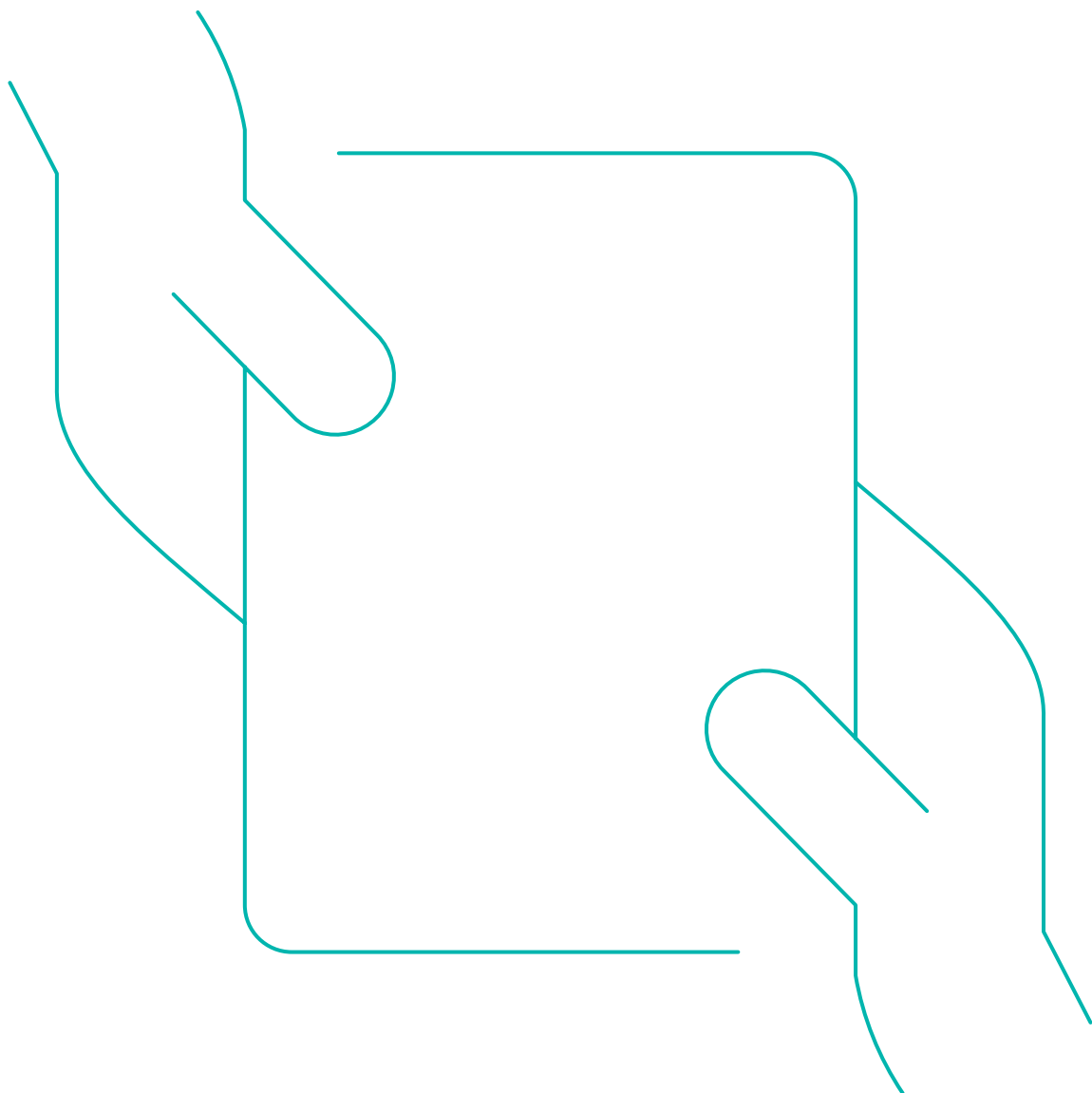


Key Features of the Guaranteed Pension Annuity



Please read this document along with your personal illustration (if you have one) before you decide to buy this plan. It's important you understand how the Guaranteed Pension Annuity works, the benefits and associated risks.

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We would like everyone to find it easy to deal with us. Please let us know if you need information about our plans and services in a different format.

All our literature is available in audio, large print or braille versions. If you would like one of these please contact us using the details the last page.

