

# Message for Prudential With-Profits customers invested in the With-Profits Sub Fund – February 2022

## We've got additional money in one of our funds to share with some of our customers.

This means if you have a With-Profits investment in our **With-Profits Sub Fund**, you'll receive a share of this surplus.

You can check if your plan is invested in our With-Profits Sub Fund by looking at the list included.

## Here's the background:

We have more money in our With-Profits Sub Fund than we expect to pay out to plan holders. We call this the **inherited estate**, and this has been built up over many years.

Having an inherited estate helps us look after the long term interests of our plan holders. It gives us more flexibility for our investments and allows us to hold back some money in the good years to pay out more in the bad years.

We regularly check the size of the inherited estate, to make sure we have enough money, but not too much.

We now have more than we need in the inherited estate and so we've decided it would be fair to share some of it with some of our plan holders.

## And here's the detail:

Whether and how you share in this additional surplus will depend on the type of plan you have:

### If your plan is invested in PruFund:

- Your plan is made up of units, and you'll get an increase to unit prices.
- We increased your unit price by 1.25% on 28 February 2022. From then, your unit price will continue to move in line with the normal smoothing process of PruFund. You can find out more at [pru.co.uk/investments/investment-fund-range/prufund/](https://pru.co.uk/investments/investment-fund-range/prufund/)

- You need to have been **invested in the PruFund funds on 28 February 2022** to get the unit price increase. But any money you have in the holding account at that time won't get the increase.

### If your investment is in any other type of plan, other than PruFund, we'll give you your share of the additional surplus through your final bonus:

- We set final bonus rates based on what we call the **unsmoothed value** of plans. That's the value of the investments underlying your fund.
- We've increased this unsmoothed value of your plan by 1.75%. So, we've calculated our final bonus rates this year based on the increased value of the unsmoothed fund. This increase will also be reflected in any final bonuses we declare in future.
- Our final bonus rates will reflect the benefit of this change from **1 April 2022** for many customers. This increase generally applies to customers who invested before 31 December 2021 and are still invested in the With-Profits Sub Fund on **1 April 2022**. So any money you take out (including if you transfer to another fund or product) before **1 April 2022** won't share in the additional surplus.
- For some plans, this date might be different and you can find out more here: [pru.co.uk/existing-customers/bonus-declaration/rates-table/](https://pru.co.uk/existing-customers/bonus-declaration/rates-table/)
- Your final bonus isn't guaranteed. There's also a chance we might have to take back this extra money in future, to protect the interests of all plan holders and the financial strength of the fund. Unless something very unusual was to happen, we wouldn't expect to have to do this.

## Why is the PruFund increase lower?

The share of the additional surplus is smaller on PruFund, as there's no chance we'll take it back.

## Will we have any more additional surplus money in future?

We'll continue to review if we have any additional surplus to share out each year. But you shouldn't expect that you'll

get money from the inherited estate in future. You can find out more about how your plan is invested and how we manage the inherited estate here: [pru.co.uk/funds/ppfm](http://pru.co.uk/funds/ppfm)

## Which customers will benefit?

You'll need to be invested in one of the following With-Profits plans to share in the additional surplus:

<p><b>Annuities</b></p> <p>Flexible Retirement Income Account – investments in Flexible Lifetime Annuity Income Choice Annuity With-Profits Pension Annuity (excluding former Equitable Life With-Profits Annuity)</p>	<p><b>Company Pensions</b></p> <p>Cash Accumulation – Additional Voluntary Contributions Cash Accumulation – Executive Pension Plan MK1 Cash Accumulation – Money Purchase Plan Defined Benefits – Cash accumulation Exempt With Profits Fund 11A (Pru Bulk S32 or Pru Company Transfer Plan) Exempt With Profits Fund 11B (Pru Bulk S32 or Pru Company Transfer Plan) Pension savings plan Trustee Investment Plan UKAEA Pension Savings Plan Unitised With-Profit – Company Pension Transfer Plan Unitised With-Profit – Group Personal Plan Unitised With-Profit – Money Purchase Plan Unitised With-Profit – Pension Transfer Plan Unitised With-Profit Pensions – Pensions With-Profits Funds (series 5&amp;6 (including Trustee Investment Plan (1997))) Unitised With-Profit Pensions – Pensions With-Profits Funds (series 7&amp;8 (including Trustee Investment Plan – Series A))<sup>5</sup> With profits Investment Account/Bond John Lewis Scheme</p>
<p><b>Bonds</b></p> <p>Flexible Investment Plan Prudence Bond/The Prudence Managed Investment Bond Prudence Prospects Bond Prudential Investment Plan Prudential Savings Account/Prudential Investment Bond – Unitised With-Profit PruFund Investment Plan</p>	
<p><b>Savings</b></p> <p>Amicable Savings Plan/ Net With-Profits Fund 1 (bought after 01/10/97) ISA</p>	
<p><b>Individual Pensions</b></p> <p>Flexible Retirement Income Account – investments in Flexible Income Drawdown Plan Flexible Retirement Plan Flexible Retirement with Income Drawdown Plan Pension Choice Plan Personal Pensions Prudential Personal Retirement Plan Retirement Account Trustee Investment Plan Unitised With-Profit Unitised With-Profit Pensions – Pensions With-Profits Funds (series 5&amp;6 (including Trustee Investment Plan (1997))) Unitised With-Profit Pensions – Series A and B Pensions/Pensions With-Profits Funds (series 7&amp;8 (including Trustee Investment Plan – Series A))<sup>5</sup> Unitised With-Profits Pensions – Fund 9 and 10</p>	<p><b>Life</b></p> <p>Life policies (Net With-Profit Fund 2) – Unitised With-Profit Life Home Purchaser 3 (bought after 01/10/97) With-Profits Whole of Life (Prudential IB) With-Profits Whole of Life (Prudential OB Life)</p>
	<p><b>Endowment</b></p> <p>Endowment With Profits (Prudential OB Life) Low Cost Endowment With Profits (Prudential OB Life) Old Age Endowment (Prudential IB) The Heritage Endowment (Prudential OB Life) With-Profits Endowment (Prudential IB)</p>

If you're unsure which plan you're invested in, please check your plan paperwork or speak to your financial adviser.

If you're invested in one of the above and have a guarantee, the additional surplus we've shared doesn't change any guaranteed benefits you have.

## You only get the additional surplus on any money invested in our With-Profits Sub Fund

Any money you have invested in plans that aren't listed above, won't receive any increase.

[pru.co.uk](http://pru.co.uk)

## Do I need to do anything?

You don't need to do a thing. We've got it all in hand.