



Key Features of the Prudential Guaranteed Pension Annuity

› Contents

About this booklet	5	Can I take any of my pension fund as tax-free cash?	12
The Financial Services Authority	5	When do you pay my income?	13
What's a pension annuity?	5	Can my Guaranteed Pension Annuity provide an income for someone else after I die?	14
About our Guaranteed Pension Annuity	6	Can I, or my dependant, switch my Guaranteed Pension Annuity to one of your other pension annuities?	16
Its aims	7	Can I get a higher income if I have a medical condition?	16
Your commitment	8	What are the charges?	18
Risks	9	What's a Protected Rights Pension or Guaranteed Minimum Pension?	18
Questions and Answers		What if I'm buying my Guaranteed Pension Annuity with money from a Protected Rights Pension or Guaranteed Minimum Pension?	18
How do you decide my income?	10	What if I change my mind?	19
What are my income options?	11		
Can I change my income?	12		
Do I pay tax on my income?	12		

Other information	
How to contact us	20
How to make a complaint	20
Your client category	21
Conflict of interest	22
Financial Services Authority (FSA) Registration	22
Additional terms and conditions	23
How we'll communicate with you	25
Law	25
Compensation	25

If you would like a Braille, large print or audio version of this Key Features, please contact us at:

Prudential
Annuities Customer Contact Centre
Stirling
FK9 4UE

Or call the phone number in your quotation pack.

› About this booklet

- › This booklet sets out the Key Features for our Guaranteed Pension Annuity.
- › If you're considering whether our Guaranteed Pension Annuity is right for you, this booklet will help you make that decision.
- › If you still have questions about our Guaranteed Pension Annuity after reading this booklet, please call the number in your quotation pack. If you have a financial adviser, please contact them in the first instance.

The Financial Services Authority

The Financial Services Authority is the independent financial services regulator. Prudential is required to give you this information to help you to decide whether our Guaranteed Pension Annuity is right for you. You should read this booklet carefully with your Pension Annuity quotation so that you understand what you're buying, and then keep it safe for future reference. These documents will make up part of the legal contract for your pension annuity.

What's a pension annuity?

A pension annuity is a contract between you and an annuity provider. In return for some or all of your pension fund, the annuity provider agrees to pay you a regular income for the rest of your life.*

You don't have to buy your annuity from the same company you've got your pension with. You can buy it from another company if you want to.

› About our Guaranteed Pension Annuity

Our Guaranteed Pension Annuity is a pension annuity that guarantees to pay you a regular income for the rest of your life.*

Your income stays the same throughout your life, or goes up each year by a fixed percentage or is linked to changes in the Retail Prices Index (RPI).

Is a Guaranteed Pension Annuity for me?

Our Guaranteed Pension Annuity could be for you if you're prepared to accept that if you choose a guaranteed income that stays level, over time inflation may cause its value in real terms to fall. If you choose a guaranteed income that rises each year by a fixed percentage or changes in line with the Retail Prices Index, your starting income will be lower than with a level annuity, but the changes in the income may help protect your buying power in the future.

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.

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) or with the proceeds from a transfer of funds from a lifetime annuity held with another provider.

What if I have more than one pension?

If you wish to combine money from two or more different pensions to buy your Guaranteed Pension Annuity we will set up your annuity once we receive all of the purchase money. This money must be received within six months of receiving the money from your first pension. If we have not received all of your purchase money within this time we will only be able to set up an annuity with the money already received. Any money received at a later date can be used to buy another Guaranteed Pension Annuity at that time.

* There may be some circumstances where a pension annuity is not paid for life. For example to a child or where the income payable under a widow/widower's annuity stops on remarriage. Some annuity providers also offer a temporary annuity which pays a regular income for a set period, rather than for life.

› Its aims

Aims	For more information
<p>› To guarantee to pay you a regular income for the rest of your life.</p>	<p>See sections: "What's a pension annuity" on page 6; "About our Guaranteed Pension Annuity" on page 6.</p>
<p>› To let you choose a guaranteed income that:</p> <ul style="list-style-type: none">– Always stays the same– Goes up each year by a fixed percentage, or– Changes each year in line with inflation.	<p>See "What are my income options" on page 11.</p>
<p>› To give you options to provide an income for your dependants or beneficiaries after you die.</p>	<p>See "Can my Guaranteed Pension Annuity provide an income for someone else after I die?" on page 14.</p>

› Your commitment

Commitment	For more information
<p>› To give us some or all of your UK registered pension fund in return for a regular income for the rest of your life.</p>	<p>See sections: "How do you decide my income?" on page 10; "What are my income options" on page 11.</p>
<p>› To get that regular income from us. You can't transfer/switch your annuity to another provider or cash it in.</p>	<p>See sections: "What are my income options" on page 11; "Can I, or my dependant, switch my Guaranteed Pension Annuity to one of your other pension annuities?" on page 16.</p>
<p>› To take any tax-free cash that you're entitled to (and want) when you buy your annuity. You can't take it later.</p>	<p>See "Can I take any of my pension fund as tax-free cash?" on page 12.</p>
<p>› To choose the options you're eligible for and that you want to include in your annuity when you buy it. You can't change these options later.</p>	<p>See sections: "What are my income options" on page 11; "When do you pay my income?" on page 13; "Can my Guaranteed Pension Annuity provide an income for someone else after I die?" on page 14.</p>
<p>› Not to use your annuity as security for any form of borrowing.</p>	<p>See "Using your annuity as security for borrowing" on page 23.</p>

