

Your guide to

The Prudential Retirement Account



Who is the Retirement Account suitable for?	3
Risk and reward – what to think about	4
Spreading the risk	5
How the Retirement Account works	6
Benefits of investing in the Retirement Account	8
Choosing your investments	9
Environmental, Social and Governance (ESG) investing	10
Taking your pension benefits	11
How the main options compare	12
What you need to be aware of if you invest in the Prudential Guaranteed Income Plan	14
What some of these options could look like	16

Choice and flexibility in one place

The Prudential Retirement Account is a personal pension that allows you to save for your retirement in a tax-efficient way, gives you a range of investment options, and flexibility when you're ready to take money out.

Who is the Retirement Account suitable for?

The Retirement Account might be right for you if you're;

- a UK resident, this also applies to beneficiaries
- looking to, and able to, build a retirement benefit pot
- looking to consolidate your retained pension assets in one place for economies of scale and efficient management
- looking for investment returns with the potential to be in excess of those available from cash, suited to your risk profile, in a tax-efficient manner
- looking for funds with an established smoothing mechanism, and aims to grow your money while smoothing the short-term ups and downs of investment markets
- looking to invest some of your Retirement Account for a fixed term to provide a level of security and certainty
- looking for the ability to take fixed or flexible income withdrawals (including tax-free cash and zero income drawdown), to cater for changing personal needs and circumstances
- looking to pass on unused retirement benefits to beneficiaries on their death
- looking to invest for the medium to long-term (5-10 years or more), as part of long-term retirement planning and retirement income drawdown

The value of your investment can go down as well as up and you might not get back the amount you put in.

Risk and reward – what to think about

How your money is invested can have a large impact on the value of your pension fund. We have a range of funds to choose from – each with different levels of investment risk.

There is a link between the amount of risk an investor is prepared to take, and the potential rewards they seek to gain. The key to successful investing is to find the correct balance between potential reward and the level of investment risk you're comfortable with.

One of the main things that determines the level of risk within a fund is where it's invested.

There are five broad categories of investment, often described as 'asset classes'.

Asset classes offer differing levels of risk and potential reward.

Shares – also known as equities or stocks, where you buy a 'share' in a company.

Real Estate – available in a variety of sectors including retail, office, and industrial.

Alternatives – includes exposure to various types of listed alternative assets such as infrastructure and private equity.

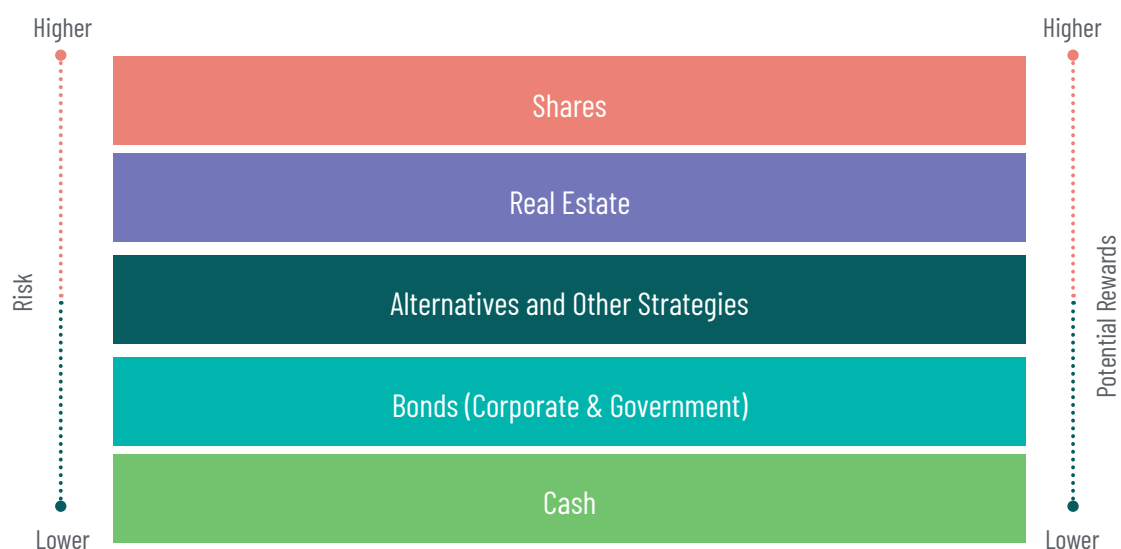
Bonds – also known as fixed-interest investments, can be purchased from corporate entities or governments. UK government bonds are referred to as Gilts.

Cash – such as currency and deposit accounts.

Other Strategies – includes exposure to various listed hedge funds and is intended to evolve over time to gain access to additional factors that provide diversification.

