

This is just for UK advisers – it's not for use with clients.



Prudential Guaranteed Income Plan Adviser Guide

Supporting your clients' retirement income planning

| | |
|---|---|
| Supporting your clients' retirement income planning | 3 |
| Why our Guaranteed Income Plan? | 4 |
| Who is the Plan suitable for? | 5 |
| What are the options? | 6 |
| How does it work? | 7 |
| What are the costs and charges? | 9 |

The Prudential Guaranteed Income Plan **may not** be suitable for:

- Those who need an income for life
- Those who require an income for a shorter period than 5 years or longer than 15 years
- Those with a health condition or lifestyle that may lead to a shortened life expectancy
- Those with less than £10,000 to invest
- Those looking to keep their pension savings invested in higher risk assets
- Those who want a plan that continues to pay an income if they die
- Those looking for flexible access to their money
- Those who want an income that increases each year to help keep pace with inflation (e.g. a product that includes fixed escalation)

The Prudential Guaranteed Income Plan is only available to Trustees of UK registered pension schemes. Any member taking out a policy, must be a member of a UK Registered Pension Scheme.

Supporting your clients' retirement income planning

Using part of their pension fund to purchase a short term income while the rest of the pot remains invested, can work for clients looking for a phased retirement – to top up their income levels – but also for clients looking to retire now who don't want, or need, to commit their pension fund to a lifetime annuity.

The Prudential Guaranteed Income Plan is an income-producing product that's held inside a client's drawdown portfolio, to help meet their retirement income planning needs. It also offers a guaranteed lump sum option, or a combination of income and lump sum guarantees.

