

A guide to your new Guaranteed Pension Annuity



Thank you for choosing us to provide your income. Whether it's directly from us or on behalf of your pension scheme, you're joining over 1 million others around the UK that receive their income from us.

You might have a lot of questions about how your income is going to work, to help answer these we've written this guide. We hope it gives you all the answers you need, but if you need more information or still have questions, please look at the 'Get in touch' section for our contact details.

Do I need to do anything now?

Not for now, that's everything set up and ready to go. You'll next hear from us near your first income payment. To find out more about your payments see the 'Getting paid' section.

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Getting paid

When will my income payments start?

This depends on three important choices that you've made.

- Your annuity start date,
- How often you chose to be paid (monthly, quarterly, half-yearly, annually), and
- If your payments are paid in advance or arrears.

If you can't remember what you've chosen please check your quote (or if applicable, your plan document) to find out. The table to the right gives you examples of how these decisions affect when you start getting paid. We've used a start date of 1 February 2023 as an example.

In some instances your first payment may be delayed if we're waiting on necessary documentation.

Advance – Your income will be paid from the start date.

Arrears – Your income will be paid a month, quarter, half year or year after the start date.

Examples of how, if applicable, your choices can affect your income payment date.

Start date	How often paid	Advance or arrears	Date of 1st payment
1 Feb 2023	Any frequency	Advance	1 Feb 2023
1 Feb 2023	Monthly	Arrears	1 Mar 2023
1 Feb 2023	Quarterly	Arrears	1 May 2023
1 Feb 2023	Half-yearly	Arrears	1 Aug 2023
1 Feb 2023	Annually	Arrears	1 Feb 2024

Where will my income be paid?

We'll pay your income into your bank or building society account.

How is tax-free cash paid?

If you've chosen to receive a tax-free cash lump sum, this will be paid into your bank or building society account.

Will my income be taxed?

A guaranteed income for life is treated in the same way as the income you earn when it comes to tax. The amount of tax you pay depends on how much income you get, whether you receive any other income and your Personal Allowance.

What happens if my payment date falls on a bank holiday or weekend?

If this is likely to happen we'll make your payment on the previous working day.

Getting paid – continued

How much will I be taxed?

The tax you'll pay depends on your personal circumstances and your tax code. Until we receive a tax code from HM Revenue & Customs (HMRC) your income will be taxed at a rate which assumes you're entitled to the basic personal allowance. Please note these tax codes are determined by HMRC and if you've been taxed too much it will be refunded either by us or HMRC depending on your circumstances.

If HMRC changes your tax code it's possible for your income after tax to change. If your tax code changes HMRC will notify you and us and where appropriate we'll write to you to let you know how this affects your income.

If you'd like to find out more about tax and your income please see the leaflet enclosed titled '**Tax and your new pension**'.

You can also call HMRC at your local tax office, just quote your;

- Tax reference number (shown on your first payment letter),
- Full annuity reference number & National Insurance number.

When will I receive my end of year Tax Certificate (P60)?

We'll issue your end of year Tax Certificate, which is also known as a P60 by 31 May each year. This is in line with HMRC requirements.

Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances.

General Questions

What if I move house or change my bank account?

If you're changing your address or bank account, please let us know so we can keep in touch with you and continue to make your income payments.

Details of how to contact our customer services team can be found in the 'Get in touch' section.

It's important to let HMRC know if you change address so they can keep you up to date with changes in your tax code.

What happens if I move abroad?

As far as your income is concerned, we can pay your income to you when you are abroad in the following ways:

- Directly into a UK based bank or building society account in your name.
- Depending on the country you live in now we can pay, into an overseas account in your name (your bank may charge if we pay you this way). Although we'll pay your income in the local currency, we'll calculate it in £ sterling. This means that you may see changes in your income based on the exchange rate. In addition your payments may take longer to reach you.

If you'd like to find out more about what happens if you move please give us a call. Our contact details can be found in the 'Get in touch' section.

General Questions – continued

What happens if I'm not well enough to manage my affairs any longer?

It's a good idea to plan ahead and designate someone to contact us on your behalf. We'll only give others information on your annuity if you've given us permission to do so. If permission hasn't been given we can let them know what we need to set this up.

How can I plan ahead?

You can do this by obtaining a Lasting Power of Attorney (LPA) from the Office of the Public Guardian (OPG).

An LPA is a legal document that allows you to appoint someone, known as an Attorney, to make decisions on your behalf. There are two types of LPA:

- A Property and Financial Affairs LPA: for all decisions about property and financial affairs. This might include buying or selling property or managing your bank accounts or dealing with annuities.

