

This is just for UK advisers – it's not for use with clients.

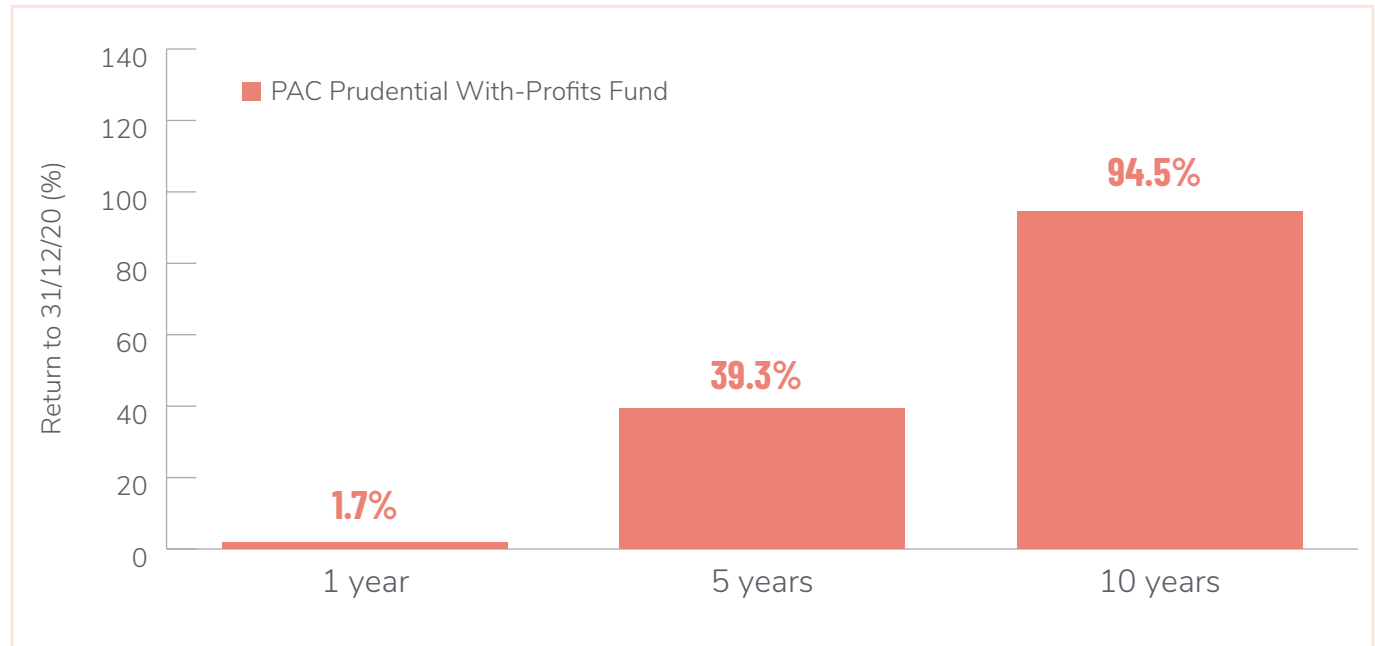
# 2021 Bonus Rates

## With-Profits Pension Annuity

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 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.\*

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.

\* 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.



Source: Prudential. All figures to 31 December 2020. With-Profits performance is gross of tax, and before charges and the effects of smoothing. Past performance is not a reliable indicator of future performance.

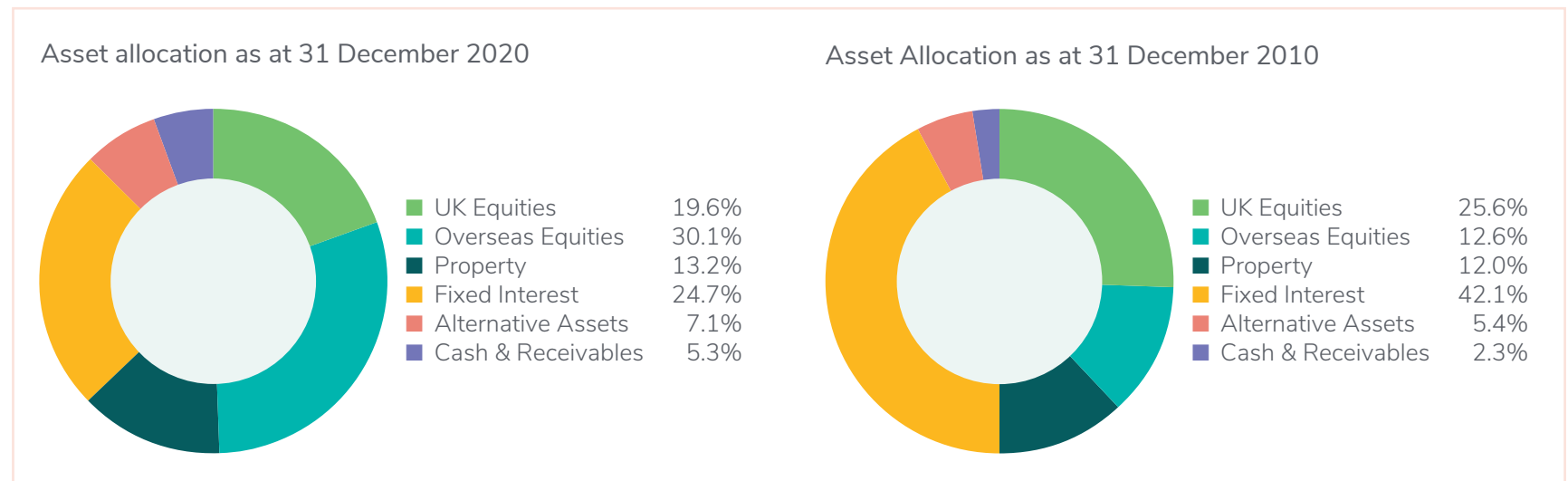
The change your client sees in their income from one yearly statement to the next will not reflect the underlying fund performance exactly. This is due, primarily, to the effects of smoothing and the application of Plan charges.

