

2023 Bonus Declaration

Former Equitable Life With-Profits Annuity

This document gives you information about the current bonus rates for your former Equitable Life With-Profits Annuity plan. If you have any questions after reading this, please give us a call. You can also visit pru.co.uk/existing-customers

Where the words “Prudential”, “we” and “our” are used, they refer to The Prudential Assurance Company Limited (PACL). For those Plans transferred to Prudential International Assurance (PIA) on 1 January 2019, your insurer is PIA and not PACL.

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. A small negative return of – 1.5% (gross) was achieved in an environment where many major equity and bond markets suffered double digit losses.

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.

What does this mean for you?

The 2023 bonus rates to be applied to your With-Profits Annuity on your next Plan anniversary falling on or after 1 April 2023 are:

Overall Rate of Return	4.5%
Interim Rate of Return	5.0%
Regular Bonus	0.0%

We can't predict the future. Past performance isn't a guide to future performance. The rate of future Regular Bonus, Overall Rate of Return and Interim Rate of Return can't be guaranteed.

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.

Your yearly statement shows the change in your income because of the February 2023 Bonus Declaration, after taking into account your Anticipated Bonus Rate (ABR) and any Guaranteed Interest Rate (GIR) for your Plan.

Why have we declared an Overall Rate of Return (ORR) of 4.5%?

The Overall Rate of Return (ORR) is applied on your Plan anniversary falling on or after 1 April 2023. It's designed to give credit for the investment return earned by the With-Profits Fund during 2022, allowing for smoothing and charges. Our With-Profits Fund performed very effectively in extremely challenging investment markets in 2022. As a result, we've declared an ORR of 4.5%.

Why have we increased the Interim Rate of Return (IRR) to 5.0%?

The Interim Rate of Return (IRR) is intended to give credit for the expected future investment return on the With-Profits Fund from 1 January 2023 until your Plan anniversary falling before 31 March 2024, allowing for smoothing and charges. At each bonus declaration we consider the economic outlook and investment return that we expect to achieve on the Fund in the future. In light of this, our expectation for the future return on the With-Profits Fund has improved and the IRR has been increased accordingly. The IRR is reviewed every year, and may change in future according to the evolving market and economic outlook.

Why have we declared a Regular Bonus of 0.0%?

Once a Regular Bonus is added to your Plan, it can't be removed, and it increases your Guaranteed Annuity. To maintain investment flexibility and to protect the financial strength of our With-Profits Fund, we aim to keep the level of guaranteed benefits at a sustainable level. This is why we've declared a Regular Bonus of 0.0%.

To increase the Regular Bonus, the cost of the guarantees on all former Equitable Life With-Profits Annuities needs to reduce and we also need to be confident that the higher Regular Bonus could be supported by the investment returns we expect to achieve from our With-Profits Fund in the future without impacting the flexibility of our investment policy.

Why is your income linked to the performance of our With-Profits Fund?

By linking the income from your With-Profits Pension Annuity to the performance of our With-Profits Fund, your income has the potential to increase during your retirement, although it could also fall.

Your level of income at the start of your Plan depended on your Anticipated Bonus Rate (ABR) and whether your Plan had a Guaranteed Interest Rate (GIR). The higher your combined ABR and GIR, the higher your income in the early years. This combination also meant a higher chance of falls in income in the future.

Your future level of income depends on the combination of:

- The level of Regular Bonus, Overall Rate of Return (ORR) and Interim Rate of Return (IRR) we declare relative to your ABR
- Any GIR

The combination of the Regular Bonus, ORR and IRR we declare represents your fair share of the profits, after charges and smoothing, earned on the With-Profits Fund since the transfer of your Plan to Prudential on 31 December 2007.

We aim to secure the highest total return over the time you have your Plan, while maintaining an acceptable level of risk. In addition, we use our bonus process to smooth some of the highs and lows of investment performance.

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