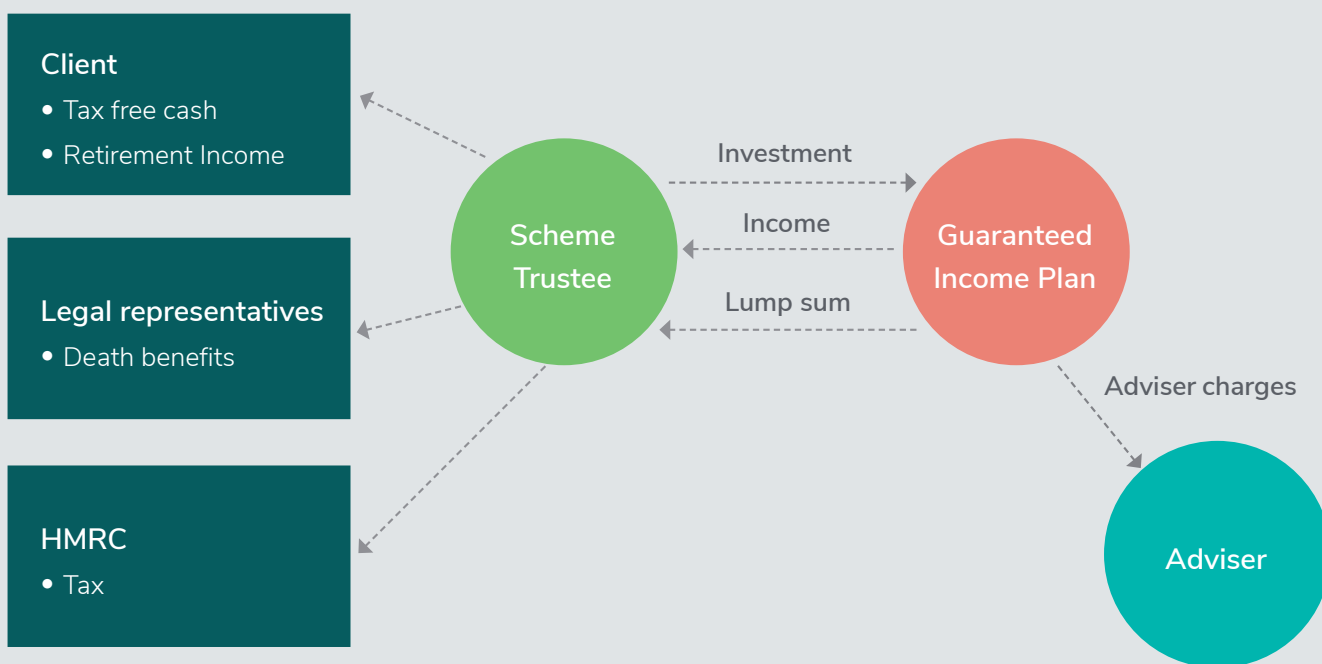
Guaranteed Income Plan

Designed primarily for those clients who are phasing into, or are in the early years of retirement, our Guaranteed Income Plan is aimed at Trustees of UK registered pension schemes, particularly Self-Invested Personal Pension (SIPP) schemes, to invest on behalf of their scheme members.

It can complement other retirement solutions, as part of a structured approach, and balances the need for certainty of income and financial freedom. And the combination of income and/or lump sum guarantees, as well as a cash-in option and a death benefit, can help provide reassurance and peace of mind.

As a financial adviser, you can advise Trustees to purchase a Guaranteed Income Plan on your client's behalf.

Overview of the Prudential Guaranteed Income Plan



Why our Guaranteed Income Plan?

So why should you consider the Prudential Guaranteed Income Plan as part of your clients retirement income solution?

Our Guaranteed Income Plan is backed by an investment strategy within our With-Profits Fund, focused on fixed income assets.

This approach aims to provide stability and allows us to always pay the underlying income and lump sum guarantees.

The Prudential With-Profits Fund is the largest with-profits fund in the UK.

Our Guaranteed Income Plan offers your clients:

- **Benefit options** – a choice of a regular income, a lump sum at the end of the term, or both.
- **Guaranteed income** – calculated at the start of the Plan and guaranteed to be paid each year, over the term. We'll never pay less but some years we might be able to pay a little bit more.
- **Guaranteed lump sum** – the certainty of a guaranteed amount at the end of the fixed term, We'll never pay less but we might be able to pay a little bit more.
- **Income choices** – income can be taken monthly, quarterly, half-yearly or annually, in advance or in arrears.

- **Length of term to suit individual circumstances** – the fixed term can be anything from 5 to 15 years.
- **Full withdrawal option** – unlike a lifetime annuity, funds can be accessed if needed. The amount paid will be the remaining value of the fund at that time.
- **Death benefit** – on death before the end of the fixed term, funds can be passed on. The amount paid, will be the remaining value of the benefits at the date of death. Any death benefits will be paid to the Trustees.
- **Adviser charging options** – set-up and ongoing adviser charge options are available.
- **Flexibility** – a range of retirement options is available at the end of the fixed term including drawdown, a fixed or lifetime annuity, or a combination of these (commonly called a blended approach).

Your clients can invest from £10,000 to £1 million into the Plan. If your client would like to pay in more, please contact us to discuss. They can't add to the Plan once it's set up, but they can make additional investments of at least £10,000 which will be set up as separate plans.

Who is the Plan suitable for?

Our Guaranteed Income Plan can be used to successfully fulfil a range of important customer needs.

For some, the Plan offers a welcome alternative to the risks associated with drawdown, but with more flexibility than could typically be achieved through a lifetime annuity.

The Plan could be suitable for clients:

- looking for a guaranteed income to bridge the gap until their State Pension or Pension Scheme benefits begin.
- who want to reduce their working hours prior to retirement and need to top up their income.
- who want to stay in control of their retirement funds and maintain flexibility to access them at the end of a fixed term.
- looking for a blended retirement income solution alongside other investments, combining a degree of security and flexibility.
- looking for a lower-risk investment to produce a guaranteed lump sum in the future.
- looking to manage their income tax position.
- looking for an income with the potential to increase by a small amount each year.
- looking to defer buying a lifetime annuity to potentially secure better rates if their health deteriorates.

