

# 2023 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](https://pru.co.uk/existing-customers)

### So how have we done?

In 2022, our globally diversified With-Profits Fund was able to perform very effectively in extremely challenging investment markets and provide some protection to our investors. Our Income Choice Annuity customers have also benefitted from the application of smoothing to provide a more stable return from year-to-year.

We're also delighted to have additional money in our With-Profits Sub Fund to share with our Income Choice Annuity customers at this bonus declaration. Because of this, we've increased the unsmoothed value of their plans by 1.25%. This is the third time in four years that we've shared additional money, and the total amount shared now stands at £3.5bn.

The additional money we've shared at this declaration, which is further to the additional money we shared in 2020 and 2022, is reflected in our Smoothed Returns from this year. There's a chance we might have to take back this extra money. You can find out more on our website at: [pru.co.uk/aboutadditionalsurplus](https://pru.co.uk/aboutadditionalsurplus)

In 2023, 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 customers.

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	10.3%	8.3%	3.6%	14.5%	10.3%	-2.8%	11.5%	1.7%	12.0%	-1.5%

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 PACL Final 2020, 2022 and 2023 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 2023 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	06/04/21 to 05/04/22	06/04/22 to 05/04/23
	2.00%	2.00%	2.00%	2.00%	2.00%	1.00%	1.00%	1.00%	1.00%	1.0%*	1.0%*	1.0%*	1.0%*	1.0%*	4.5%*

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

Source: Prudential. **We can't predict the future. 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	06/04/21 to 05/04/22	06/04/22 to 05/04/23
2023	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%*	1.0%*	1.0%*	1.0%*	1.0%*	4.5%*
2022	19.0%	19.0%	15.0%	15.0%	14.5%	14.5%	14.5%	14.0%	14.0%	10.0%*	10.0%*	10.0%*	10.0%*	9.0%*	
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%														

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

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](https://pru.co.uk/ppfm)

[pru.co.uk](https://pru.co.uk)

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