The Financial Conduct Authority is a financial services regulator. It requires us, Prudential, to give you this important information to help you decide whether our Guaranteed Pension Annuity is right for you. You should read this document carefully so that you understand what you are buying and then keep it safe for future reference.

About the Guaranteed Pension Annuity

Our Guaranteed Pension Annuity is an insurance policy that pays you a guaranteed regular income for life (known as an annuity). Because of this lifetime promise, you can't cash in your annuity investment once it has started.

If you've already taken out a Guaranteed Pension Annuity, this document is part of the legal contract for your pension annuity.

If you still have questions about the Guaranteed Pension Annuity after reading this booklet, please look at the 'Get in touch' section for our contact details. If you have a financial adviser, please speak to them in the first instance.

Its aims

What this plan is designed to do

- To pay you a guaranteed income for life.
- Where included provide an additional income for your spouse, civil partner or dependant following your death.

Your commitments

What we ask you to do

- To buy your annuity with money from your pension fund. Once you have done this you can't move the money back again.
- To take any tax-free cash that you're entitled to (and want) when you buy your annuity. You can't take it later.
- To choose the options you want to include in your annuity when you buy it. You can't choose or change these options later.
- Once your annuity starts, you're committed to receiving an income from Prudential for the rest of your life. You'll not be able to exchange your annuity for a different one with us or anyone else.

Your risks

What you need to be aware of

- As the price of everyday goods and services goes up, your money won't stretch as far as the same amount would now. This is called inflation.
- If you choose a single life annuity with no guarantee period, your income payments will stop when you die.
- If you choose a fixed-rate escalating annuity, any increases in income may not be enough to offset the effects of inflation.
- If you choose an index-linked income and inflation falls below zero, your income will go down, unless you choose a negative inflation guarantee.

Other documents you should read

This document gives you key information about our Guaranteed Pension Annuity. If you want more detail on specific points, please read the following documents. We have highlighted where they are relevant throughout this document.

They're all available from your adviser, or direct from us. Details on how to get in touch are on the last page.

- **Quotation**

This quote shows you the annual income that you will receive from your Guaranteed Pension Annuity.

- **Application forms and acceptance documents**

The application forms are what you complete and return to confirm you wish to accept the quotation for the Guaranteed Pension Annuity. The acceptance document will be sent to you after your annuity has been put into payment.

Questions & Answers

Is the Guaranteed Pension Annuity right for me?

Our Guaranteed Pension Annuity guarantees to pay you a regular income for the rest of your life. This plan is no longer open to new business from external pension providers.

You can normally buy a Guaranteed Pension Annuity from the age of 55 (57 from 6 April 2028, unless you have a protected pension age), providing your pension scheme lets you.

How flexible is it?

There is no flexibility once you've bought an annuity. So, before you buy it is very important to think about possible future needs, as well as your present ones – because once your income starts you can't cash in your annuity investment, move to another annuity provider or change your annuity options.

Where are my payments invested?

When your Prudential pension plan is used to purchase a Prudential Guaranteed Pension Annuity, it is immediately invested into fixed interest gilts (also known as fixed interest government bonds).

What can I buy a Guaranteed Pension Annuity with?

You can only buy a Guaranteed Pension Annuity with money from a UK pension arrangement registered with HM Revenue and Customs (HMRC).

How much will my Guaranteed Pension Annuity pay me to start with?

The income you get can depend on a number of different factors at the time you buy your annuity such as:

- the amount of money you have to buy your annuity,
- your age,

- your postcode – people living in areas where life expectancy is lower than average might receive a higher income than people living in areas where life expectancy is higher than average,
- the options you chose – for example, whether you chose to provide an income for a loved one when you die. Please refer to the section 'What happens to the Guaranteed Pension Annuity when I die?' for more information.

Your **quotation** shows how much income we'll pay you based on specific annuity options.

Can I take any of my pension pot as tax free cash?

You can normally take up to 25% of the value of your pension pot as a tax-free lump sum. You need to take your tax-free cash at the same time as you buy your annuity.

Please be aware, you can't select this once the annuity has been set up.

How will my annuity be paid?

You choose whether we pay you monthly, quarterly, half yearly or yearly. You also choose whether we pay you in advance or in arrears.