Where a guaranteed lump sum is selected, we guarantee the amount payable at the end of the term, but we can't guarantee what income this will provide in the future or that – because of the lower risk assets that back the Plan – that they'll keep up with inflation over the selected term of the Plan.

The Plan is written on a single life so any income will stop on death and a lump sum death benefit will be returned to the SIPP.

As part of a blended solution

Our Guaranteed Income Plan is available on its own or as part of a blended solution, which allows your clients to combine multiple pension investments into a single plan tailored to meet their retirement needs. The blended solution is becoming increasingly popular as a way to achieve a perfect balance of security and flexibility. It lets your clients secure a guaranteed income or lump sum for a fixed term with part of their fund and invest the rest for growth.

What are the options?

With our Guaranteed Income Plan, you have three options:

- **Maximum income** – if income only is required, with no lump sum.
- **Maximum lump sum** – if a lump sum only is required, with no income.
- **Combination** – if both income and a lump sum are required.

Maximum income

- A guaranteed income will be paid for the duration of the plan term.
- We'll never pay less than this but some years we might be able to pay a little bit more.
- There won't be any money left at the end, but this option provides the highest guaranteed income.

Maximum lump sum

- A guaranteed lump sum will be paid at the end of the plan term.
- We'll never pay less than this but we might be able to pay a little bit more.
- There won't be any income paid, but this option provides the highest guaranteed lump sum.

Combination

Regular income with lump sum

- We'll guarantee to return the full amount of the investment at the end of the term and will provide a guaranteed income in addition to this.
- The guaranteed income will be less than under the maximum income option.
- We'll never pay less than the guaranteed income but some years we might be able to pay a little bit more.
- We'll never pay less than guaranteed lump sum (equivalent to the investment amount) but we might be able to pay a little bit more.

If the client wants to use the maturity value to provide further income, the value may not be enough to provide the same level of income as the Guaranteed Income Plan provided.

How does it work?

Maximum income option

In return for an initial investment, we'll pay a guaranteed regular income for the duration of the Plan.

We'll never pay less than the guaranteed income and each year at the plan anniversary, we'll look at how the assets used to back the plan have performed. If the performance has been better than we expected at the start, we'll be able to pay a little bit more than the guaranteed income the following year.

Income may go down some years but we'll never pay less than the guaranteed amount.

There won't be any money left at the end of the plan term but this option provides the highest level of guaranteed income.

Your clients can choose the term as well as the frequency of income payments and decide if these are to be made in advance or in arrears.

Please note: This example is for illustrative purposes only. The guaranteed income is based on a Guaranteed Return of 4%. Any income over and above the guaranteed amount is based on an Annual Earned Return of 4.2%. For details of how income is calculated, please see the Key Features document.

Maximum lump sum option

In return for an initial investment, we'll pay a guaranteed lump sum at the end of the Plan. This amount is calculated at the start of the Plan to provide certainty in the future.

We'll never pay less than this and at the end of the term, we'll look at how the assets used to back the plan have performed. If the performance has been better than we expected at the start, we'll be able to pay a little bit more than the guaranteed lump sum.

There won't be any income paid during the term of the Plan but in return, this option provides the highest amount of guaranteed lump sum.

Your clients can choose the term to match their requirements and determine when the guaranteed lump sum will be paid.

Maximum income option, £120k investment, 7 year term

| Year | Guaranteed Income | Bonus (not guaranteed) | Yearly Total |
|--------------------------|-------------------|------------------------|-----------------|
| 1 | £19,958 | N/A | £19,958 |
| 2 | £19,858 | £38 | £19,996 |
| 3 | £19,958 | £77 | £20,035 |
| 4 | £19,958 | £115 | £20,073 |
| 5 | £19,958 | £154 | £20,112 |
| 6 | £19,958 | £193 | £20,151 |
| 7 | £19,958 | £231 | £20,189 |
| Total (over term) | £139,706 | £808 | £140,514 |

Maximum lump sum option £250k investment 10 year term

| | |
|------------------------------|-----------------|
| Guaranteed Lump Sum | £369,128 |
| Additional lump sum | £7,160 |
| Total maturity amount | £376,288 |

Please note: This example is for illustrative purposes only. The guaranteed lump sum is based on a Guaranteed Return of 4%. Any lump sum over and above the guaranteed amount is based on an Annual Earned Return of 4.2%. For details of how the lump sum is calculated, please see the Key Features document.

