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.
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

If you’ve already taken out a Guaranteed Pension Annuity, this document is part of the legal contract for your pension annuity. Taking out this product will meet the demand and need of a customer who requires a guaranteed income for life (also known as an annuity).

There is flexibility to provide the annuity on a single or joint life basis, and possibly help safeguard against the effects of inflation.

Its aims

What this plan is designed to do

• Provide a guaranteed income for life
• Can provide for your loved ones on your death
• Let’s you choose an income that:
  – Always stays the same
  – Goes up each year by a fixed percentage, or
  – Changes each year in line with the Retail Prices Index (RPI).

Your commitments

What we ask you to do

• 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.

Your risks

What you need to be aware of

• 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 inflation-proofed income and inflation falls below zero, your income will go down, unless you choose a negative inflation guarantee.
• If you choose a single life annuity with no guarantee period, your income payments will stop when you die.
Other documents

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

They are all available direct from us. Our contact details are on the last page.

- **Terms and Conditions**
  - Gives you the full terms and conditions of the contract.
- **The final quote**
- **Application forms and acceptance documents**
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.
You choose whether your income stays the same throughout your life, goes up each year by a fixed percentage or is linked to changes in the Retail Prices Index (RPI), we explain all of these options in the section “What are my income options?”.

How flexible is it?
You can’t change your income options after you’ve chosen them at the start.

When can I buy a Guaranteed Pension Annuity?
Normally you can buy a Guaranteed Pension Annuity any time between the ages of 55 and 75. You may be able to buy it outside this age range depending on your personal circumstances. For more information, speak to a financial adviser or call us – see section “How to contact us”.

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 depends on several factors at the time you buy your annuity, including:
• 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 may receive a higher income than people living in areas where life expectancy is higher than average and,
• the options you choose – for example, whether you chose to provide an income for a loved one.

What other factors should I consider
When deciding what to do with your pension pot, it’s important to remember that each option might have different tax implications and pension providers offer different products with alternative options or features (including the product terms, rates, funds or charges) that might be more appropriate for your individual needs and circumstances.
This is why it’s important you should shop around – so that whatever you decide to do – whether that’s a guaranteed income for life (also known as an annuity), flexible cash or income (also known as drawdown) or something else, it’s the right decision for you.
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.
We recommend you use Pension Wise, a free, impartial guidance service offered by the Government to help you understand your retirement options. You can speak to them on 0800 280 8880, and book an appointment to meet someone in person. And, you can visit pensionwise.gov.uk/shop-around. You can also speak to a financial adviser.

Can I take any of my pension fund as tax-free cash?
You can normally take up to 25% of the value of your pension fund as a tax-free lump sum. You need to take your tax-free cash at the same time as you buy your annuity. You can’t select this once the annuity has been set up.

Can I shop around for my annuity?
If you decide that an annuity is right for you, it’s important to know that you don’t have to stay with Prudential.
Your health and lifestyle can increase the amount of income you can get. Different providers may use different criteria to assess your health and lifestyle conditions. This is known as an enhanced annuity. Prudential do not offer enhanced annuities but you may qualify for an enhanced annuity with another provider and get a higher income. That’s why it is very important that you should shop around.

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

A Level Guaranteed Pension Annuity
If you choose this your income will never change.
Your starting income will be higher than with the following two options, but if 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.

A fixed-rate escalating Guaranteed Pension Annuity
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%.

A Retail Prices Index (RPI) linked Guaranteed Pension Annuity
If you choose this your income will change each year in line with Retail Prices Index (RPI).
This option protects your income from inflation. Your income will increase or decrease annually by the change in RPI over the 12 month period ending 3 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 the 30th of 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.

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.
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 all other pension annuity customers will live.
• The cost and expenses we incur for marketing, administration, investment management and some profit for Prudential.

When do you pay my income?
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 will have an impact on the amount of income you receive. For example annual payments in arrears offer the highest income and 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. 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.

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

Pension Wise
The Government created Pension Wise to give free and impartial guidance about what you can do with your pension pot. They can help face to face, over the phone and through their website.

They can’t recommend specific products or tell you what to do with your money. But they can help you understand all your options and their potential tax implications to help you make the right decision for you.

