

Message for Prudential With-Profits customers invested in the With-Profits Sub-Fund – February 2024

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 could receive a share of this money.

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. The amount being shared is £1bn.

And here's the detail:

Whether and how you share in this additional money 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 0.9% on 27 February 2024. 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/
- You need to have been **invested in the PruFund funds on 27 February 2024** 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 money 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 1.25%. 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 2024** for many customers. This increase generally applies to customers who invested before 31 December 2023 and are still invested in the With-Profits Sub-Fund on **1 April 2024**. So any money you take out (including if you transfer to another fund or product) before **1 April 2024** won't share in the additional money.
- For some plans, this date might be different and you can find out more here: 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 the additional money distributed this year (or in previous years) in future, if we needed it to protect the interests of all our customers and the financial strength of our With-Profits Fund. Unless something very unusual happened, we wouldn't expect to have to do this.

Why is the PruFund increase lower?

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

Will we have any more additional money in future?

We can't predict the future and the amount of money we need in the estate depends on a large number of factors, including factors outside of our control. So even though

PruFund
Onshore investments only
Annuities
Flexible Retirement Income Account – investments in Flexible Lifetime Annuity Income Choice Annuity With-Profits Pension Annuity (excluding former Equitable Life With-Profits Annuity)
Bonds
Flexible Investment Plan Prudence Bond/The Prudence Managed Investment Bond Prudence Prospects Bond Prudential Investment Plan Prudential Savings Account/Prudential Investment Bond – Unitised With-Profits
Individual Pensions
Flexible Retirement Income Account – investments in Flexible Income Drawdown Plan Flexible Retirement Plan Flexible Retirement with Income Drawdown Plan Personal Pensions Prudential Personal Retirement Plan Trustee Investment Plan Unitised With-Profits Unitised With-Profits Pensions – Pensions With-Profits Funds (series 5&6 (including Trustee Investment Plan (1997)) Unitised With-Profits Pensions – Series A and B Pensions/Pensions With-Profits Funds (series 7&8 (including Trustee Investment Plan – Series A)) Unitised With-Profits Pensions – Fund 9 and 10

we have also shared money in some recent years, 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

Which customers will benefit?

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

Company Pensions
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-Profits – Company Pension Transfer Plan Unitised With-Profits – Group Personal Plan Unitised With-Profits – Money Purchase Plan Unitised With-Profits – Pension Transfer Plan Unitised With-Profits Pensions – Pensions With-Profits Funds (series 5&6 (including Trustee Investment Plan (1997)) Unitised With-Profits Pensions – Pensions With-Profits Funds (series 7&8 (including Trustee Investment Plan – Series A)) With-Profits Investment Account/Bond John Lewis Scheme
Life
Life policies (Net With-Profits Fund 2) – Unitised With-Profits Life Home Purchaser 3 (bought after 01/10/97) With-Profits Whole of Life (Prudential IB) With-Profits Whole of Life (Prudential OB Life)
Endowment
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)

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 money we've shared doesn't change any guaranteed benefits you have.

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

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

pru.co.uk

Do I need to do anything?

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

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