The risk and potential rewards of different asset classes

The diagram below shows that equities offer the highest level of risk and potential return, whereas cash offers the lowest risk and the lowest potential reward.



Your adviser will work with you to select suitable funds based on your financial goals and the level of risk you're willing and able to take. They may recommend one fund or a collection of funds depending on your needs and appetite for risk.

Spreading the risk

Creating a balanced investment portfolio, covering a range of assets, sectors, and geographies, means that if one particular part of your portfolio experiences a degree of volatility, it may be balanced out by the performance of other assets.

A balanced portfolio may help reduce the risks associated with investing.

Ways to achieve a balanced portfolio are:

- investing in different asset classes (i.e. bonds, properties and shares);
- investing in different geographies and sectors; and
- selecting different fund management styles, such as active and passive funds.

Smoothed funds

Smoothed funds are designed to provide a smoothed investment experience. Our smoothing mechanism and multi-asset approach spreads the risk to your investment, which can help provide more stable returns.

Active funds

Active funds benefit from a fund manager's active involvement in selecting which company or area to invest in or avoid, and offer potential for growth as well as spreading the risk across a wider range of assets.

Passive funds

Passive funds typically invest in funds from a particular index, with the aim of closely tracking the performance of that index. They don't have a fund manager or investment team making decisions on where they are invested, so passive funds can be a very cost-effective way of investing.

Volatility can't be avoided, but it can be managed for your benefit. Fund managers will predict the volatility of different sorts of investments when selecting stocks and building their portfolios to target certain levels of risk. Which is why choosing the right fund manager for your savings and investments is so important.

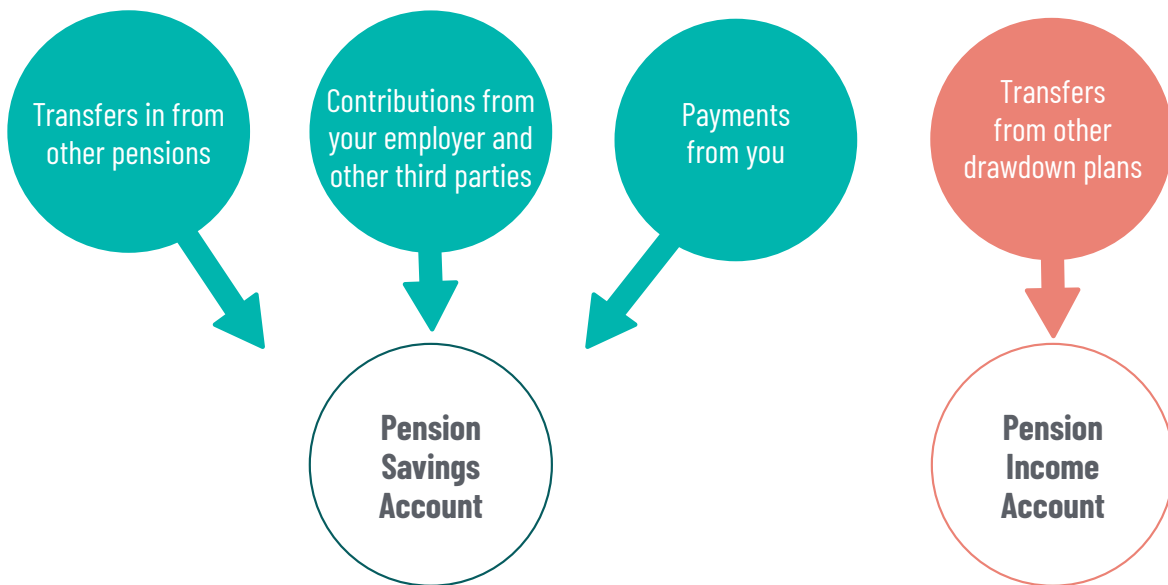
Volatility explained – how much the returns of an investment move away, or deviate, from their average return, determines how volatile that particular fund is. The more volatile investments move further and more frequently from their average return.

Fund manager explained – an individual who is employed by a company to manage money. It is a fund manager's aim to buy shares or other assets, such as property or bonds, that they believe will increase in value or provide a level of income.

How the Retirement Account works

How the Retirement Account works

The Retirement Account is made up of a Pension Savings Account and a Pension Income Account. Each of these accounts allows you to do different things, depending on how you want to save, and/or take an income.



Paying money in to the Pension Savings Account

You can make regular and/or one off payments into your Pension Savings Account, and contributions from your employer and/or third parties can also be paid into the account.

You can also transfer pensions from other providers into your Retirement Account – allowing you to consolidate some, or all, of your pension savings. It is important you look at all of your pension plans before deciding to transfer or move money. For example, there may be penalties or you may lose out on valuable guarantees by transferring pensions.

