

2021 Bonus Rates

Trustee Investment Plan (Series A) (Effective from 01/04/2021)

This document gives you information about the current and historic Bonuses for the Trustee Investment Plan (Series A).

How is our With-Profits Fund performing?

With-Profits Fund Performance (Gross)		
1 year Fund Return	5 year Cumulative Fund Return	10 year Cumulative Fund Return
1.7%	39.3%	94.5%

Source: Prudential. Fund returns do not include the additional surplus shared as part of the PAFL Final 2020 Bonus Declaration.

These values are before charges and the effects of smoothing. All figures as at 31 December 2020. **Past performance isn't a guide to future performance.**

The value of any investment can go down as well as up so your client might get back less than they put in. For investments in the With-Profits Fund, the value of your client's Plan depends on how much profit the Fund makes and the resulting Bonuses applicable at that time.

What bonuses have we declared?

The following tables show the bonuses we've declared this year. A proportion of the Regular Bonus will be added to the unit price on a daily basis. This means the price of each policyholder's units can't go down.

Our Final Bonus rates include, where applicable, additional money we shared with some of our With-Profits customers as part of last year's Bonus Declaration. Your Final Bonus isn'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 expect to have to do this.

Regular Bonus

Date Regular Bonus Applied	Regular Bonus for plans taken out on or before 06/11/11	Regular Bonus for plans taken out on or after 07/11/11
01/04/21 onwards	1.50%	1.05%
01/04/20 – 31/03/21	1.50%	1.05%
01/04/19 – 31/03/20	1.50%	1.05%
01/04/18 – 31/03/19	1.50%	1.05%
01/04/17 – 31/03/18	1.50%	1.05%

Final Bonus

Year of Unit Purchase	Final Bonus
2021	1%
2020	1%
2019	2%
2018	3%
2017	6%

The change in your client's Plan value each year won't reflect the performance of the underlying fund exactly. Their yearly statement shows how much Regular Bonus has been added to their Plan. We may add a final bonus to your client's Plan on maturity or when a claim is made, but this isn't guaranteed and isn't shown in their statement. The total change in the value of your client's Plan, including Final Bonus, will take account of:

- charges
- the effects of smoothing and
- any applicable tax

What are the different types of bonus?

We allocate each policyholder's share of the profits of the Fund by adding bonuses. There are currently two types of bonus:

Regular – which we add throughout each year. We can change the rate of Regular Bonus at any time without telling policyholders beforehand, although once added these bonuses are guaranteed on death and at the end of the plan if taken out on or before 06/11/11.

When we decide 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 proceeds as Final Bonuses. We don't guarantee that bonuses will be added each year, but once added to your client's Plan it acts to increase the guaranteed minimum payout.

Final – which we may pay when policyholders take money out of their plan, although this is not guaranteed. The Final Bonus can be reduced or removed at any time, without warning.

Market Value Reduction

If money invested in the With-Profits Fund is taken out, we may make an adjustment to the fund value if the value of the underlying assets is less than the value of the plan including all bonuses. This adjustment is known as a Market Value Reduction and will reduce the value of the plan.

MVR-Free Guarantee

We offer an MVR-free guarantee:

- on any regular withdrawals. Regular withdrawals can start from the first anniversary of the plan. The total maximum withdrawal per year that can be taken is 7.5% of the premium paid; or
- on death.

Plans set up before 7th November 2011 will have a Selected Investment Term (SIT). We guarantee not to apply an MVR when a plan is cashed in at the end of the SIT. For more information, please refer to our Key Features Documents.

Examples of claim value

The table below shows the claim value for the With-Profits Fund after a period of 5 years.

Start date	Claim Date	Value	Overall yield (per annum compound)
01/04/2016	01/04/2021	£122,735	4.20%
01/04/2015	01/04/2020	£137,398	6.60%
01/04/2014	01/04/2019	£127,029	4.90%
01/04/2013	01/04/2018	£134,075	6.00%
01/04/2012	01/04/2017	£129,349	5.30%

Assumptions are based on charges and Terms and Conditions applicable at start date. Initial investment of £100,000, no adviser charge or commission and no withdrawals.

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

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