If you choose in advance, we'll pay you at the beginning of each period you choose. If you choose in arrears, we'll pay you the following month, quarter, half year or year.

The actual date we pay you depends on the date your annuity started, how often you choose to receive your income and whether it is paid in advance or arrears. This will have an impact on the amount of income you receive. For example, annual payments in arrears offer the highest income, whereas annual in advance offer the lowest income.

If we pay you in arrears, you can choose to have a final payment made to your estate after you die. This final payment will cover the time between your last income payment and the date you died. We call this option 'Final Proportion'. If you choose this option, your starting income will be lower. If you don't want this option you'll have to let us know.

We won't make payments by cheque. We'll pay your income straight into a bank or building society account in your own name. This account must be a personal account or personal joint account.

We can't pay you until we're sure you've met all our requirements, which will be listed in your quote pack. If we don't get everything we need from you until after the date that your first payment was due, we'll normally make a backdated payment.

What are my income options?

There are three options you can choose from when you start your Guaranteed Pension Annuity. These are:

Guaranteed income that stays level

- If you choose this your income will never change.
- Your starting income will be higher than with the following two options, but as the price of everyday goods and services goes up, your money won't stretch as far as the same amount would now. This is called inflation.

Guaranteed income that goes up by a fixed percentage each year

- If you choose this your income will increase each year by a percentage you choose.
- You can choose for your income to increase each year by a fixed percentage from 0.01% to 8.5%. These increases in future years may help your income keep up with rising costs of goods and services, also known as inflation.
- Choosing this option means your starting income will be lower than with a Level Guaranteed Pension Annuity.
- The higher the percentage increase you choose, the lower your starting income will be.
- The buying power of your income could go down if inflation is higher than the fixed percentage increase chosen.

Guaranteed income that changes in line with the UK Retail Prices Index (RPI)

- This option helps protect your income from the effects of UK inflation. Your income will be adjusted by the change in UK RPI over the 12 month period ending three months before your annuity anniversary date.

- Your starting income will be lower than with our Level Guaranteed Pension Annuity.
- For an extra cost at the start, you can choose a 'negative inflation' guarantee so your income wouldn't go down for any periods where inflation falls below zero.
- You can select Limited Price Indexation (LPI) where your annuity can increase annually in line with RPI, but where the maximum rate of increase is capped at either 2.5% or 5%. The LPI rate is based on the change in RPI for the 12 months to 30 September in the calendar year immediately preceding the year in which the annuity anniversary date falls.

If you're buying your Guaranteed Pension Annuity with money saved in a company pension scheme, the scheme rules may limit the choice you have about how your income changes. The level of changes may need to be in line with the rules of your company scheme. You will need to check this with your company scheme.

Your choice of income is an important decision because it affects your buying power over the long term (10 years or more) and once you've chosen an option you can't change it in the future.

When deciding the income option that's most appropriate for you, you may want to consider factors such as – health, lifestyle, personal life expectancy, expectations about inflation and the impact of each option on future income levels.

What are the charges and costs?

We set our underlying annuity rate to take account of the following:

- The fixed interest investment returns we can secure at the time you invest
- How long we expect you and other pension annuity customers to live
- The cost and expenses we incur for marketing, administration, investment management and some profit for Prudential.

What about tax?

You pay tax on your annuity income payments in the same way as you pay tax on earned income. Until HM Revenue and Customs (HMRC) confirm your correct tax code, your annuity income will be taxed at a rate which assumes you're entitled to the basic personal allowance. If you buy your Guaranteed Pension Annuity with money from a company pension scheme, its Trustees may pay your income instead of us, in which case they will deduct the income tax, instead of us.

Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances. Before you make a decision you should speak to your financial adviser. They can help you understand the tax rules and how they might affect you.

For more information visit [pru.co.uk/tax](https://www.pru.co.uk/tax) or the HMRC website at [hmrc.gov.uk](https://www.hmrc.gov.uk).

Should I shop around?

If you decide that an annuity is right for you, it's important to know that you don't have to stay with Prudential. For some products, like annuities, it's important to shop around so you can get the highest possible income. Yours or your partner's health and lifestyle can increase the amount of income you or your partner can get. Different providers might use different criteria to assess yours or your partner's health and lifestyle conditions.