Your financial adviser will be able to talk to you about your financial goals, what you currently have in place and the level of risk you are willing and able to take. They will then make a recommendation about what is right for you.

The value of your investment can go down as well as up and you might not get back the amount you put in.

Benefit from tax relief on your contributions

Any payments you make into a pension will benefit from tax relief.

So for example, if you pay £1000 into your pension, the government will add an extra £250. Higher and additional rate taxpayers also receive basic rate tax relief and can claim back the appropriate level on their tax returns.

Basic rate taxpayer	Actual cost to you £1,000	+	Automatic tax relief £250	=	Total pension contribution £1,250		
Higher rate taxpayer	Net cost to you £750	+	Tax relief to be claimed via tax return £250	+	Automatic tax relief £250	=	Total pension contribution £1,250

For more information about tax relief, speak to your financial adviser.

The information in this brochure is based on our understanding of taxation, legislation and HM Revenue & Customs (HMRC) practice, all of which are liable to change without notice. The impact of taxation and any tax reliefs depends on individual circumstances. Any tax reliefs referred to are those currently available and may be subject to change.



Benefits of investing in the Retirement Account

How we approach retirement has changed. For many people it's no longer an event but a change in how we work and live. That change needs increased flexibility in how you save and how you access your money.

The Retirement Account helps give you that. A personal pension that allows you to save for your retirement in a tax-efficient way, gives you a range of investment options, and flexibility when you're ready to take money out, it's designed to meet your needs as you plan for the future.

Why choose the Retirement Account?

Tax-efficient savings

The money you pay into your account usually benefits from tax relief. We will automatically add basic rate tax relief into your account each month for any contributions you make. If you pay tax above the basic rate, you may be able to claim further tax relief through your self-assessment tax return.

Online access

You can monitor your Retirement Account online, at any time, through our online service.

Here you can manage your policies in one simple place with the ability to:

- check the value of your policy 24/7,
- view your important documents online,
- send us a secure message,
- change your personal information.

Flexible payments

You can make regular or one-off payments and stop, start, increase or decrease your contributions at any time.

You can also pay into a Retirement Account up to age 75. Money from other pensions can still be transferred in after age 75.

A range of investment options

How your money is invested can have a big impact on the value of your pension. We have a wide range of funds to choose from including our PruFund range of funds, our passive range, our active range and hundreds more.

If you want more security and certainty, you may be able to invest some of your Retirement Account money into the Prudential Guaranteed Income Plan, for a fixed term. You can find more information on this option in the **What you need to be aware of if you invest in the Prudential Guaranteed Income Plan** section later in this guide.

Your financial adviser will talk to you about what you are looking to achieve and the risk you are willing and able to take, then recommend the right investments for you.

Inheritance tax (IHT)

Currently, this type of pension wouldn't normally be part of your estate for inheritance tax purposes. From 6 April 2027, most unused pension funds and death benefits will be included in the value of a person's estate for Inheritance Tax purposes. If you think that you may be impacted by inheritance tax we recommend

you speak to a financial adviser.

Experts in looking after your money

We're a leading savings and investments business, caring for customers for over 170 years.

We're a financially strong company and have a wealth of experience helping customers manage their money.

The option of changing funds

You can invest in as many funds as you wish and you can switch between them.

Certain funds do have some restrictions, for example, you can switch but only after a set amount of time.

Flexible access

Currently from age 55, you can usually start taking money from your account in a way which helps you manage the amount of tax you pay.

Please note: The age you can access your pension pot is increasing to age 57 from 2028.

Choosing your investments

The Retirement Account gives you access to a wide range of investment funds. Funds which vary in terms of the stocks and shares they hold, the different geographies and sectors they invest in, with different fund management styles (i.e. active, passive etc) and different risk ratings. And, through your financial adviser you might also be able to invest some of your Retirement Account in a Guaranteed Income Plan to provide some protection, security and certainty.

Having a wide range of funds to choose from, gives you the opportunity to select the type of fund that best suits your needs. Our fund range includes passive funds, active funds and smoothed funds.

Smoothed funds – our smoothed funds are the PruFund ranges which include; PruFund Growth, PruFund Cautious, Risk Managed PruFunds and PruFund Planet.

The PruFund range benefits from a fully diversified range of assets and aims to grow your money, while giving you a smoothed investment experience over the medium to long term (which is 5-10 years or more).

You can find out more about smoothing in our **'step by step smoothing guide'** and more about the fund range in our PruFund Guide. We publish full details of the current asset mix for all PruFund funds on pru.co.uk

Passive funds – the passive range actually tracks three of the main asset classes (shares, bonds and cash) which helps spread the investment risk.

