

# 2023 Bonus Rates

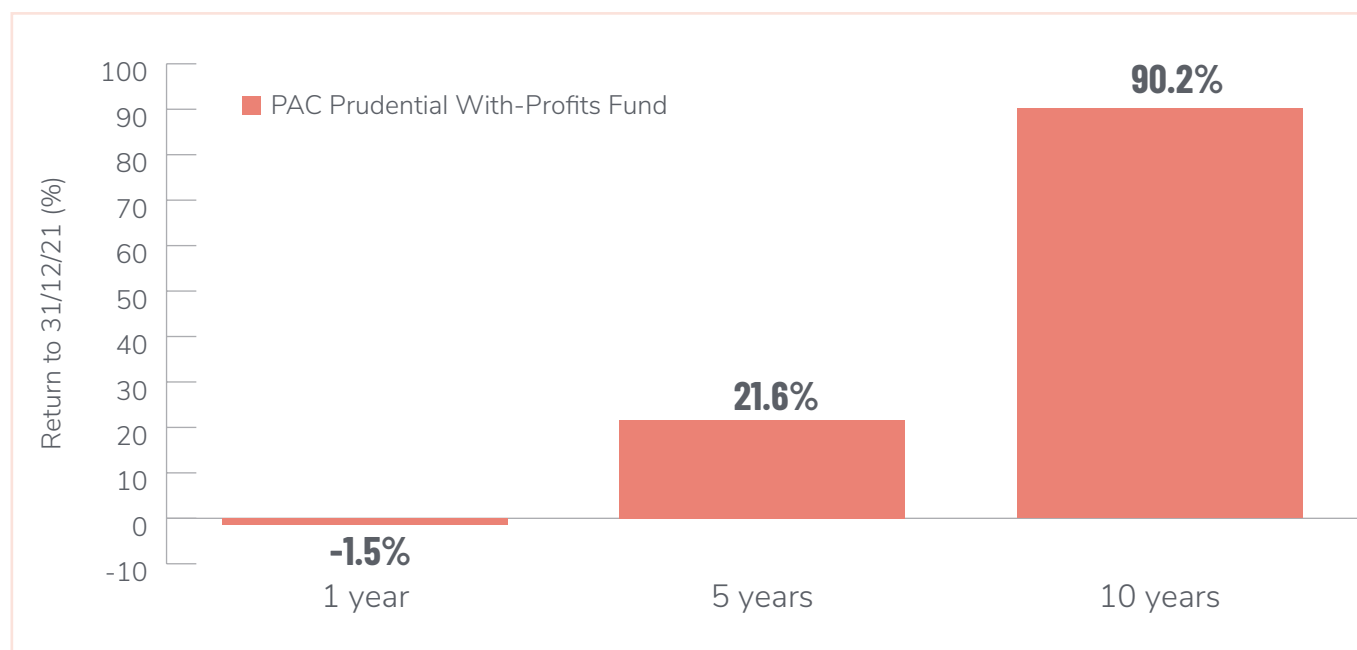
## Income Choice Annuity

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.

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 planholders.

We're pleased to announce that due to the strength of the With-Profits Fund, we've shared additional surplus with some With-Profits customers invested in the With-Profits Sub Fund.

For traditional and accumulating With-Profits customers, we have enhanced the unsmoothed value of their plans by 1.25%. The benefit of 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 the 2023 final bonuses and will be reflected in future final bonuses. To protect the interests of all planholders and the financial strength of the fund there's a chance we might have to take back this extra money at any point in the future. Unless something very unusual was to happen, we wouldn't expect to have to do this.



Source: Prudential. All figures to 31 December 2022. With-Profits performance is gross of tax, and before charges and the effects of smoothing. Past performance is not a reliable indicator of future performance.

