

Life cover – gender neutral

Using your AVC to protect
your loved ones



What is life cover?

How can you protect your family?

If the worst was to happen to you, you'd want your loved ones to be looked after financially. To help you with this, you're able to take out life cover through your Additional Voluntary Contributions (AVCs) which offers peace of mind to you and your loved ones.

The full value of your AVC pot would be paid to whoever the trustees or managers of your scheme advise should receive the benefits.

This will normally be;

- your spouse or civil partner,
- your legal representative, or
- your nominated beneficiary.

Your nomination form should be held by your main scheme employer/trustees. Prudential don't keep this information.

By increasing your monthly payments your dependants could receive greater benefits through either a lump sum or regular taxable income, depending on your pension scheme rules.

You would normally receive tax relief on your payments up to certain limits, because the life assurance benefit is set up as part of the overall AVC facility, and your payments are being made to a registered pension scheme.

Your payments have no cash-in value. They'll be deducted from your salary until your AVC normal pension age, you leave service, stop contributing or cancel the option. If you stop your contributions your cover ends.

Please be aware that your application will be subject to medical questioning and underwriting. We need to confirm that these are acceptable to us before your application can be accepted.

You may already have life cover through your employer, so please check this with them before applying.

What cover is available?

Lump sum benefit

The cost depends on the amount of life cover you need, your age and medical requirements that are outlined in the application form.

Table 1 on page five shows an example of the current monthly costs, which could change in the future.

Spouse or civil partner's pension

Depending on the rules of your scheme, you may be able to elect that any life cover benefit is used to buy a spouse or civil partner's pension in the event of your death in service. Any pension you buy will be at the rates available at the time.

Table 2 on page five shows an example of the approximate amount of life cover you'd need to buy in order to provide £1 each year of spouse or civil partner's pension. These rates could change in the future.

Tax and pension allowances

Although the limits on life cover were removed on 6 April 2006, there may still be restrictions on your main scheme pension and you should speak to your pension trustees or pension manager to find out what these limits are. Your pension scheme may limit the maximum amount of life cover you can have. The minimum amount of life cover we can provide you with is £5,000.

The government sets limits on how much you can pay into your pension every year without incurring a tax charge. It also sets limits on how much you can take tax-free from your pension. We've provided more information on these allowances below.

Lump Sum Allowances

From 6 April 2024 the lifetime allowance was replaced by two new allowances.

The Lump Sum Allowance (LSA)

This is a limit on the amount of tax free lump sums that can be taken from pension schemes.

Lump Sum and Death Benefit Allowance (LSDBA)

This is a limit on the amount of lump sum death benefits and serious ill health lump sums that can be paid without tax.

Where the amount exceeds either of these allowances, income tax may be payable on the excess.

If you think you would like to know more about this, you can find more information by visiting [pru.co.uk/tax](https://www.pru.co.uk/tax) or the HM Revenue & Customs (HMRC) website at [hmrc.gov.uk](https://www.hmrc.gov.uk)

We can't control what's shown on any other websites.

Before you make a decision, you might want to speak to a financial adviser. They can help you understand the tax rules and how they'll affect you.

Annual Allowance

The Annual Allowance is a limit on the amount of pension savings which you can make over a tax year (6 April to 5 April), before you face a tax charge.

For money purchase arrangements, such as personal pensions and AVCs, the amount of Annual Allowance you have used is found by adding together the total contributions paid by you, or on your behalf over the tax year.

If you go above the Annual Allowance, you may be liable for a tax charge and you must let HMRC know by completing a tax return. The Annual Allowance is £60,000 for most people (across all your pension savings, not for each pension).

Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances.

For more information visit the HMRC website at [gov.uk/tax-on-your-private-pension](https://www.gov.uk/tax-on-your-private-pension)

Money Purchase Annual Allowance

The Money Purchase Annual Allowance (MPAA) will apply to you if you have flexibly accessed pension benefits on, or after, 6 April 2015. Your pension scheme administrator or provider paying these benefits will have informed you if you are subject to the MPAA at the time they paid the flexible benefits. In any year where you exceed the MPAA you may incur a tax charge and you should seek financial advice if you feel this may affect you.

