

# Suitability Report paragraphs for the Prudential Guaranteed Income Plan

**We appreciate that you'll have carefully considered their personal and financial circumstances, financial needs, priorities and risk profile when giving your clients a recommendation.**

These paragraphs are designed to help you prepare your suitability report for your client. They're not intended to form the full content of the suitability report. It's your responsibility to ensure that the report includes your clients demands and needs, why you consider the product is suitable on the basis of the information that they have provided to you and makes clear any disadvantages that the product has.

If you use these paragraphs, or similar text for any reason, you are responsible for ensuring that they are compliant. Whilst every care has been taken to ensure the accuracy of the following information, Prudential can't accept liability, if you decide to use it.

The following is based on our understanding of current taxation, legislation and Revenue practice, all of which are liable to change without notice.

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| <b>What is the Prudential Guaranteed Income Plan?</b> | <p>The Prudential Guaranteed Income Plan – with an investment term of between 5-15 years – is primarily aimed at customers phasing into, or in the early years of retirement. It can complement other retirement solutions as part of a structured approach, and balances the need for certainty of income and financial freedom.</p> <p>Customers can choose from the following options;</p> <ul style="list-style-type: none"><li>• a guaranteed income (for income only requirements),</li><li>• a guaranteed lump sum (where no income is required), or</li><li>• a combination of both</li></ul> <p>The Guaranteed Income Plan is backed by an investment strategy within Prudential's With-Profits Fund, focused on fixed income assets.</p> |
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| <p><b>How do the options work?</b></p> | <p><b>Maximum income option</b></p> <ul style="list-style-type: none"> <li>• A guaranteed income will be paid for the duration of the plan term.</li> <li>• Prudential will never pay less than this but we might be able to pay a little bit more.</li> <li>• There won't be any money left at the end, but this option provides the highest guaranteed income.</li> </ul> <p><b>Maximum lump sum option</b></p> <ul style="list-style-type: none"> <li>• A guaranteed lump sum will be paid at the end of the plan term.</li> <li>• Prudential will never pay less than this but we might be able to pay a little bit more.</li> <li>• There won't be any income paid, but this option provides the highest guaranteed lump sum.</li> </ul> <p><b>Combination option (Regular income with lump sum)</b></p> <ul style="list-style-type: none"> <li>• Prudential will 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.</li> <li>• The guaranteed income will be less than under the Maximum Income Option.</li> <li>• Prudential will never pay less than the guaranteed income but some years we might be able to pay a little bit more.</li> <li>• Prudential will never pay less than guaranteed lump sum (equivalent to the investment amount) but we might be able to pay a little bit more.</li> </ul> <p>Income is paid from the Plan to the SIPP drawdown, gross of tax. Income requirements and tax liability can then be managed from the drawdown.</p> |
| <p><b>Is my client eligible?</b></p>   | <p>The Prudential Guaranteed Income Plan is for Trustees of UK registered pension schemes, particularly Self-Invested Personal Pension schemes (SIPPs). It allows Trustees to invest on behalf of members. The Plan is a scheme investment which is held in the SIPP drawdown.</p> <p>This is not a standalone product. The Plan can be held within a range of SIPPs.</p> <p>Your client would normally be age 55 or over and must be a member of a UK registered pension scheme, in order to take out a plan.</p>   |