This is known as an enhanced annuity. Prudential do not offer enhanced annuities but you might qualify for an enhanced annuity with another provider and get a higher income. That's why it's very important that you should shop around.

What's a Guaranteed Minimum Pension?

You may have built up a Guaranteed Minimum Pension as a result of you contracting-out of the State Second Pension (or the State Earnings-Related Pension Scheme (SERPS)).

What if I'm buying my Guaranteed Pension Annuity with money from a Guaranteed Minimum Pension?

If you buy some, or all, of your annuity with money from a pension arrangement which contains a Guaranteed Minimum Pension, some of your options will be different to those we've described in this document.

This is because Government rules require that some compulsory benefits are provided, which may restrict the options we can offer you. Your quote will show you what portion of your income is from a Guaranteed Minimum Pension and will detail any compulsory benefits you'll receive.

What happens to my income when I die?

When you buy your annuity you must select at the start what you want to happen to your annuity income when you die. You can't change this later on.

Depending on the option(s) you choose, your income might stop altogether, pay to a spouse, civil partner or financial dependant, or to someone named in your will.

Your estate will need to return any payments made after you die that you are not entitled to.

- **Single life annuity:** Your income will stop when you die.
- **Joint-Life option:** We'll normally pay your spouse, civil partner or dependant an income for the rest of their life if you die before them.
- **Payment Guarantee Period:** If you die during the guarantee period, we will normally continue to pay the annuity income until the guarantee period ends.

Please ensure you read both the Joint-Life and Payment Guarantee Period sections before choosing any of these options. Your **quotation** has more information about the effect these options have on your income.

Joint-Life option

If you choose the Joint-Life option, we'll normally pay your spouse, civil partner or dependant an income for the rest of their life if you die before them. You decide whether we pay them the same level of income as you or less. The higher the income you choose, the lower your own starting income will be. You can provide an income for the following:

- a legal spouse or civil partner,
- one of your children, if:
 - they are over the age of 18, and
 - they are dependent on you due to physical or mental impairment
- a dependant – not a legal spouse, civil partner or one of your children but someone else who is **(at the point of your death)**:
 - dependent on you due to physical or mental impairment, or
 - mutually dependent on you financially.

How does choosing a Joint-Life option affect my income?

Choosing a Joint-Life option will normally reduce the income we pay you because we may have to pay the income for longer. The more income you provide for your dependant after your death, the lower your own income will be.

Exceptions

There are some circumstances in which we won't pay a Joint-Life income after you die:

- If your spouse, civil partner or dependant dies before you (unless you choose at the start to provide for a spouse or civil partner at the date of your death rather than your current spouse or civil partner. In this instance the Joint-Life income will not be applicable if their death precedes yours).
- Your dependant is no longer financially dependent (including financially interdependent) on you, for any reason, on the date of your death.

If you ask us at the start, we'll also stop your spouse or civil partner's income if they remarry or enter a new civil partnership.

If you would like to take the Joint-Life option you need to choose this at the start, you cannot select it later.

Payment Guarantee Period

This is a way to ensure your income continues to be paid to a dependant or beneficiary for the remainder of a set period – if you die within that time.

You can normally choose a Payment Guarantee Period of up to 10 years from when your annuity starts. If you die within the Payment Guarantee Period you choose, we'll normally continue to pay your income to your spouse, civil partner, estate or someone named in your Will, until the end of the Payment Guarantee Period. If you die after the guarantee period has ended, then no income will be payable after your death.

If you buy your annuity with a Guaranteed Minimum Pension, you can only choose a Payment Guarantee Period of up to five years. There's more information about this in the section 'What if I'm buying my Guaranteed Pension Annuity with money from a Guaranteed Minimum Pension?'

If you would like a Payment Guarantee Period you need to choose this at the start, you cannot select it later.

Who you can provide for

The income will usually be paid to your spouse, civil partner, estate or someone named in your Will.

How does choosing a Payment Guarantee Period affect my income?

Choosing a Payment Guarantee Period reduces your income. The amount we reduce it by depends on your age and the Payment Guarantee Period you choose.

Choosing both options

You can choose both a Joint-Life and a Payment Guarantee Period option if you wish. If you do choose both, we can pay the income in two different ways. This would only apply if you died within the Payment Guarantee Period. These are:

- **No overlap:** We start paying your dependant their Joint-Life income at the end of the Payment Guarantee Period.
- **Full overlap:** We start paying the Joint-Life income alongside the income payable for the remainder of the Payment Guarantee. Choosing this option reduces your income.