This range also benefits from investment experts monitoring the asset classes and from time to time changing which asset classes to track and invest in.

For more information on our passive range and how it works, please read **'Your guide to The Risk Managed Passive range'**.

Active funds – the active range is managed by investment experts who use vast amounts of data and research to make investment decisions and frequent changes to the investment, depending on performance and analysis. Our active funds include Risk Managed Active funds.

For more information on our active range and how it works, please read **'Your guide to The Risk Managed Active range'**.

Guaranteed Income Plan – the Guaranteed Income Plan is designed to offer security and certainty over a fixed period, without you having to commit for the rest of your life. You can find more information on this option in the **What you need to be aware of if you invest in the Prudential Guaranteed Income Plan** section later in this guide.

Combining investments for greater choice

We've highlighted the importance of a balanced portfolio and spreading investment risk across a wide range of assets, and with the Retirement Account you can create even more diversified portfolios by combining different investments, for example,

- you could invest in our PruFund range as well as our Risk Managed Active range, if that meets with your investment goals and your attitude to risk.
- you can also choose a range of Open Ended Investment Company (OEIC) funds as a fund choice in the Retirement Account. OEIC funds are multi-asset funds which have full exposure to the ups and downs of the investment market, but the individual OEIC funds are managed to an agreed level of risk.
- you may be able to further diversify your portfolio by using some of your Retirement Account to invest in a Guaranteed Income Plan to provide added protection, security and certainty for that part of your investment portfolio.

Environmental, Social and Governance (ESG) investing

There are many different types of investments that aim to help protect people and the planet.

ESG investing means your money can be used to invest in companies that are helping to solve some of the global challenges and contribute towards a healthier planet. These are:

Environmental factors – such as companies aiming to reduce carbon emissions produced, waste levels and pollution management.

Social factors – such as companies or projects that help society for example, fair working conditions, working with local communities and equality and diversity.

Governance factors – such as companies with robust controls for example, ensuring transparency in supply chains, and shareholder voting.

The Prudential Retirement Account offers a range of funds which look at ESG opportunities. You can speak to your financial adviser for more information about ESG investing and which funds might be right for you.

Self investment is also an option, as we've hundreds of other funds available through our Retirement Account. These funds vary in terms of asset classes, different geographies and sectors they invest in, with different fund management styles and risk ratings.

For more information about any of our funds, please visit pru.co.uk/funds

Your adviser will work with you and recommend a suitable fund or funds based on your financial goals and the level of risk you're willing and able to take.

Expert fund management

The M&G Life Investment Office (LIO) (formally known as T&IO) provides in-house asset-allocation expertise and is the 'manager of managers' for our PruFund range of funds. They also set the asset allocation for the WS Prudential Risk Managed Active and WS Prudential Risk Managed Passive range of funds*, in which the Prudential Retirement Account can invest.

LIO has great strength in depth, with a team that includes investment professionals with expertise in capital market research, investment strategy design, liability management, derivatives and portfolio management. They are the team behind many Prudential funds, including one of the financially strongest with-profits funds in the UK – with funds under management of £130 billion**. Our fund size and strength allows us to invest in a very wide range of asset types and individual companies.

Financial strength

Prudential offers a position of strength and resilience to help safeguard the financial wellbeing of our customers, with a focus on saving for, and providing security in, retirement.

Prudential Assurance Company Limited (PAC) was rated A+ (Stable) for financial strength by Standard & Poors, in March 2025. This is one of the highest ratings currently given to any UK life assurance company.

In today's challenging economic climate, it's even more important to consider the financial strength and stability of a company you're considering to look after your finances.

* M&G Investment Management Ltd are the investment managers for the WS Prudential Risk Managed Active and Risk Managed Passive Funds. They make the relevant adjustments based on LIO recommendations.

** Source: LIO as at September 2025.

Taking your pension benefits

Currently you can usually start taking your benefits from age 55, but the age you can access your pension pot is increasing to age 57 from 2028. There are some situations, for example, serious ill health, where you may be able to access money earlier. Your financial adviser will talk to you about your options and find out what is right for you.

How do I take money from my Retirement Account?

There are three main ways you can take your money from your Retirement Account. Whichever option you chose you can normally take 25% tax-free cash. The rest of the money is then usually subject to tax.

1. Tax-free money first and taxable money when you need it (also known as "drawdown").
2. Get a guaranteed income for life (also known as an annuity).
3. Take some or all of your pension savings as cash (also known as lump sum).

You could also take a combination of these three, or take no income at all.