Examples of drawing benefits flexibly include taking income from flexi-access drawdown or taking a cash lump sum direct from your pension plan.

In any year when you exceed the MPAA, your Annual Allowance for other types of tax relieved pension saving, such as defined benefits, is reduced by the MPAA.

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)

How much does life assurance cost?

Gender neutral pricing

A ruling by the European Court of Justice means that insurance companies are no longer allowed to price products differently for men and women. Men and women must be normally offered the same insurance premiums and benefits.

Note: please be aware these rates may change in the future.

Note: calculate your regular premium contribution divide annual premium by your payment frequency.

Table 1: Cost of life cover example

| Annual premium for each £1,000 of life cover | |
|--|-------|
| Age next birthday at next scheme anniversary | (£) |
| Up to 36 | 0.36 |
| 37-39 | 0.40 |
| 40-42 | 0.48 |
| 43-45 | 0.61 |
| 46-48 | 0.80 |
| 49-51 | 1.08 |
| 52-54 | 1.50 |
| 55-57 | 2.11 |
| 58-60 | 2.98 |
| 61-63 | 4.23 |
| 64-66 | 6.01 |
| 67-69 | 8.50 |
| 70-72 | 11.95 |
| 73-75 | 16.70 |

Table 2: Life cover needed to provide pension

| Amount of life cover needed to provide a pension of £1 each year | |
|--|-----|
| Age next birthday at next scheme anniversary | (£) |
| Up to 44 | 35 |
| 45 – 51 | 33 |
| 52 – 54 | 30 |
| 55 – 61 | 27 |
| 62– 64 | 23 |
| 65 – 75 | 19 |

Note: the rates in this table are estimates only. This table assumes that;

- the pension will not increase each year,
- the pension is guaranteed for five years,
- the pension is payable monthly in advance.

The amount of pension will depend on the rates available in the open market at the time your beneficiary's pension is bought, so we can't guarantee them.

How much does life assurance cost?

This is just an example designed to represent a typical situation, and does not relate to any particular individual. You should not look upon this as financial advice or a recommendation of a particular course of action. You should consider your own circumstances fully, and may wish to speak to a financial adviser to help you make a decision.

John will be 45 on the next scheme anniversary and he earns £20,000 a year. Through his main pension scheme, he has life assurance of two times his annual earnings, but no spouse or civil partner's pension. He'd like to double his current cover (a) and provide an extra spouse or civil partner's pension equal to a quarter of his salary (b).

Extra life assurance required:

$$\begin{aligned} a + b &= (\text{salary of } \pounds 20,000 \times 2) \\ &+ (1/4 \text{ of } \pounds 20,000 \text{ salary} \times 33 \text{ (from table 2)}) \\ &= \pounds 205,000 \end{aligned}$$

Extra cost:

$$\begin{aligned} \pounds 205,000 \times \pounds 0.61 \text{ (from table 1)} &= \pounds 125.05 \text{ each year or} \\ \pounds 1,000 &\hspace{15em} \pounds 10.42 \text{ each month} \end{aligned}$$

Please go to page three for more information about a spouse or civil partner's pension.

The cost of life cover will increase with your age and you should review your life cover needs regularly as you may wish to increase or decrease your cover. The option to increase or decrease your life cover may be subject to scheme rules. You should contact your usual pensions contact if this is the case. We will also write to you to advise you of the age-related increase in cost.

Please be aware life cover rates may change in the future and the value of your plan could change.

Apply now

Please read your Key Features Document for important information regarding the key risks and benefits of the product which will help you decide whether this product is right for you.

If you would like to apply, please complete the application form provided to you and return it to us.

We'll write to you if we need any further information and will confirm the details of when your cover may start. Alternatively, ask your usual pensions contact for a quote.

We've given no advice on this investment. If you are unsure as to the suitability of this product, please seek financial advice.

We reserve the right to vary the terms, conditions and expense charges described in this brochure from time to time.



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