



## Annual Review

A guide to your client's Flexible Retirement Portfolio

The very nature of the Flexible Retirement Portfolio, or any Income Drawdown or Phased Retirement plan, means regular monitoring should take place to ensure your client is using the Flexible Retirement Portfolio to the best possible advantage.

### Reviewing your client's plan(s)

We have produced this review pack to provide information to help you assess the progress of your client's plan(s) and give an indication of benefits which may be available in the future.

#### The investment performance of the selected funds

- › Are your client's investment objectives being met?
- › Given current investment conditions, is the required income level both before and after final buyout likely to be achieved?

The value of an investment may fluctuate and is therefore not guaranteed.

#### The level of withdrawals taken

- › Does your client now have any other source of income?
- › Does your client have sufficient total income?
- › Are the withdrawals having the expected effect on the fund value?
- › Does your client wish to reduce income from this source?

#### The current level of pension rates

- › What is the current trend in pension rates?
- › When should your client buy out a pension?

#### Your client's personal circumstances

A birth in the family may change your client's view of the provision of death benefits. Equally, a death in the family could leave your client with no dependants. Is an Income Drawdown or Phased Retirement plan still appropriate? The current arrangements may need to be restructured to maximise death benefits. Do the beneficiaries need to be changed?

The information in the review, and the factors highlighted above, should help you to assess the progress of your client's plan(s).



# The Review

Your client's Flexible Retirement Portfolio will have been set up in one of the following ways:

- › As an Income Drawdown Plan
- › As a Phased Retirement Plan
- › As a combination of Income Drawdown and Phased Retirement Plans
- › As a Phased Retirement Plan, where part of the fund can be transferred each year to start a new Income Drawdown Plan.

The information in the Review is described below. If your client has a combination of Income Drawdown and Phased Retirement plans, the details for each plan are provided in one Review.

The pension figures quoted in the Review with the exception of the member's pension in today's terms, are on a single life basis, payable monthly and are guaranteed for five years and for life thereafter. Where current pension income is quoted, this is based on our current pension rates. Where projected pension income is shown, this is based on assumed pension rates, in accordance with FSA guidelines.

If your client has any other personal pension plans or retirement annuity contracts with us, these will be covered by a separate review. If you would like information on the personal pension plans or retirement annuity contracts please phone us on 0845 072 0002. Calls may be monitored or recorded for quality and security purposes.

## New limits/Review periods

The rules on income limits and when client reviews need to happen changed on 6 April 2011.

This statement has been produced using the new income limits.

From 6 April 2011, 5 yearly reviews are being replaced with 3 yearly reviews so your client's next review will be 3 years from now. The maximum allowable income has been reduced from 120% of the Government Actuaries Department (GAD) tables to 100% of the GAD tables.

## Possible current buyout benefits

This section shows the current Open Market Option fund, and the annual income if the whole fund was applied at present to buy out a pension with us.

## Future benefits – Income Drawdown

This section gives projections of your client's future fund value, assuming continuation of the current level of income (adjusted to remain within the current and projected GAD limits if necessary), at low, medium and high growth rates that we believe to be appropriate for the funds invested in each year on a range of ages.

## Annuity projection

This section shows the projected level of pension which may be purchased at various ages.

## Pension in today's terms

Where the member has not yet taken any benefits under the scheme (that is, has a Phased Retirement Plan only and no Income Drawdown Plan) Government regulations require us to provide an illustration of the pension income the member may get, when they take benefits, shown in today's terms. The illustration, takes into account how inflation between now and the member's 75th birthday could reduce the buying power of their pension income.

The illustration which is not guaranteed, has been prepared using standard assumptions required by law. These assumptions may not reflect the member's actual circumstances at age 75. For example although the member may be single we have assumed that a 50% spouse's pension will be provided.

## Death benefits

This section shows the current death benefits under your client's plan(s). From 6 April 2011, the tax levied on lump sum death benefits has increased from 35% to 55% of the fund.

## Transaction summary

This section shows all investments and withdrawals during the review period (including funds used to purchase a pension or taken as tax free cash). It also shows any charges applied to your client's plan(s).

It also details the funds in which your client is currently invested, the number and price of units held, the value of units held in each fund and an overall total fund value.

# Options for your client

After conducting your client's review, you may want to consider if further action is required in the following areas:

## Changing the basis of income payment

Income payments can be taken from the Flexible Retirement Portfolio in the following ways:

### One-off withdrawals

- › One-off withdrawals from an Income Drawdown plan.
- › Realising arrangements under Income Drawdown or Phased Retirement to buy out a pension.
- › Transferring of arrangements from Phased Retirement to Income Drawdown.
- › One-off withdrawals can be taken from one fund, or across all funds.

### Regular withdrawals – Income Drawdown only

Regular income payments can be set up to be taken:

- › Across all funds, in proportion to the value of the investment in each fund at the date of the drawdown. This retains the specified investment selection.
- › From a single investment fund, which will have the effect of gradually changing the investment profile.

## Changing the investment strategy

As well as changing the investment profile through withdrawals, the investment split can also be changed by switching the investment funds. Up to six fund switches are currently allowed in each 12 month period free of charge. Any subsequent switches in each 12 month period are subject to an administration charge.

## Requesting changes to the plan(s)

Where appropriate, the Review Statement includes details of the forms which we supply to make changes to the Portfolio. Your client already has these forms. However if you prefer, we are happy to accept revised instructions from you or your client without the need to complete our form.

## Using the fund to buy out a pension

Your client may use some or all of the fund to buy-out a pension on a variety of payment bases. This may be with us or any other UK authorised pension provider.

## Further information

If you need any further information, please call us on 0845 075 7576 between 9am and 5pm Monday to Friday. Calls may be monitored or recorded for quality and security purposes.

**The value of an investment may fluctuate and is therefore not guaranteed. Further details of our Flexible Retirement Portfolio are available on request.**





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

"Prudential" is a trading name of The Prudential Assurance Company Limited, which is registered in England and Wales. This name is also used by other companies within the Prudential Group, which between them provide a range of financial products including life assurance, pensions, savings and investment products. Registered Office at Laurence Pountney Hill, London, EC4R 0HH. Registered number 15454. Authorised and regulated by the Financial Services Authority.