Website: pensionwise.gov.uk
Phone number: 0800 280 8880

The Pensions Advisory Service
If you have general requests for information or guidance concerning your pension arrangements contact:

The Pensions Advisory Service (TPAS)
11 Belgrave Road
London
SW1V 1RB
Telephone: 0800 011 3797
Website: pensionsadvisoryservice.org.uk
This service is free and impartial and using it won’t affect your legal rights.

Money Advice Service
The Money Advice Service also offers free and impartial guidance on anything and everything to do with money, not just pensions. They also have a handy guide called ‘Your pension: your choices’ that outlines all the options for taking your pension benefits at retirement.

Website: moneyadVICESERVICE.org.uk
Phone number: 0800 138 7777
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.

We’ve based this information on our understanding of current law and HM Revenue and Customs practice. You might need to pay tax depending on your circumstances and the options you choose. Tax rules can also change in the future. For more information please visit [pru.co.uk/tax](http://pru.co.uk/tax) or visit the HMRC website at [hmrc.gov.uk](http://hmrc.gov.uk). Tax is a complicated subject and you may wish to speak to a financial adviser.

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 the Guaranteed Pension Annuity on my death?
Your Guaranteed Pension Annuity can provide an income for someone after you die. There are two ways:

1. Joint-Life option
2. Payment Guarantee Period

1) 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):
  - financially dependent on you, or
  - dependent on you due to physical or mental impairment, or
  - mutually dependent on you financially.

In the following circumstances 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 outset 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).
- if your named dependant is no longer dependent on you, for any reason, on the date of your death.
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If you ask us at outset, 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.

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.

2) Payment Guarantee Period
You can choose a Payment Guarantee Period to guarantee that an income will be paid for at least a set period of time, from the start of your annuity even if you die within that period. This can normally be for up to 10 years. If you die within the Payment Guarantee Period you choose, we’ll continue to pay your income until the end of the Guarantee Period.

The longer the Payment Guarantee Period you choose, the lower your starting income will be.

Who you can provide for
The income will usually be paid to your spouse, civil partner, estate or someone named in your Will.

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:

1. No overlap – We start paying your dependant their Joint-Life income at the end of the Payment Guarantee Period.
2. 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.

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 a Guaranteed Pension Annuity. We’ll refund the value of the annuity at the date we get your cancellation instruction.

If the value of the investment amount falls after the Guaranteed Pension Annuity starts we reserve the right to refund the value of the investment amount as at the date we receive the cancellation instruction. As a result we may return less than what was paid in.

If we’ve already paid any money to you, you’ll need to repay it before we can return your pension fund. We’ll then pay your pension fund to the provider or providers of your pension scheme.

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 provider. Your adviser may still want to be paid for the cost of advice.

After the 30 days are up, you’ve no right to cancel.

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 want to cancel. Please sign the letter, and include your quote reference number. Our address is under the “How to contact us” section.

How much will the advice cost?

You agree with your financial adviser the charges and how they will be paid for the advice they provide. You may choose to pay your financial adviser directly or you may ask us to take adviser charges from your plan to pay your financial adviser, or a combination of both.

If you have instructed us to deduct adviser charges from your investment to pay your financial adviser, full details will be shown on your quote. 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 Prudential Assurance Company Limited (PACL) is 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: Telephone: 0800 678 1100

Financial Strength
Prudential meets EU 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 which is available on request using our contact details. We will also send them to you when your plan starts.
If we change the terms and conditions of your Guaranteed Pension Annuity in the future, we’ll write to you.

The legal contract for your Guaranteed Pension Annuity
If you own the Guaranteed Pension Annuity – the legal contract is between you and us. If the Trustees or Administrators of your current scheme own the Guaranteed Pension Annuity – the legal contract is between them and us.

The following items make up the legal contract for your annuity:
• the final quote
• this Key Features Document
• your Application forms and acceptance documents

You may also get a Statement of Benefits and/or a member’s booklet or policy document. If you do, these will also make up part of your legal contract.

Using your annuity as security for borrowing
You must not use this annuity as security for any form of borrowing. For example, you cannot 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 to know the full details, please contact our Customer Service Team.

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
Telephone: 020 7601 4878
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 ‘How to contact us’ 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 following:

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU
Telephone: 0800 917 4487
E-Mail: 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.
How to contact us

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 see our Data Privacy Notice on 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 is no cost for using this service to call Prudential and we’re available to help you Monday to Friday, 8am to 6pm.

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.
“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.