The Prudential Guaranteed Income Plan is backed by the security of an investment strategy within our With-Profits Fund, providing the opportunity to pay a little bit more than the guaranteed lump sum at the end of the term.

Combination option

Regular income with a lump sum

In return for an investment amount, we guarantee to pay back the whole of your investment amount at the end of the term. In addition, we'll pay a guaranteed income throughout.

We'll never pay less than the guaranteed income and each year at the plan anniversary, we'll look at how the assets used to back the plan have performed. If the performance has been better than we expected at the start, we'll be able to pay a little bit more than the guaranteed income the following year.

Your clients can choose the frequency of income payments and decide if these are to be made in advance or in arrears.

We'll never pay less than the guaranteed lump sum (equivalent to the investment amount) and at the end of the term, we'll look at how the assets used to back the plan have performed. If the performance has been better than we expected at the start, we'll be able to pay a little bit more than the guaranteed lump sum.

Your clients can choose the term to match their requirements.

| Combination option, £200k investment, 5 year term | | | |
|---|-------------------|----------------------------------|---------------------|
| Guaranteed lump sum | £200,000 | | |
| Year | Guaranteed Income | Income Bonus (Not Guaranteed) | Yearly Income Total |
| 1 | £7,544 | NA | £7,544 |
| 2 | £7,544 | £15 | £7,559 |
| 3 | £7,544 | £29 | £7,573 |
| 4 | £7,544 | £44 | £7,588 |
| 5 | £7,544 | £59 | £7,603 |
| Total Income | £37,720 | £147 | £37,867 |
| Additional Lump Sum at end of term | £1,934 | | |
| Total Paid Out | £239,801 | | |

Please note: This example is for illustrative purposes only. The guaranteed income and guaranteed lump sum are based on a Guaranteed Return of 3.8%. Any amount in addition to the guaranteed lump sum is based on an Earned Return of 4.2%. For details of how income is calculated, please see the Key Features document.

What are the costs and charges?

Charges for advice

Our Guaranteed Income Plan can facilitate both set-up and ongoing Adviser Charges, on instruction from the Trustee. All charges are agreed between yourself and your client.

Set-up advice charge – the maximum set-up advice charge is 5% of the investment, with an upper limit of £30,000. This charge is taken from the investment amount and paid to you, before calculating your clients benefits.

Ongoing advice charge – this can only be facilitated if income is being taken. The maximum ongoing advice charge is 1% of the investment amount, less any set-up adviser charge, deducted from income and paid to you, before income is paid to the Trustees. The frequency of ongoing advice charge payments will be the same as the frequency of income payments.

Ongoing advice charge payments can be switched off, reduced, or paid to a different adviser. They can't be increased or added to, at a later date.

Plan charges

The charges we take are factored into the calculation of the guaranteed benefits, which we confirm at the start of the plan.

These charges cover various costs associated with setting up and looking after the plan, for example the cost of administration, investment management and providing the guarantees.

How to quote and apply

You can generate a quote through Adviser Online Services.

Alternatively, you can use IRESS to produce a quote, though you'll still be required to access Online Services to locate and select the appropriate IRESS quote to apply for a Guaranteed Income Plan.

You apply by submitting the recommended quote to the Scheme/Trustees.

Once the quote is accepted by the Scheme, the Plan will be set up in line with our standard new business application process.

Our quotes are guaranteed for 42 days.

Get in touch

For any other enquiries, you can get in touch with your Prudential Account Manager.

Important information

Laws and tax rules may change in the future. Your clients' circumstances and where they live in the UK will also have an impact on tax treatment.

pruadviser.co.uk

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