



# Income Choice Annuity

## Fast Facts

Income Choice Annuity is our pension annuity offering both flexibility and the potential for income growth. The minimum investment is £10K, after tax-free cash, making it available to a wide range of clients.



### Eligibility



Minimum age at entry

Minimum age is 55 years. Can be younger if client has a protected retirement age or on grounds of ill health or to provide a widow/er's annuity or at the 6th April 2010 were already in an Unsecured Pension (Drawdown).

Maximum age at entry

No maximum age although if funds are being transferred to us for immediate vesting purposes, the maximum age is 75 next birthday.

### Payment



Contributors

UK registered pension scheme. We can also accept funds representing the transfer of a lifetime annuity already in payment with a different provider.

Payment frequency

Monthly, quarterly, half yearly, yearly in advance or arrears.

Minimum fund

£10,000 (after paying any tax-free cash).

### Charges



Initial Charge

Set-up charges included in starting income calculation.

Allocation rate

N/A

Bid-offer spread

N/A

Yearly Charge

The Smoothed Returns announced are net of a yearly charge.

## Contract features



Protected Rights	Yes. The government has announced that the rules on the type of annuity you can purchase with protected rights funds will no longer apply from 6 April 2012.
Initial income	Your client can choose an income from a set range at the start of the policy, which is taxable. We show that income range on our quotations. We also show the Required Smoothed Return needed to maintain that level of income.
Future income	In normal investment conditions your client may change their level of income on the policy anniversary. This option first becomes available to your client on the second policy anniversary and only one change may be made every two years.
Secure Level	We guarantee to never pay your client less than a certain amount each year. We call this amount your client's Secure Level. The Secure Level is set at the lowest amount available from the income range offered to your client when the policy starts. Your client's Secure Level will remain level.
Providing an income for dependants	<p>Your client can choose to provide an income for a dependant which will become payable after the client's death with our <b>Joint-Life Option</b>.</p> <p>Different rules apply for Protected Rights and if your client is married or has a civil partner at the date of purchase they must provide for a dependant's pension in respect of the Protected Rights element.</p> <p><b>Payment Guarantee Period</b> Continues to pay an income for up to 10 years from the start of the annuity (for Protected Rights the maximum guarantee is five years) if your client dies within the Payment Guarantee period.</p>
Enhanced terms	<p>Enhanced terms are available on Income Choice. The enhancement paid varies by the condition(s) and severity, but typically customers who do qualify could receive an increase of between 1% and 29%#. Enhancements can be given where the annuitant and/or their dependant on a joint-life plan has a medical condition.</p> <p>Medical and lifestyle conditions, or a combination of these, that may qualify include:</p> <ul style="list-style-type: none"> <li>› High blood pressure</li> <li>› High body mass index (BMI)*</li> <li>› Raised cholesterol</li> <li>› Smoking</li> <li>› Alzheimer's disease</li> <li>› Angina</li> <li>› Angioplasty</li> <li>› Arrhythmias</li> <li>› Atherosclerosis</li> <li>› Atrial fibrillation</li> <li>› Cancer</li> <li>› Cardiomyopathy</li> <li>› Congestive heart failure</li> <li>› COPD</li> <li>› Crohn's disease</li> <li>› Dementia</li> <li>› Diabetes</li> <li>› Endocarditis</li> <li>› Heart attack</li> <li>› Heart block</li> <li>› Heart bypass</li> <li>› Heart valve disorders</li> <li>› Hodgkin's disease</li> <li>› Kidney disease</li> <li>› Leukaemia</li> <li>› Liver disease</li> <li>› Lung disease</li> <li>› Lymphoma</li> <li>› Multiple sclerosis</li> <li>› Pacemaker</li> <li>› Parkinson's disease</li> <li>› Peripheral vascular disease</li> <li>› Rheumatoid arthritis</li> <li>› Stroke</li> <li>› Ulcerative colitis</li> </ul> <p>This list is not comprehensive and is intended as a guide. # Source: Prudential, 2010 * High Body Mass Index (BMI) will not offer an enhancement on it's own but will be considered if combined with another condition.</p>

## Contract features



### Enhanced terms continued

For a quotation, please complete and return our Enhanced Annuity Medical Questionnaire or the Common Quotation Form. You can download these from [www.pruadviser.co.uk](http://www.pruadviser.co.uk)

In most cases we will provide a quotation within 24 hours using the information gathered in the questionnaire. Quotations supplied will have been assessed by our underwriting team and assuming that all information supplied is correct, should not be subject to change at a later date. For more serious conditions, we may obtain detailed medical evidence by writing to your client's GP. This process will take longer, but will enable us to offer the best possible terms to your client.

## Investment Fund and Switching



### With-Profits Fund

Our With-Profits Fund was the UK's largest with-profits fund worth £65.5 billion as at 31 December 2010.

### Income growth/decrease

Every year your client's income will be reviewed and may go up or down depending on the relationship between your client's Required Smoothed Return and the actual Smoothed Return we announce for the annuity.

The actual Smoothed Return will reflect the performance of the With-Profits Fund (after allowing for charges and the effect of smoothing) and changes in our views of life expectancy. The higher the income chosen from the range given, the lower the yearly increases will be. In addition, there is a higher chance that income may fall in the future.

### Switch to Guaranteed Pension Annuity

Your client can switch to a Guaranteed Pension Annuity at any policy anniversary. The switch is irreversible.

Where the annuity consists of Protected Rights monies (all or partly) the annuity may be switched only if the revised income in respect of the Protected Rights monies is at least equivalent to the Protected Rights starting income.

The amount of income available under our Guaranteed Pension Annuity will depend on market conditions at the time your client switches. Please refer to the Key Features Document for more information.

## Commission



### Initial Commission

Up to 3.5% of your client's original pension fund after any tax-free cash, or £500. We'll reduce starting income in line with Initial Commission chosen.

### Annual Commission

Annual Commission of up to 0.5% of your client's original pension fund – less Initial Commission and tax-free cash. We'll reduce starting income in line with Annual Commission chosen.

## Online services



Why not try our online Income Choice Annuity Calculator, Client Specific Income Choice Comparison and Demonstrator tools on [www.pruadviser.co.uk](http://www.pruadviser.co.uk). You can produce full client quotations as well as submit annuity business via the Online Services area in less than 10 minutes usually. You can also access your client's yearly annuity statements within Online Services which means that all of the information within the client's statement, including income details and the Smoothed Return announced/Bonus declared, is always available to you.

If you have any questions about Income Choice or the application process please call your Prudential Account Manager or call us on **0808 234 0808** and speak to one of our Adviser specialists.

For a quotation, please call **0808 234 5100** (option 1) Monday to Friday 8.30am to 6pm.

This information should be used as a guide only. It is based on our current contract terms as at date of printing. Full terms and conditions are available on request. Calls may be monitored or recorded for quality and security purposes. Please bear in mind that inflation could also reduce the value of your client's plan and any growth from it.



[www.pruadviser.co.uk](http://www.pruadviser.co.uk)