Your client's yearly statement shows the change in income as a result of the bonuses declared in the February 2021 bonus declaration, after allowing for the selected Anticipated Bonus Rate.

## What type of assets make up Prudential's With-Profits Fund?

The With-Profits Fund aims to deliver long-term attractive returns whilst smoothing some of the extreme ups and downs of short-term investment volatility.

It is invested in a mix of assets – equities and property and cash/fixed income assets to provide the potential for investment growth and enable the fund to smooth the short-term volatility and provide the guarantees offered.



Source: Prudential 31 December 2020. We have shown the asset allocation as at 31 December 2010 for comparison purposes.

We regularly review asset allocations and they may vary from time to time, but they will, at all times, be consistent with the Fund's objectives.

Some of our products also offer access to the other asset pools which have different asset mixes to those shown above.

## What are the bonuses?

By linking the income from your client's With-Profits Annuity income to the performance of our With-Profits Fund, their income could increase during their retirement, although it could also fall.

We aim to secure the highest total return for your client over the time they have their Plan, while maintaining an acceptable level of risk. In addition, we use our bonus process to smooth some of the extreme ups and downs of short-term investment performance.

Your client's level of income depends on their selected Anticipated Bonus Rate (ABR). The higher their chosen ABR then the higher their income, but the lower the potential for future increases in their income, and the greater the risk of falls in their income over time.

Your client's future level of income depends on the level of regular bonus and additional bonus we declare relative to their selected ABR. These bonuses represent their fair share of the investment return, after charges and smoothing, earned on the With-Profits Fund since the start of their Plan.

Any guaranteed level of income on your client's Plan will be shown on their yearly statement.

The returns for our customers are made up of two elements – Regular and Additional Bonus.

## Regular bonus

Regular bonus is added to the 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 bonus rates, 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 bonus

There may also be an additional bonus, which is applied at the 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, an additional bonus may not be paid.

Additional bonus may be reduced or removed and isn't guaranteed until it's added at the Plan anniversary.

The table opposite shows the Additional Bonus that will be used to calculate your client's new income from their policy anniversary falling on or after 6 April 2021. These Additional Bonuses do not form a permanent addition to your client's annuity and will be paid for one year only.

Date annuity started	2021 Additional Bonus Rates %
06/04/91 – 05/04/92	249.00
06/04/92 – 05/04/93	284.00
06/04/93 – 05/04/94	177.00
06/04/94 – 05/04/95	210.00
06/04/95 – 05/04/96	182.00
06/04/96 – 05/04/97	173.00
06/04/97 – 05/04/98	143.00
06/04/98 – 05/04/99	132.00
06/04/99 – 05/04/00	126.00
06/04/00 – 05/04/01	106.00
06/04/01 – 05/04/02	119.00
06/04/02 – 05/04/03	155.00
06/04/03 – 05/04/04	156.00
06/04/04 – 05/04/05	126.00
06/04/05 – 05/04/06	100.00
06/04/06 – 05/04/07	77.00
06/04/07 – 05/04/08	72.00
06/04/08 – 05/04/09	99.00
06/04/09 – 05/04/10	129.00