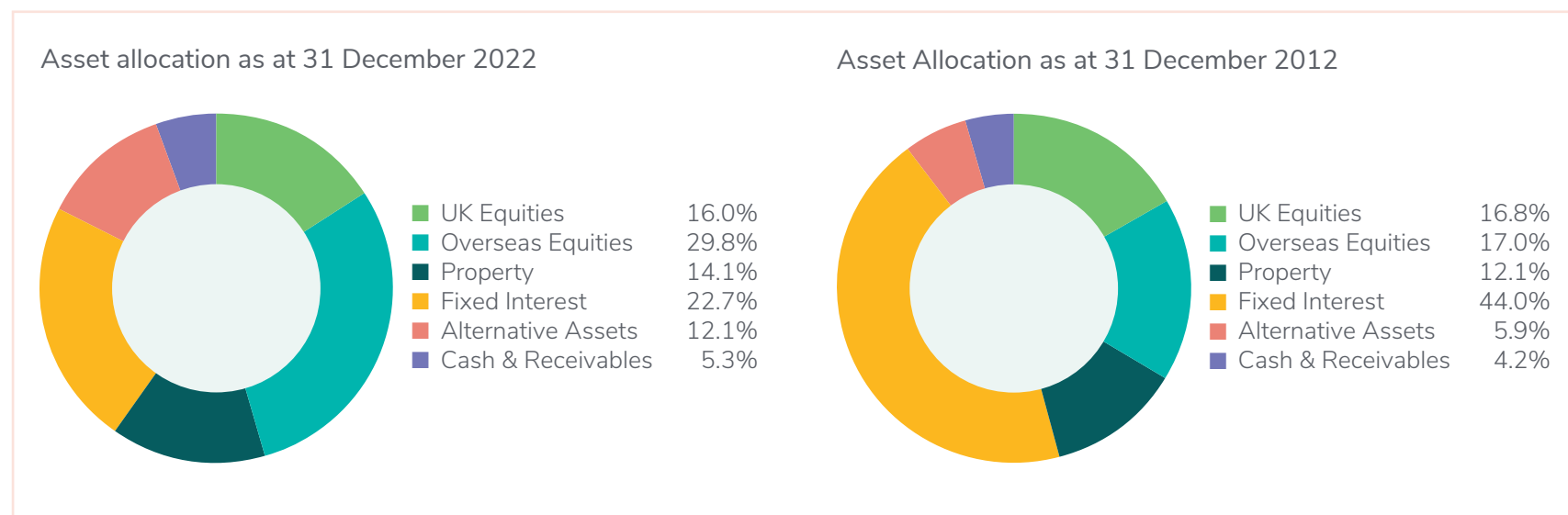
The change your client sees in their income from one yearly statement to the next will not reflect the underlying fund performance exactly. This is due, primarily, to the effects of smoothing and the application of Plan charges.

Your client's yearly statement shows the change in income as a result of the bonuses declared in the February 2023 bonus declaration, after allowing for the selected Required Smoothed Return.

## What type of assets make up Prudential's With-Profits Fund?

The With-Profits Fund aims to deliver long-term attractive returns whilst smoothing some of the extreme ups and downs of short-term investment volatility.

It is invested in a mix of assets – equities and property and cash/fixed income assets to provide the potential for investment growth and enable the fund to smooth the short-term volatility and provide the guarantees offered.



Source: Prudential 31 December 2022. We have shown the asset allocation as at 31 December 2012 for comparison purposes.

We regularly review asset allocations and they may vary from time to time, but they will, at all times, be consistent with the Fund's objectives.

Some of our products also offer access to the other asset pools which have different asset mixes to those shown above.

For ICA, only one type of bonus is declared, namely the Smoothed Return.

Following the declaration of Smoothed Returns for the year ended 31 December 2022, 9% of planholders will see an increase in income at their next plan anniversary from 6 April 2023.

Income Choice Annuity customers will typically see year-on-year changes in income in the range of 1% to 2% before allowing for the Required Smoothed Return (RSR), as a result of the Smoothed Returns announced in the February 2023 bonus declaration. This means that, for an annuity customer with an RSR of 4.0%, their income may decrease by up to 3% at their next Plan anniversary on or after 6 April 2023, depending on when their annuity started.

**The rate of Smoothed Return can be reduced and is not guaranteed until the time that this bonus comes into payment.**

Year of Announcement	2023	2022
Effective Date of Annuity	%	
09-Mar-09 to 05-Apr-09	2.0	19.0
06-Apr-09 to 05-Apr-10	2.0	19.0
06-Apr-10 to 05-Apr-11	2.0	15.0
06-Apr-11 to 05-Apr-12	2.0	15.0
06-Apr-12 to 05-Apr-13	2.0	14.5
06-Apr-13 to 05-Apr-14	1.0	14.5
06-Apr-14 to 05-Apr-15	1.0	14.5
06-Apr-15 to 05-Apr-16	1.0	14.0
06-Apr-16 to 05-Apr-17	1.0	14.0
06-Apr-17 to 05-Apr-18*	1.0	10.0
06-Apr-18 to 05-Apr-19*	1.0	10.0
06-Apr-19 to 05-Apr-20*	1.0	10.0
06-Apr-20 to 05-Apr-21*	1.0	10.0
06-Apr-21 to 05-Apr-22**	1.0	9.0
06-Apr-22 to 05-Apr-23	4.5	

\* Note that it is possible for the start date of an ICA to be backdated by a period of up to 1 year. The Smoothed Return applicable to backdated policies is a proportion of the Interim Smoothed Return at the first policy anniversary and the most recently announced rate based on the purchase date for subsequent policy anniversaries.

\*\* Although closed to new business, there is an option for Flexible Retirement Income Account (FRIA) planholders to convert to ICA, therefore, there exists a 2023 bonus cohort.

Source: Prudential. **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 clients 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.

# Smoothed Return history

Effective Date (Annuity Start Date)															
Announced Smoothed Return Year	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%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	4.50%
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.

Past performance is not a reliable indicator of future performance and the rate of future bonuses cannot be guaranteed. The value of any investment can go down as well as up and your clients may get back less than they have paid in.

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