

Choosing the pension annuity that's right for you

These statements cover some of the key things we think you might want to consider before choosing a pension annuity. You might find it helpful to go through them and, depending on your priorities, consider an Income Choice Annuity or a level conventional annuity. There are other types of annuity available, details of which can be found in the enclosed literature.

For more information on our Income Choice Annuity, our conventional annuity and our comprehensive range of annuity options please call us on the number provided on your covering letter. If you have a Financial Adviser please contact them in the first instance.

	Income Choice Annuity	Level conventional annuity (Guaranteed Pension Annuity)
Advantages	Guarantees to pay you an income for the rest of your life.	Guarantees to pay you an income for the rest of your life.
	If you suffer from a medical or lifestyle condition you may qualify for a higher income, known as an enhancement.	If you suffer from a medical or lifestyle condition you may qualify for a higher income, known as an enhancement.
	A Secure Level (Guaranteed minimum income) which income will never drop below.	A known income that will stay the same for the rest of your life.
	Ability to, normally, change your income every 2 years from your 2nd policy anniversary.	
	Potential for increases in income to help keep pace with, or even, outpace inflation based on our With-Profits Fund performance.	
	You can convert to a Prudential level conventional annuity at a later date.	
Disadvantages	Your income can reduce in years of poor fund performance, although not below your Secure Level.	The purchasing power of your pension income will be eroded by inflation over time.
		No possibility of increases in income.
		Once selected, it cannot be changed.

Please note you need a pension fund of at least £10,000 after tax-free cash to buy an Income Choice Annuity.

You pay tax on your annuity income in the same way as you pay tax on earned income.

You should not look upon this as financial advice or a recommendation for a particular course of action and should consider your own circumstances fully before making a decision.

Income Choice Annuity – how it could have performed

Simulated past performance

What is simulated past performance?

Simulated past performance is our view of how a product might have performed where actual past performance data is not available. Our view, for an Income Choice Annuity that started before 9 March 2009, is based on appropriate data since the annuity start date, including the Smoothed Returns we might have announced.

Why is it being used?

We introduced our Income Choice Annuity on 9 March 2009. This means there is no actual Smoothed Return data available to demonstrate how an Income Choice Annuity that started before then would have performed.

What does the table show?

The table shows our view of the Smoothed Returns we might have announced each year for an Income Choice Annuity starting between the various dates shown.

Year of Announcement	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Effective date													
6th April 1998 to 5th April 1999	6.00%	10.80%	2.60%	1.00%	-6.50%	4.60%	12.00%	12.00%	12.00%	7.00%	-4.00%	1.00%	6.60%
6th April 1999 to 5th April 2000		7.30%	3.30%	1.00%	-6.50%	4.70%	11.90%	12.00%	12.00%	7.10%	-4.00%	1.00%	2.30%
6th April 2000 to 5th April 2001			6.00%	1.00%	-6.50%	1.40%	11.90%	12.00%	12.00%	7.20%	-4.00%	1.00%	1.00%
6th April 2001 to 5th April 2002				6.00%	-6.50%	8.60%	11.90%	12.00%	12.00%	7.30%	-4.00%	1.00%	5.90%
6th April 2002 to 5th April 2003					0.60%	12.00%	12.00%	12.00%	12.00%	10.60%	-4.00%	1.00%	4.60%
6th April 2003 to 5th April 2004						9.60%	11.90%	12.00%	12.00%	7.40%	-4.00%	1.00%	1.00%
6th April 2004 to 5th April 2005							10.00%	12.00%	12.00%	7.20%	-4.00%	1.00%	1.00%
6th April 2005 to 5th April 2006								11.90%	7.90%	4.60%	-4.00%	1.00%	1.00%
6th April 2006 to 5th April 2007									6.00%	4.30%	-4.00%	1.00%	1.00%
6th April 2007 to 5th April 2008										6.00%	-4.00%	1.00%	1.00%
6th April 2008 to 5th April 2009**											1.00%*	8.10%*	8.60%*
6th April 2009 to 5th April 2010												6.70%*	6.70%*
6th April 2010 to 5th April 2011													6.50%*

Source: Prudential 2011

Please note that simulated past performance figures are being used in the above chart and past performance isn't a reliable indicator of future performance.

* The figures shown may differ from the actual Smoothed Returns we announced because they take account of our current level of yearly charges for new annuities and not the level of charges that apply to annuities starting between the dates shown. We regularly review the cost of guarantees and, in addition to the yearly charges, may adjust the starting incomes payable for new annuities to allow for the changing costs of providing these guarantees. The changes in starting income for new annuities will be reflected in the quotations given to customers.

** The figures shown assume our Income Choice Annuity was available to buy between 6 April 2008 and 5 April 2009 and reflect the actual return from our With-Profits Fund for that period of time. The actual Smoothed Return we announced for an Income Choice Annuity that started between 9 March 2009 and 5 April 2009 only reflected the actual return from our With-Profits Fund for that shorter period of time.

Changes to the income payable from an Income Choice Annuity will depend on the relationship between the Smoothed Return announced and the Required Smoothed Return for the income chosen. The Smoothed Return announced will depend mainly on the investment performance of the With-Profits fund, the operation of smoothing, changes in how long we expect our plan holders to live and expenses we incur. The level of future Smoothed Returns cannot be guaranteed. The Smoothed Return can be amended at any time, however it will not impact the annuity income until on or after the next plan anniversary, depending on the payment basis chosen.

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