Where can I get guidance on what to do with my pension?

General guidance and information on all aspects of pensions is available from MoneyHelper.

MoneyHelper Pensions Guidance

Money and Pensions Service

120 Holborn

London

EC1N 2TD

Telephone: **0800 011 3797**

Website:

moneyhelper.org.uk/en/pensions-and-retirement

For people over 50, Pension Wise is also available. This Government service from MoneyHelper offers guidance to people with personal or workplace pensions on all the options available for their pension savings. You can have a free consultation online, over the phone and face to face.

Telephone: **0800 280 8880**

Website: moneyhelper.org.uk/pensionwise

These services are free and impartial and using them won't affect your legal rights.

What if the Guaranteed Pension Annuity isn't right for me?

Unless we tell you otherwise, you have 30 days from the date we send you your first **quotation** to cancel your application for the Guaranteed Pension Annuity. If we've started to pay the annuity we'll refund the value of it as at the date we receive your cancellation instruction. The amount we return might be less than the amount of money you used to buy your annuity.

If we've already paid any money to you, you'll need to repay it before we return your pension pot. We'll then pay your pension pot back to your Prudential pension.

If we have already made a payment to your adviser and you cancel, we'll recover this payment and return it with the funds to your original pension. Your adviser may still want to be paid for the advice given.

To cancel your Guaranteed Pension Annuity, please complete and return the cancellation notice that we send you with your quote. If you can't find this cancellation notice, you can write or phone us to tell us you'd like to cancel. Our contact details are in the 'Get in touch' section at the back of this document. After the 30 days are up, you've no right to cancel, and your annuity will continue to be paid in line with your chosen options.

How much will the advice cost?

If you take advice then you will agree the cost of this with your adviser when you start the plan. You may choose to pay your financial adviser directly or you may ask us to take adviser charges from your plan. Or a combination of both.

Please refer to your quotation or contact your financial adviser for further details. You may ask us to deduct a Set-up adviser charge and pay it to your financial adviser at the time your plan is taken out. Your financial adviser can explain these to you. Starting income will be reduced if Set-up adviser charges are taken from the plan.

Other information

Client category

We classify you as a 'retail client' under Financial Conduct Authority (FCA) rules. This means you'll receive the highest level of protection for complaints and compensation and receive information in a straightforward way.

Compensation

The products Prudential Assurance Company Limited (PACL) offer are covered by the Financial Services Compensation Scheme (FSCS). If we get into financial difficulties, you may be able to make a claim. The FSCS is an independent body set up by Government to provide compensation for people where their authorised financial services provider gets into financial difficulties and becomes unable, or unlikely to be able, to pay claims against it. This circumstance is referred to as being 'in default'.

Losses, which may result from poor investment performance, are not covered by the FSCS.

Where does FSCS protection apply?

There is full FSCS coverage if PACL is 'in default'.

- Your Guaranteed Pension Annuity is protected up to 100% of the value of your claim.

You can find out more information on the FSCS at pru.co.uk/fscs, or you can call us.

Information is also available from the Financial Services Compensation Scheme.

Visit their website: fscs.org.uk

Or write to:

**The Financial Services Compensation Scheme,
PO Box 300,
Mitcheldean,
GL17 1DY**

Or call the FSCS: **0800 678 1100**

Financial Strength

Prudential meets regulatory standards for meeting its financial obligations. You can read our solvency and financial conditions reports at pru.co.uk/about_us, or if you contact us we can post some information to you.

Terms and Conditions

This Key Features Document gives a summary of your plan. Full details are set out in our Terms and Conditions booklet which is available on request using our contact details. We will also send them to you when your plan starts.

The legal contract for your Guaranteed Pension Annuity

If you own the annuity – the legal contract will be between you and Prudential. If the Trustees or Administrators of your current scheme own the annuity – the legal contract will be between them and us.

The following items make up the legal contract for your annuity:

- The final **quotation** (on which your annuity purchase is based)
- This Key Features Document
- Your **application and/or acceptance** forms and any other supporting information required by us and on which your annuity benefits are based
- Policy document if applicable.

