

Former Equitable Life With-Profits Annuity – Special Bonus 2008

Questions and Answers Factsheet

In order to help answer any questions you may have regarding the Special Bonus and the impact it has on your With-Profits Annuity, we have compiled a list of the most common questions we receive together with their answers. If you have any further questions please contact us at equitable@prudential.co.uk

Question	Answer
<p>1. Why does the Special Bonus only apply to the Total Annuity and not the Guaranteed Annuity?</p>	<p>The addition of the Special Bonus to the Total Annuity rather than the Guaranteed Annuity reflects both Equitable Life's recent practice and Prudential's future policy where, as stated in the Policyholder Circular, no guaranteed bonuses will be applied for the foreseeable future.</p>
<p>2. How does this Special Bonus impact future bonus calculations and where will this be shown?</p>	<p>This one-off Special Bonus has been added to the non-guaranteed part of your annuity which is known as your "Total Annuity". The revised Total Annuity, i.e. after the Special Bonus has been applied, will be used as the base for calculating your Total Annuity in the future. The Total Annuity will only become payable if it is greater than your Guaranteed Annuity. Your next yearly statement will show the revised Total Annuity figure after the Special Bonus has been added.</p>
<p>3. Will another Special Bonus be added in the future?</p>	<p>No, this is a one off bonus as a result of the transfer.</p>

Question	Answer
<p>4. My annuity includes a spouse's or dependant's benefit. Does that also receive a Special Bonus?</p>	<p>Yes, any spouse's or dependant's benefit will also be increased by the same percentage.</p>
<p>5. Why isn't the Special Bonus paid as a lump sum?</p>	<p>The Special Bonus arises because the total amount transferred by Equitable Life exceeds the minimum amount that was required to be transferred to Prudential. The minimum amount transferred is funding your annuity, and since the excess is in respect of annuity business it is therefore appropriate that it be paid as part of your annuity.</p>
<p>6. How was the 3.01% calculated?</p>	<p>The Special Bonus of 3.01% reflects the percentage amount by which the total amount transferred by Equitable Life exceeds the minimum amount that was required to be transferred to Prudential.</p>
<p>7. Will I pay more tax following the Special Bonus?</p>	<p>The amount of tax you pay depends on the amount of gross income you receive and the tax code HM Revenue & Customs have provided for your annuity.</p> <p>If your tax code has not changed but your gross income has increased, the amount of tax we deduct may also increase.</p> <p>Whenever your net payment changes by more than £1.00, we will send you a letter shortly before your next payment is due showing the tax we will deduct and the net payment we will make.</p>

Question

8. Does the increase in my annuity carry forward into future years?

Answer

The Special Bonus is a one-off addition to the non-guaranteed part of your annuity, also known as the Total Annuity. In future years this uplifted Total Annuity will be used to calculate your future Total Annuity each year. There may be no immediate change to your gross annual income if, after the addition of this Special Bonus, your Guaranteed Annuity continues to be higher than your Total Annuity. However, as your Total Annuity has been increased you may in future receive a higher income than you would have done otherwise. Whether this will be the case depends on a number of factors which includes future bonus rates Prudential declare and the extent of the difference between your Guaranteed and Total Annuity.

9. Should I wish to complain, who do I contact?

If you have a complaint about any aspect of the service you have received please contact us at:

**Prudential
Customer Relations Unit
Stirling FK9 4UE
Telephone: 0845 656 2000**

Calls may be monitored or recorded for quality and security purposes.

If you are not satisfied with the outcome, you are entitled to refer your complaint to the appropriate complaints body from the list below. Making a complaint will not affect your right to take legal action. We can help you decide which regulator is the most appropriate to contact:

**The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR
Telephone: 0800 023 4567**

**The Pensions Advisory Service (TPAS)
11 Belgrave Road
London SW1V 1RB
Telephone: 0845 601 2923**

Question	Answer
10. Does this Special Bonus affect the Parliamentary Ombudsman's review?	No, the Parliamentary Ombudsman's review is unconnected to this Special Bonus.
11. If I have a 0.5% reduction as a result of the House of Lords ruling, will I still receive the full Special Bonus?	Yes, the terms of the Transfer require that the same rate of Special Bonus should apply regardless of the House of Lords ruling.



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