- A Health and Welfare LPA: for all decisions about personal welfare including healthcare and medical treatment.

Anyone over the age of 18 can make an LPA. It must be completed in advance of losing the ability to make decisions, and must be registered with the OPG. LPA forms and guidance are available by

- visiting gov.uk/power-of-attorney
- calling the Office of the Public Guardian on 0300 456 0300

Different documents, rules and contacts apply in Scotland and Northern Ireland.

Scotland

publicguardian-scotland.gov.uk or call 01324 678300

Northern Ireland

justice-ni.gov.uk/topics/courts-and-tribunals
or call (028) 9076 3000

Can I cash in my income?

An annuity usually provides a regular income for life and can't be cashed in. Please see your Key Features Document for more information, you received this with your initial quote.

What happens when I die?

Joint life – if you've chosen to leave an income to a spouse, civil partner or other dependant we'll normally make arrangements to pay the income to them.

Guarantee period – if you've chosen a guarantee period (usually for 5 and 10 years from the start of your annuity) and you die within this time, we'll continue to pay the income to your beneficiaries until the end of this period. This income may be liable to tax.

Neither option chosen – if you've not chosen these options then the payments will stop. If any payments are made after you die, these will need to be returned. If you're unsure if you've chosen either option you can find out on your quote or, if applicable, on your plan document.

The person who's looking after your affairs after you die should get in touch as we have a specialist team who are trained in dealing with sensitive matters such as these.

Our contact details can be found in the 'Get in touch' section.

Can I change who receives the income when I die?

If you've chosen an annuity which leaves an income for a spouse, civil partner or dependent, it's not possible to change who receives the income when you die even if the person named has died or you've divorced. If you'd like more information please see your Key Features Document, which you received with your initial quote.

A Guaranteed Pension Annuity with an income that changes

How will I find out about changes in my income?

Your income should only change once a year. We'll write to you around the same time every year (the first time being about 12 months after your start date) and tell you about any change in your income for the following year.

How do you work out the changes in my income?

With this type of annuity, your income increases at a fixed rate or in some cases changes in line with inflation. On the next page are a couple of examples to show you how it works.



Example 1

Guaranteed Pension Annuity with fixed rate increases

If you chose a fixed rate increase, the amount of increase is dependent on the percentage that you selected. For example if your payment is £400 a month (before tax) for the first year and you chose a fixed increase of 5%, your monthly payment would rise to £420 in year two.

Example 2

Guaranteed Pension Annuity with changes linked to inflation

If you chose an inflation linked income, changes in your payments usually depend on the change in the Retail Price Index (RPI) over the 12 month period ending 3 months before the anniversary of your Plan. For example if your Plan anniversary is in November, any change in your income will be based on the yearly RPI figure for August.

So if you're paid £400 a month (before tax) starting on 1 November and RPI was 4% the following August, your monthly payment would increase by 4% to £416 from November of that year.

Or, if you chose Limited Price Indexation (LPI) changes in your payments depend on the LPI rate in force at the date of your increase. The LPI rate is based on the change in RPI up to 30th September each year and covers changes in your income due in the following calendar year (from 1 January to 31 December). The rate can be capped at either 2.5% or 5%. So assuming RPI for the period was 4%, if you chose to cap increases at 2.5%, your monthly payment would increase by 2.5% to £410 before tax. However if the change in RPI was only 2%, your monthly payment would increase by this to £408.

Please note if RPI falls below zero and becomes negative, your income will go down by the same amount, unless you've chosen a negative inflation guarantee.

Get in touch



We hope you've found this guide useful, but if you have questions we've not answered then just get in touch.

You can call us:

0345 640 0000

You can also call the number on the covering letter you've received with your last quote from us, or your plan document.

You can talk to us from 8.30am to 6pm, Monday to Friday.

We might record your call for training and quality purposes. To find out more about how we use your personal data please visit pru.co.uk/mydata



Write to us:

**Prudential
Lancing
BN15 8GB**

Or using Pru Mail, our secure messaging system. Visit pru.co.uk for more details.

Please quote your Prudential reference number when contacting so we can help you as quickly as possible.

You can also contact your financial adviser if you have one.



With your Online Service you can contact us securely, change personal details and view your documents. If you're not registered, it's easy and only takes five minutes. You'll need your Plan number, postcode and date of birth. Go to pru.co.uk/registeronline to find out more.

Or visit our website:

pru.co.uk/existing-customers/products

pru.co.uk

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