How the main options compare

	Drawdown	Annuity	Lump sum
Can you usually take 25% tax-free?	Yes	Yes – at the start.	Yes, of each amount you take.
Will you have to pay tax?*	You can usually take the first 25% tax-free. But you may have to pay income tax on whatever you take out, after that.	You can usually take the first 25% tax-free. But you may have to pay income tax on the regular income you receive, after that.	You will receive the first 25% of each withdrawal, tax-free, but you may have to pay income tax on the remaining 75% of each withdrawal.
Can you take it in stages? (You may have to move it to a new plan to do this)	Yes, you can dip into your plan as and when you need to or take a regular income.	No, regular payments will be set up at the start of the plan.	Yes, you can dip into your pension pot as and when you need to.
Could you run out of money before you die?	Yes	No	Yes
If you used your pension to take an income, what happens to that income when you die?***	If you've money left, your loved one(s) can choose to take it as a lump sum or to receive flexible or guaranteed income for life payments.	Your income stops when you die. If at the start you choose to provide for a loved one – for example with a joint life or guarantee period – your income payments will continue going to your loved one until they die, or the guarantee period ends.	You do not get an income with this option. Your loved one(s) will usually receive what's left in your pension pot. Depending on your provider's rules there may be options on how this money can be taken.
Will your loved one(s) get a lump sum when you die?	If you've money left, your loved one(s) can choose to take it as a lump sum, or receive flexible or guaranteed income for life payments. Any nominated beneficiaries who are non-UK residents when death benefits become payable, will not be able to take drawdown payments.	Usually no-one will get a lump sum.	If you've money left, your loved one(s) can choose to take a lump sum, or receive flexible or guaranteed income for life payments. Depending on your provider's rules there may be options on how this money can be taken. Any nominated beneficiaries who are non-UK residents when death benefits become payable, will not be able to take drawdown payments.
Will your loved one(s) have to pay income tax on what you leave them?	Usually, if you die before turning 75, no. If you are 75 or older, yes.	If you choose a joint life, guarantee period or value protection, they may have to pay tax on whatever you leave them.	Usually, if you die before turning 75, no. If you are 75 or older, yes.

* The amount you take out could be subject to Emergency Tax.

*** Currently, this type of pension is usually excluded from your estate for inheritance tax purposes. However, from 6 April 2027, planned Government changes mean it will be included in the estate's value. If inheritance tax may affect you, we recommend speaking to a financial adviser.

Why not use our emergency tax calculator which can give you an idea how much Emergency Tax you could end up paying. You will have to claim or pay any difference in tax to HMRC. You can find this calculator on pru.co.uk/emergency-tax

	Drawdown	Annuity	Lump sum
Will you have to manage where your fund is invested, now and in the future?	Yes, you can decide which funds to invest in, that match the amount of risk you're comfortable with.	No	Yes, you can decide which funds to invest in, that match the amount of risk you're comfortable with.
Can I do something different later on?	Yes, you can take out some or all of your money whenever you like, and still buy a guaranteed income for life later on if you still have money in your plan. If you do decide to buy a guaranteed income at a later date, the rates may be different.	No, you have to choose which options you want to take (eg joint life, guaranteed period, value protection, inflation-linked) at the start.	Yes, you can choose what to do with any money left in your pension pot. If you decide to buy an annuity at a later date, rates may be different. You can also move your money into a drawdown plan, there may be restrictions and minimum amounts may apply.
Are you protected from inflation?	No. There's no guarantee your pension pot will grow fast enough to keep up with inflation (or grow at all).	No, unless you choose to take an option such as inflation-linked at the start.	No. There's no guarantee what's left in your pension pot will grow fast enough to keep up with inflation (or grow at all).
What if you have a guarantee on your pension, e.g. a Guaranteed Annuity Rate or Minimum Income Guarantee	You may lose some or all of it.	You may be able to get a higher income with your existing pension provider, depending on annuity rates available at the time.	You'll lose some or all of it.
Can you get a higher income if you or your loved one (if joint life) have or have had certain health or lifestyle conditions?	No	Yes, you could get a higher income if you or your loved one (if joint life) have, or have had, certain health or lifestyle conditions. Different providers use different criteria and cover different conditions. So you should shop around so you can make the right decision.	No

The information in this table does not take into account any other forms of income you may have.

What you need to be aware of if you invest in the Prudential Guaranteed Income Plan

The Guaranteed Income Plan

This information provides a summary of the main features of the Guaranteed Income Plan (the plan) and how it fits within the Retirement Account. More detailed information on the plan itself can be found in the **Key Features** of the Prudential Guaranteed Income Plan.

Security and certainty

The Guaranteed Income Plan is an investment option that allows you to invest a lump sum from your Pension Income Account in the plan, to provide a level of security through a guaranteed income for a fixed term, and/or a guaranteed lump sum at the end of the term, without having to commit for the rest of your life.