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| <p><b>Is the Prudential Guaranteed Income Plan suitable for my client?</b></p> | <p>The Guaranteed Income Plan can be used to successfully fulfil a range of important customer needs. For some it offers a welcome alternative to the risks associated with drawdown, but with more flexibility than could typically be achieved through a lifetime annuity.</p> <p>The Plan could be suitable for:</p> <ul style="list-style-type: none"> <li>• Clients looking for a guaranteed income to bridge the gap until their State Pension or Pension Scheme benefits begin.</li> <li>• Clients who want to reduce their working hours prior to retirement and need to top up their income.</li> <li>• Clients who want to stay in control of their retirement funds and maintain flexibility to access them in the future.</li> <li>• Clients looking for a blended retirement income solution alongside other investments, combining security and flexibility.</li> <li>• Clients looking for a lower-risk investment to produce a guaranteed lump sum in the future.</li> <li>• Clients looking to pass money on if they die.</li> <li>• Clients looking to manage their income tax position.</li> <li>• Clients looking for an income with the potential to increase by a small amount each year.</li> <li>• Clients in good health looking to defer buying a lifetime annuity, to potentially secure better rates if their health deteriorates.</li> <li>• Clients looking for the flexibility of a cash-in option should their circumstances change in the future</li> <li>• Clients looking to avoid the market risk and volatility typically associated with a drawdown income.</li> </ul> |
| <p><b>How much can my client invest?</b></p>                                   | <p>Minimum investment – £10,000.</p> <p>The maximum total investment is £1 million. If your client would like to pay in more, please contact us to discuss.</p> <p>You can't add to a plan once it's set up, but you can make additional investments of at least £10,000 which will be set up as separate plans.</p>   |
| <p><b>Where is my client's money invested?</b></p>                             | <p>Payments are invested in The Prudential Assurance Company Limited (PAC) With-Profits Fund.</p> <p>The Guaranteed Income Plan is backed by an investment strategy within Prudential's With-Profits Fund, focused on fixed income assets.</p> <p>This approach aims to provide stability to support the underlying income and lump sum guarantees.</p>  |
| <p><b>How can my client access their pension benefits?</b></p>                 | <p>Our Guaranteed Income Plan is designed to last for the duration of the chosen term of between 5-15 years.</p> <p>However, if plans or circumstances change, the funds can be accessed before the end of the term. <b>This option is automatically included with the Plan.</b></p> <p>We'll calculate the cash-in amount by placing a lump sum value on the remaining benefits under the Plan.</p> <p>The lump sum will reflect the value at that time of the investments we bought when the client took out the Plan. We will provide a quote to the client. If the client decides to proceed, a lump sum will be paid into their SIPP.</p> <p>Any income payments will stop, and the Plan will close.</p> <p><b>Please note:</b> At no time, can part-withdrawals be taken.</p>  |

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| <p><b>What are the death benefits?</b></p>  | <p><b>All plans automatically include a death benefit.</b></p> <p>On death, before the end of the Plan, we'll calculate a lump sum by placing a value on the remaining benefits under the Plan.</p> <p>The lump sum will reflect the value at that time of the investments we bought when the client took out the Plan.</p> <p>The death benefit will be returned, as a cash lump sum, to the SIPP, so it can be paid to any beneficiaries.</p> <p>Please note: the plan can only be set up on a single-life basis so any income payments will stop, and the plan will close on death.</p>  |
| <p><b>What charges and costs are applicable to my clients account?</b></p>        | <p>The charges we take are factored into the calculation of the guaranteed benefits, which we confirm at the start of the Plan.</p> <p>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.</p>   |
| <p><b>The Prudential Guaranteed Income Plan as part of a blended solution</b></p> | <p>Our Guaranteed Income Plan can be used on its own, or as part of a blended solution, allowing your client to combine a range of pension products into one pension plan, tailored to meet their particular retirement needs.</p> <p>It can help to deliver the desired balance of security and flexibility, by providing a guaranteed income, lump sum, or both – for a fixed term – while the remainder of the fund can be invested for growth.</p>  |
| <p><b>Risks associated with the Prudential Guaranteed Income Plan</b></p>         | <p>Once the Plan has started, the benefits and income options selected cannot be changed.</p> <p>Where a guaranteed lump sum is selected, we guarantee the amount payable at the maturity date, but we can't guarantee what income this will provide in the future.</p> <p>If the maturity value is used to provide further income, the value may not be enough to provide the same level of income as the Plan provides.</p> <p>There is no option to include a joint life in the Plan. Any income will stop on death and a lump sum death benefit returned to the SIPP Trustee.</p> <p>The Plan pays a guaranteed level of income although we may pay a little more than the guaranteed income some years, the income paid may not keep up with inflation.</p> <p>To provide the guaranteed elements (income and maturity value) the Plan is invested in a range of relatively cautious assets. Alternative products give more freedom to invest in assets that could deliver a higher return.</p> <p>The cash-in and death benefit values will change over time as market conditions change and may be less than the investment amount, or the total amount payable over the term. They may also be less than needed at that time to replace the remaining guaranteed benefits payable.</p> <p>The death benefit value may be less than the investment amount minus any income we've paid if, for example, the client dies in the early years and interest rates have increased since the Plan was set up.</p> |

For more information, please refer to the Prudential Guaranteed Income Plan Terms and Conditions, which are available on request.