## Bonus history

Year of Declaration	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Regular Bonus (%)	10.50	9.50	8.50	7.75	7.25	7.00	6.50	6.00	5.50	5.00	4.50	3.00	2.75	2.75	2.75	2.75	2.75	2.00	1.50	1.00	0.50	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25		
Date annuity started	Additional Bonus applicable in following policy year (%)																														
06/04/91 – 05/04/92	0.00	0.00	2.00	4.50	12.75	20.00	30.00	40.00	47.50	55.75	50.75	35.50	35.25	40.50	51.75	69.75	83.25	79.75	88.25	98.25	103.50	112.00	129.50	148.50	154.50	171.00	193.00	193.00	231.00	249.00	
06/04/92 – 05/04/93		0.00	0.00	2.50	9.00	18.50	27.50	36.50	43.50	51.50	47.00	32.25	32.00	42.50	53.75	72.00	85.25	81.75	83.75	93.25	98.75	106.25	121.75	137.25	143.25	170.00	201.75	210.00	284.00	284.00	
06/04/93 – 05/04/94			0.00	1.50	5.25	12.00	20.00	28.00	34.50	42.00	37.25	23.50	23.25	26.75	36.75	53.00	64.00	52.75	53.75	62.00	66.50	72.75	84.25	96.25	101.75	115.00	131.50	131.50	173.00	177.00	
06/04/94 – 05/04/95				0.50	3.00	8.00	15.00	22.00	28.00	35.00	30.50	17.50	17.25	26.50	36.50	52.75	64.25	53.00	60.75	69.25	74.25	82.50	96.00	112.00	118.00	134.00	155.00	156.00	202.00	210.00	
06/04/95 – 05/04/96					1.25	4.50	11.00	17.50	23.00	29.50	25.25	12.75	12.50	20.00	29.50	44.75	56.25	45.75	46.50	54.25	58.75	64.75	76.75	91.25	96.75	111.00	130.00	134.00	177.00	182.00	
06/04/96 – 05/04/97						1.75	6.50	12.50	17.50	23.50	19.50	7.50	7.25	12.25	21.25	35.50	45.50	35.75	36.25	43.50	47.75	54.00	65.25	78.75	83.75	97.75	116.75	122.00	164.00	173.00	
06/04/97 – 05/04/98							2.25	7.75	11.50	15.25	11.50	0.25	0.00	2.00	10.00	23.00	32.50	23.50	29.00	35.50	39.75	45.00	53.25	64.50	69.00	81.00	98.00	99.00	137.00	143.00	
06/04/98 – 05/04/99								2.75	5.75	8.50	5.00	0.00	0.00	1.00	9.00	17.75	24.00	15.50	16.00	20.75	23.75	29.00	38.25	49.50	53.50	65.00	82.00	87.00	124.00	132.00	
06/04/99 – 05/04/00									2.50	5.00	1.75	0.00	0.00	2.75	10.50	19.25	24.75	16.25	16.75	21.75	23.75	28.50	37.50	48.75	52.75	64.25	81.25	83.00	118.00	126.00	
06/04/00 – 05/04/01										2.25	1.50	0.00	0.00	3.75	7.00	15.50	19.75	11.75	12.25	16.75	18.50	23.00	31.00	40.25	44.25	54.00	70.00	70.00	101.00	106.00	
06/04/01 – 05/04/02											1.50	0.00	0.00	4.50	12.50	21.50	26.75	18.25	18.75	23.25	25.25	30.00	39.25	49.00	53.00	64.50	80.50	83.00	115.00	119.00	
06/04/02 – 05/04/03												0.00	3.50	10.75	19.50	29.00	37.75	28.50	32.00	39.50	43.50	50.25	61.00	74.25	79.25	92.25	111.25	111.00	151.00	155.00	
06/04/03 – 05/04/04													3.50	10.00	18.75	28.25	35.75	26.50	27.25	34.50	38.25	43.50	53.50	66.00	71.00	84.00	103.00	108.00	149.00	156.00	
06/04/04 – 05/04/05														4.25	12.50	21.50	28.00	19.25	19.75	25.50	28.75	34.25	43.75	55.50	59.75	69.00	85.00	85.00	120.00	126.00	
06/04/05 – 05/04/06															8.00	16.50	20.00	12.00	12.50	16.50	18.00	22.50	29.50	37.50	41.25	50.00	64.00	64.00	95.00	100.00	
06/04/06 – 05/04/07																4.50	7.00	0.00	0.00	2.00	3.00	7.00	13.00	19.50	22.75	31.75	45.75	48.00	73.00	77.00	
06/04/07 – 05/04/08																	2.25	0.00	0.00	2.00	3.00	7.00	13.00	19.50	22.75	31.00	42.50	43.00	67.00	72.00	
06/04/08 – 05/04/09																		0.00	5.00	10.00	13.75	19.25	28.25	37.25	42.25	52.75	65.50	67.00	91.00	99.00	
06/04/09 – 05/04/10																				5.50	12.00	18.75	24.50	33.50	44.50	50.00	67.00	87.00	89.00	121.00	129.00

Source: Prudential as at February 2021. Prudential's With-Profits Pension Annuity closed to new business on 31 December 2009.

Past performance is not a reliable indicator of future performance and the rate of future bonuses cannot be guaranteed. Changes in the income payable from a With-Profits Pension Annuity will depend on the relationship between the bonuses declared and the Anticipated Bonus Rate (ABR). The income from a With-Profits Pension Annuity can fall as well as rise at an annual review. Bonuses declared will depend, principally, on the investment performance of the With-Profits Fund, changes in how long we expect our policyholders to live and expenses we incur. Additional Bonuses may be reduced or removed and are not guaranteed.

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