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

Pru
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Prudential Guaranteed Income Plan

Death Benefit & Surrender Value

For our Guaranteed Income Plan, the same calculation basis is applied to both the Full Withdrawal Option and the Death Benefit – simplifying the process and ensuring fair value.

Early cash-in

The principle of ending the Plan early is consistent, whether it's:

- a conscious decision due to a change in circumstances (full withdrawal); or
- an event beyond the Trustee's control (Member's death)

Lump sum calculation on termination

We'll calculate the lump sum payment by placing a value on the remaining benefits payable under the Plan.

The lump sum will reflect the current value of the assets backing the Plan at the time of termination.

Key Benefits

Simplicity – a single calculation method reduces complexity

Fairness – ensures equitable treatment in both scenarios.

Transparency – a clear and consistent approach enhances understanding

How the death and surrender benefit is calculated

We'll calculate the lump sum payment by placing a value on the remaining benefits payable under the Plan. The lump sum will reflect the value at that time of the investments we bought when you took out the Plan.

The value of the lump sum benefit will change over time because the value of the investments will vary with market conditions. It may be less than the amount invested or the total benefits payable over the term of the Plan.

For example, if yields have risen since the member started the Plan, the lump sum paid – especially in the early years – may be less than the amount originally invested, after deducting any income already paid. This is because higher yields tend to reduce the value of the underlying investments.

However, it's also important to understand that increased yields typically lower the cost of providing guaranteed benefits. As a result, the lump sum reflects the current value of the remaining Plan benefits at the time of death or surrender.

Conversely, if yields have fallen, the amount payable could be higher, since it would cost more to provide the same benefits that were secured when the Plan began.

On termination, the lump sum will be paid to the Trustees and the Plan will end.

The examples on the following pages provide guidance on the benefits that customers could receive on death or surrender and how these could be impacted by changes in market conditions.

These rounded examples have been produced for illustrative purposes only to demonstrate features of the death and surrender values.

Although the examples set out refer to situations where a Member has died, they're also relevant when a Member has surrendered their policy.

Death and surrender benefit illustrations

Max income example	
Client has invested £100,000 to receive a guaranteed income of £12,000 each year for 10 years Client dies in the second year of the Plan, after receiving 1 year of income **If market conditions have remained relatively stable** since the start of the Plan, the value that the client's beneficiaries would receive would be around:	**£90,000**
The total income and death benefit received from the Plan would be around:	**102,000**
If market conditions have changed since the start of the Plan, the value of assets backing the Plan will have increased or decreased which will change the death benefit. As an example, if the yields had increased by **around 2%** since the start of the Plan, the value that the client's beneficiaries would receive may be around:	**82,000**
In this case, the total income and death benefit received from the Plan would be around:	**94,000**
If yields had **decreased by around 2%** since the start of the Plan, the value that the client's beneficiaries would receive may be around:	**98,000**
In this case, the total income and death benefit received from the Plan would be around:	**110,000**

Max lump sum example	
Client has invested £200,000 to receive a guaranteed lump sum of £290,000 after 10 years Client dies 5 years before the end of the Plan **If market conditions have remained relatively stable** since the start of the Plan, the value that the client's beneficiaries would receive would be around:	**240,000**
If market conditions have changed since the start of the Plan, the value of assets backing the Plan will have increased or decreased which will change the death benefit. As an example, if the yields had **increased by around 2%** since the start of the Plan, the value that the client's beneficiaries would receive may be around:	**220,000**
If yields had **decreased by around 2%** since the start of the Plan, the value that the client's beneficiaries would receive may be around:	**260,000**

Combination example	
Client has invested £250,000 and will receive a guaranteed income of £10,000 each year, plus lump sum of £250,000 after 5 years Client dies in the first year of the Plan, after receiving 1 year of income **If market conditions have remained relatively stable** since the start of the Plan, the value that the client's beneficiaries would receive would be around:	**£250,000**
The total income and death benefit received from the Plan would be around:	**260,000**
If market conditions have changed since the start of the Plan, the value of assets backing the Plan will have increased or decreased which will change the death benefit. As an example, if the yields had **increased by around 2%** since the start of the Plan, the value that the client's beneficiaries would receive may be around:	**230,000**
In this case, the total income and death benefit received from the Plan, would be around:	**240,000**
If yields had **decreased by around 2%** since the start of the Plan, the value that the client's beneficiaries would receive may be around:	**270,000**
In this case, the total income and death benefit received from the Plan, would be around	**280,000**

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