You will need a financial adviser to recommend this option and set it up on your behalf as it is not available direct to customers.

The plan provides the choice of;

- **Maximum income option** – provides a guaranteed income for a fixed period but no lump sum at the end
- **Maximum lump sum option** – provides a guaranteed lump sum at the end of a fixed period but no income throughout the term
- **Combination option** – provides both a guaranteed income and a guaranteed lump sum

What if my circumstances change whilst holding the plan?

If your circumstances change you can end it before reaching the end of the chosen term using the full withdrawal option.

You should always discuss your circumstances and intentions with your financial adviser before taking any action to end the plan early so you fully understand the implications of doing so. Please refer to the **Key Features** of the Prudential Guaranteed Income Plan for more information on the full withdrawal option.

What if I die before the end of the plan term?

If you die before the end of the plan's term, its remaining value will form part of the overall value of your Retirement Account for passing on to your beneficiaries. You can find

more information on how the value is calculated on death in the **Key Features** of the Prudential Guaranteed Income Plan and how and where this is paid in the **Where are payments paid out of the plan paid to?** section below.

How does the plan fit within the Retirement Account?

The plan is a trustee investment provided by the Prudential Assurance Company Limited (PACL). If your adviser recommends you invest in it, like any other investment within your Retirement Account, Prudential Corporate Pension Trustee Limited (PCPTL) will buy the PGIP on your behalf.

Although held in a separate plan, it will still form part of your overall investment holdings in your Retirement Account. The following diagram shows how the plan fits within the overall investment options available under the Retirement Account.

Pension Income Account	
Available Investments	
PruFund range or funds	Open-Ended Investment Company (OEIC) funds
Other Investment options (Stocktrade)	Guaranteed Income Plan
Cash Account	

Where are payments paid out of the plan paid to?

As a trustee investment, payments from the plan are paid into your Retirement Account Cash Account. No payments are made directly to you.

Payments from the plan depend on the option selected and include;

- guaranteed income,
- lump sum value at the end of the plan's term,
- full withdrawal value if you elected to take that option before the end of the plan's term, or
- the value on death if you died before the end of the plan's term.

How are payments from the plan treated when they are paid into your Retirement Account Cash Account?

Payments from the plan become cash and are treated like any other cash held in your Cash Account. This gives you flexibility on how to use that cash, for example you could;

- leave it in the Cash Account,
- invest it in the range of investments available,
- take it out of your Pension Income Account as a taxable income payment, or
- a combination of these.

Once in cash within your Cash Account, these payments are no longer part of the plan and are therefore subject to the same terms as any other cash held in the Cash Account, for example, they may be included for certain charges.

The following shows an example of how a Guaranteed Income Plan might look within a Retirement Account.

Example

Let's assume you've got £260,000 in the Pension Income Account within your Retirement Account of which £160,000 is invested in the PruFund range of funds and the remaining £100,000 has been invested in a Guaranteed Income Plan on the recommendation of your financial adviser. The Guaranteed Income Plan has been set up for a term of 5 years and it will provide a guaranteed income of £4,500 each year paid in monthly instalments of £375 to your Cash Account, with a lump sum of £100,000 paid back into your Cash Account at the end of the chosen 5 year term*.

The diagram below shows how your investments might look in your Retirement Account.



- the Guaranteed Income Plan sits outside in a separate plan, however it still forms part of your Retirement Account policy.
- the monthly guaranteed income of £375 is paid from the plan into your Cash Account.
- a valuation of the plan is shown along with the valuation of any other investments held in your Retirement Account.

Please note, that although a value of the plan will be shown in relevant documents you receive from us, and if you access your Retirement Account online, the plan isn't a fund like other investments available in your Retirement Account. Although we may show a number of units and a unit price against the plan, this is used for our internal administration purposes only, in order to show the value of the plan. Please refer to Part E of the **Terms and Conditions** of the Prudential Retirement Account for more information.

As this example includes a lump sum payable at the end of the chosen 5 year term, the lump sum of £100,000 would also be paid into the Cash Account.

*The figures used in the example are for illustrative purposes only. Any guaranteed income and/or lump sum payable from a Guaranteed income Plan are determined at the point of purchase and will be detailed in a quote your financial adviser will provide you with.

What some of these options could look like

1. Tax-free money first and taxable money when you need it (also known as 'drawdown')



Liam is 60 and has decided he wants to work part-time. He wants to access some of his pension savings to pay off some debt and pay for some urgent house repairs.

His current pension pot is £150,000 and he has worked out that by taking his 25% tax-free cash he can withdraw £37,500.

