05/04/20	06/04/20 to 05/04/21
		5.0%	4.0%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	0.5%*	0.5%*	0.5%*

* This applies to customers originating from our Flexible Lifetime Annuity (FLA) only.

Source: Prudential. **Past performance isn't a guide to future performance.** Changes in the income payable from an Income Choice Annuity will depend on the relationship between the Smoothed Return announced and the Required Smoothed Return needed to maintain your chosen income. The income from an Income Choice Annuity can fall as well as rise at each plan anniversary, subject to any guaranteed minimum level of income (known as the Secure Level) that applies. The Smoothed Return can be changed and it's not guaranteed until it becomes payable at the next plan anniversary.

What happens next?

We'll send you your annual statement approximately seven weeks before your anniversary date. This will show you your new income amount.

Your annual statement will also show if you have the option to change your income or switch to a Prudential Guaranteed Pension Annuity. Please see your annual statement for more information.

Smoothed Return history

Announced Smoothed Return Year	Effective Date (Annuity Start Date)												
	09/03/09 to 05/04/09	06/04/09 to 05/04/10	06/04/10 to 05/04/11	06/04/11 to 05/04/12	06/04/12 to 05/04/13	06/04/13 to 05/04/14	06/04/14 to 05/04/15	06/04/15 to 05/04/16	06/04/16 to 05/04/17	06/04/17 to 05/04/18	06/04/18 to 05/04/19	06/04/19 to 05/04/20	06/04/20 to 05/04/21
2021	5.0%	4.0%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	0.5%*	0.5%*	0.5%*	4.5%*
2020	17.5%	15.5%	13.0%	13.0%	13.0%	13.0%	13.0%	12.5%	12.5%	6.5%*	6.5%*	4.5%*	
2019	2.5%	1.0%	1.0%	1.0%	1.5%	1.5%	1.5%	1.0%	1.0%	1.0%*	4.5%*		
2018	12.0%	11.0%	11.0%	11.0%	11.0%	11.0%	9.5%	8.0%	8.0%	6.0%*			
2017	10.0%	9.0%	8.0%	8.0%	8.0%	8.0%	7.0%	6.0%	6.0%				
2016	5.0%	5.0%	4.0%	4.0%	3.5%	3.0%	2.5%	5.0%					
2015	8.5%	8.5%	7.0%	7.0%	6.5%	6.0%	5.0%						
2014	8.0%	7.5%	6.5%	6.5%	6.5%	6.0%							
2013	6.0%	5.0%	4.5%	4.5%	6.0%								
2012	7.0%	6.5%	4.5%	6.0%									
2011	9.0%	7.1%	6.5%										
2010	8.5%	7.1%											
2009	7.1%												

Source: Prudential.

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

pru.co.uk

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