If the details contained in the quote are subsequently found to be incorrect, then the **quotation** is invalid and either the **quotation** or any of the benefits to which it refers, can be cancelled or appropriately changed.

Using your annuity as security for borrowing

You must not use this annuity as security for any form of borrowing. For example, you can't use this annuity as a guarantee on a secured loan or mortgage.

Transfer of ownership

If the Guaranteed Pension Annuity is to be owned by the Trustees of your pension scheme, then providing HM Revenue & Customs (HMRC) legislation and the scheme rules allow, the Trustees may transfer ownership of the annuity either:

- to you,
- to any other named policyholder, or
- to the Trustees of another registered pension scheme.

This is only possible where the benefits are still payable to you, or to others who are entitled to get them.

Proof of entitlement

Before we pay any money to you, or any other person entitled to an income from your annuity, we may ask for proof of entitlement. This may include evidence that you're still alive and proof of identity and age. If we don't have sufficient proof we may refuse, suspend or stop payments.

Divorce and dissolution of civil partnership legislation

Government legislation classes pension funds and pension annuities as assets that may be taken into account in a divorce settlement or dissolution of a civil partnership. If you divorce or your civil partnership is dissolved, and a pension credit is awarded against your annuity, we'll reduce your income. If this happens we'll write to you.

Class of business

Your Guaranteed Pension Annuity is classed as: Pension business under Section 431B of the Income and Corporation Taxes Act; and as long-term business within the meaning of the Financial Services and Markets Act 2000. If these Acts are changed, or are no longer in force in the future, we may make any reasonable changes to the terms of this annuity. We'll let you know of any changes at the time.

Conflict of Interest

We want to make sure that we uphold our reputation for conducting business with integrity. If we become aware that our interests may conflict with yours, we will take all reasonable steps to manage it in an appropriate manner.

We have drawn up a policy to deal with any conflicts of interest. If you would like to know the full details, please contact us using our details on the last page.

Law

The law of England and Wales applies to your contract.

Our regulators

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Prudential Assurance Company Limited is entered on the Financial Conduct Authority (FCA) Register, FCA Reference Number 139793. The FCA Register is a public record of all the organisations that the FCA regulates.

You can contact the FCA at:

The Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Email: consumer.queries@fca.org.uk

Prudential Regulation Authority details:

The Prudential Regulation Authority
Bank of England
Threadneedle St
London
EC2R 8AH

Email: enquiries@bankofengland.co.uk

Communicating with you

Our documents and terms and conditions, as well as all other communications, will be in English.

How to make a complaint

If you have a complaint, please get in touch with us and we will do everything we can to resolve it. You can also ask us for details of our complaints handling process. Our contact details are in the 'Get in touch' section at the back of this document.

If you're not satisfied with our response, you can take your complaint to the Financial Ombudsman Service who help settle individual disputes between consumers and businesses providing financial services:

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Telephone: **0800 023 4567** or **0300 123 9123**

Or visit the website: **financial-ombudsman.org.uk**

Help is also available from The Pensions Ombudsman who deals with complaints and disputes about the administration and management of occupational and personal pension schemes.

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone: **0800 917 4487**

Email: **enquiries@pensions-ombudsman.org.uk**

Website: **pensions-ombudsman.org.uk**

You can also submit a complaint form online:
pensions-ombudsman.org.uk/making-complaint

These services are free and using them won't affect your legal rights.

Get in touch

If you want to contact us before you buy this plan, you can contact us in the following ways:



Write to **Prudential, Lancing BN15 8GB UK**



Phone **0800 000 000** Monday to Friday 8am to 6pm (we are not open on public holidays). We might record your call for training and quality purposes. To find out more about how we use your personal data, please visit pru.co.uk/mydata



If you're a deaf customer, who is also a British Sign Language (BSL) user, you can contact us using a Video Relay service. The service, provided by SignVideo, connects customers to fully qualified, registered NRCPD interpreters who will relay your conversation with a member of our customer service team.

pru.co.uk/contact-us/signvideo

There's no additional cost for using these services, you just pay your normal call charges.

Keep in touch

It's important that we keep in touch so, if you change your address or any of your contact details, please let us know.

pru.co.uk

'Prudential' is a trading name of The Prudential Assurance Company Limited which is registered in England and Wales. Registered Office at 10 Fenchurch Avenue, London EC3M 5AG. Registered number 15454. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.