Liam takes his full 25% tax-free cash as a lump sum; £37,500

He leaves the rest invested in drawdown; £112,500

If left untouched until age 65, his pension pot could be worth around; £130,400

If left untouched until the age of 70, his pension pot could be worth around; £151,190

Liam receives the £37,500 he needs and is able to access the remainder of his pension pot at any time, but any money taken in future will be subject to income tax. Leaving his money invested means there's an opportunity for growth, but like all investments, he could end up with less than he started with. Liam didn't need to take his full tax-free cash in one go and instead could have taken a small amount of tax-free cash and taken the rest later. Liam does not take any income over the 25% as he doesn't want to reduce the amount he can pay into his pension without a tax charge.



Sophie is 60 and is retiring with a pension pot of £50,000. She wants to start taking regular income from her pension savings and wants to take her full 25% tax-free cash up front to pay for some new windows for her home. Sophie doesn't qualify for state pension so this will be her only source of income.

Sophie takes 25% tax-free cash at the start; £12,500

She then takes the same taxable amount each year; £2,400

So her pension pot could last for; 21 years and 1 month if she continues to take £2,400 each year

Sophie receives her full tax-free cash amount of £12,500 and leaves the remaining £37,500 invested. She has set up an annual withdrawal amount of £2,400 which will be tax-free if within her personal allowance. Sophie can decide to change the amount of money or stop receiving income at any time if her circumstances change in the future.

As Sophie is taking income payments, the amount she can pay into a pension without a tax charge is lower. However, as she's retired and doesn't expect to make any more pension contributions she doesn't mind.

The above illustrations are not real life examples or recommendations.

Working assumptions for both examples

These examples are based on a 20% tax rate for an individual living in England or Wales and a Personal Allowance of £12,570 for 2025/26. No other income is taken into consideration. When added to other income for the year, the amount of tax to pay could be at a higher rate.

Automated Phased Drawdown

You can set up an automated drawdown from your pension savings, to give you the mix of tax-free cash and income payments you need, on a regular basis.

This option gives you the ability to keep some of your money invested and potentially growing, tax-free. It also means you can manage the amount of tax you pay in a given tax year.

Capped Drawdown

This is not open to new customers so will only apply to you if you started income drawdown before 6th April 2015, or if you transfer in from an income drawdown plan set up on this basis, you can choose to continue on this basis. It works in broadly the same way as Drawdown with one key difference, the government sets a maximum amount of income you're allowed to take out each year. Having a limit on the amount of income you can take could help you budget, manage the amount of tax you pay and help your money last longer. Please speak to your adviser for more information.



2. A guaranteed income for life (also known as an annuity)



Sam is 60 and is fully retired. At this stage in his life he's looking for the security of a regular income and would like to use his pot to fund this.

He has a pot of £50,000

He takes 25% tax-free cash as a lump sum; £12,500

The rest is used to provide a guaranteed yearly taxable income of; £1,700

Sam receives the full 25% tax-free cash of £12,500; and a guaranteed yearly income of £1,700 for the rest of his life.

For some products, like annuities, shopping around will help you get the highest possible income. Your health and lifestyle can increase the amount of income you can get. Different providers may use different criteria to assess your health and lifestyle conditions. This is known as an enhanced annuity. Prudential does not offer annuities.

Working assumptions:

Example is based on a 20% tax-rate and a Personal Allowance of £12,570 for 2025/26. No other income is taken into consideration. When added to other income for the year, the amount of tax to pay could be at a higher rate.

The figures shown are for a single guaranteed income for life, paid in arrears and are based on age 60, pension pot of £37,500 and generic rates.

The actual amount you receive and the amount of tax you may need to pay will depend on the option you choose, the rates available and your individual circumstances.

The above illustration is not a real life example or recommendation.

3. A combination of tax-free and taxable money at the same time



Gary is 56 and a higher rate tax payer. Gary has £50,000 in one of his pension pots and he would like to cash it in to pay for some urgent repairs to his house. He's able to do so as he has another pension pot to fund his retirement.

Gary takes 25% tax-free cash as a lump sum; £12,500

The remaining 75% (£37,500) is subject to tax.

Estimated tax payable: £15,000 which leaves £22,500.

Total received by Gary; £12,500 + £22,500 = £35,000

Because he's taking it all in one go, he has to pay income tax on some of it. And as a higher rate tax payer and still earning Gary will be taxed at 40% (or 41% if he's a Scottish Rate tax payer). Gary will also need to think about any other income he may receive in that tax year and the impact on the tax he may have to pay in the future.

Working assumptions:

These examples are based on individuals living in England or Wales with a Personal Allowance of £12,570 for 2025/26. No other income is taken into consideration.

When added to other income for the year, the amount of tax to pay could be at a higher rate.

The actual amount you receive and the amount of tax you may need to pay will depend on the option you choose and your individual circumstances.

The growth rates applied in these examples do not include inflation.

If you're unsure what is the right option for you and your circumstances, we always recommend you speak to a financial adviser.

This is not a real life example or recommendation.

Note: If you're interested in using some of your Retirement Account funds to invest in a Guaranteed Income Plan, please ask your financial adviser for a copy of 'A guide to the Prudential Guaranteed Income Plan'. Here you'll find case study examples of how the Guaranteed Income Plan could be used to form an important part of your retirement solution.

What you need to be aware of

- The value of your investment can go down as well as up so you might not get back the amount you put in.
- If the total charges and costs are more than any overall growth achieved, your plan will fall in value possibly to even less than you have invested.
- Taking out too much money may leave you without enough to live on in your retirement. You need to make sure your money lasts as long as you need it to.
- There may be exceptional circumstances that delay the buying, switching and selling of units in any fund.
- As the price of everyday goods and services goes up, your money won't stretch as far as the same amount would now. This is called inflation and will reduce what you can buy in the future.
- By transferring to Prudential you might be giving up valuable benefits.
- You won't be guaranteed a better pension at retirement by transferring to Prudential.
- The amount of income you take from your Retirement Account could push you into a higher tax bracket.
- If you change your mind about making a pension transfer, we may not be able to return the transfer to your original pension scheme. Your adviser may also not refund their charges.
- If you use some of your Retirement Account to invest in a Guaranteed Income Plan, any income or lump sum payments from it will be paid to the Cash Account within your Retirement Account. If you choose an income the plan will stop at the end of the term and there will be no further income payable. If you choose a lump sum this will be paid at the end of the term and the Guaranteed Income Plan will close.

For more information on the Retirement Account, please see the '**Key Features of the Prudential Retirement Account**'.

Your financial adviser will be able to provide a copy of this.

Key considerations

Please ensure that you read these key considerations and also refer to the Retirement Account Key Features Document which has important information on death benefits, tax implications, allowances and other product features.

When you're deciding what you want to do with your pension pot you should consider all the options and their tax implications. Pension providers offer different products with different features and options, including the product terms, rates, funds or charges and costs that might be appropriate for your individual needs and circumstances.

Tax implications

You might need to pay tax depending on your circumstances and the options you choose. Tax rules can change in the future.

When deciding what to do with your pension pot you should be aware that different providers offer different products that may be more suited to your individual circumstances. Each product option could also have different tax implications. Their rates, investment funds, charges and terms may also be different. That's why it's important you shop around. So whatever you decide to do – whether that's choosing a guaranteed income for life (also known as an annuity), flexible cash or income (also known as drawdown) or something else, it's important it's the right decision for you.

The taxation of your pension benefits can be important. You should know that in most cases:

- 25% of the money you take from your Retirement Account is usually free of tax.
- anything over that 25% is added to any other income you've received for the year and taxed accordingly.
- taking money as income out of your account could move you into a higher tax band for that year.

- if you take any income or cash lump sums while you're still saving towards retirement, the amount which can be paid into your account or any money purchase pension(s) you have in total, before you face a tax charge may be limited by way of the Money Purchase Annual Allowance (MPAA). Your adviser can provide more information on the MPAA.
- death benefits paid if you die before 75 are usually tax-free, but if you die after 75, the recipient pays tax on them as if this were part of their income.
- your pension is not normally part of your estate for inheritance tax purposes when you die.

This is based on our current understanding of tax legislation and HM Revenue & Customs practice, both of which may change without notice. The impact of taxation (and any tax relief) depends on individual circumstances.

The importance of shopping around

The retirement options you get from your pension provider might not be the best for you. It's always worth comparing what you can get from other providers too, because you might be able to get a better deal. The Pension Wise website is a good place to start, moneyhelper.org.uk/pensionwise. You can speak to them too, on 0800 280 8880, and book an appointment to meet someone in person.

Stay safe from scams

Make sure you're able to spot a pension scam. If you're approached out of the blue about an investment or business opportunity you should check they're authorised to give advice on pensions. Worst case, if you fall for a scam you could lose all your money. You can find out more about pension scams and how to protect your money, by contacting the Pensions Regulator at pension-scams.com and from the government's guidance service Pension Wise, moneyhelper.org.uk/pensionwise or by calling them on 0800 280 8880.

pru.co.uk

'Prudential' is a trading name of Prudential Distribution Limited. Prudential Distribution Limited is registered in Scotland. Registered Office at 5 Central Way, Kildean Business Park, Stirling FK8 1FT. Registered number SC212640. Authorised and Regulated by the Financial Conduct Authority.