› Risks

Risks	For more information
<ul style="list-style-type: none">› Inflation could reduce the buying power of your income in the future, especially if you choose an income that stays level.› If you choose an inflation-proofed income and inflation falls below zero, your income will go down, unless you choose a negative inflation guarantee.	See "What are my income options" on page 11.
<ul style="list-style-type: none">› Tax rules may change in the future, without notice.	See the "Important Information" box on page 26.

› Questions and Answers

How do you decide my income?

The income you get can depend on several factors at the time you buy your annuity, including:

- › The amount of money you have to buy your pension annuity
- › Your age
- › The options you chose – for example whether you chose for an income to be paid to a dependant after you die

- › If you and/or your dependant have a health and/or lifestyle related condition you and/or your dependant (if you've chosen the Joint-Life option) may qualify for an Enhanced Annuity rate, please see "Can I get a higher income if I have a medical condition?" on page 16.
- › Your postcode – people living in areas where life expectancy is likely to be lower than average may receive higher pension incomes than people living in areas where life expectancy is higher than average

- › Fixed interest investment returns, our latest estimates of life expectancy, our costs and expenses

We may offer different rates if you purchase your Guaranteed Pension Annuity via your financial adviser. Please note that if you want a Guaranteed Pension Annuity that takes into account health, lifestyle or postcode factors, you may need to ask for a new quotation.

What are my income options?

There are three options you can choose from when you start your Guaranteed Pension Annuity. At the start you can choose a:

<p>Guaranteed income that stays level</p>	<ul style="list-style-type: none"> ➤ This means your income stays the same ➤ Your starting income will be higher than with the following two options, however the buying power of your income will go down if the cost of living goes up
<p>Guaranteed income that goes up by a fixed percentage each year</p>	<ul style="list-style-type: none"> ➤ You can choose for your income to increase each year by a fixed percentage from 0.01% to 8.5% ➤ These increases in future years will help protect the buying power of your income ➤ Choosing this option means your starting income will be lower than with a level annuity ➤ The higher the percentage increase you choose, the lower your starting income will be compared to our level annuity
<p>Guaranteed income that changes in line with the Retail Prices Index (RPI)</p>	<ul style="list-style-type: none"> ➤ This option protects your income from inflation. Your income will increase or decrease by the change in RPI over the 12 month period ending 3 months before your annuity anniversary date ➤ Your starting income will be less than with our level 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 must choose a "negative inflation" guarantee for any part of your annuity bought with money from a Protected Rights pension. This is because that part of your income can never fall below its starting point. See page 18 for more details on Protected Rights pensions. ➤ You can select Limited Price Indexation (LPI) where your annuity can only increase in line with RPI. 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 each year

Your choice of income is an important decision because it affects your buying power over the long term and once you've chosen an option you can't change it in the future. When deciding the income option that's most appropriate for you, you may want to consider factors such as – health, lifestyle, personal life expectancy and expectations about inflation and the impact of each option on future income levels.

Can I change my income?

You can't change your income options after you've chosen them at the start.

Do I pay tax on my income?

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.

Can I take any of my pension fund as tax-free cash?

You may be able to take some of the money from your pension fund as tax-free cash. If you're coming to us from another provider, they may pay you any tax-free cash you're entitled to before they send us the rest of your pension fund.

You can usually take up to 25% of your pension fund as tax-free cash at the same time as when you buy your annuity. You may need to do this by age 75 depending on scheme rules/contract terms of your pension scheme.

When do you pay my income?

You choose whether we pay you monthly, quarterly, half yearly or yearly.

Once you choose how you want your income paid, you can't change your mind later.

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. If you choose in arrears, we'll pay you at the end of each period. 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. This final payment will cover the time between your last income payment and the date you died. We call this option "Final Proportion". If you choose this option your starting income will be lower.

You need to choose the Final Proportion option when you take out your annuity. You can't add it later.

We'll pay your income straight into a bank or building society account in your own name. This account must only be a personal account or personal joint account. We can't pay your income into a business account. We won't make payments by cheque.

We can't pay you until we're sure you've met all our requirements, which will be listed in your quotation 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.

Can my Guaranteed Pension Annuity provide an income for someone else after I die?

Your Guaranteed Pension Annuity can provide an income for your dependant or beneficiaries after you die. There are two ways it can do this:

1. Joint-Life option
2. Payment Guarantee Period

You can only choose these options when you buy your annuity. You can't take them later.

If you don't choose any of these options, payments will stop when you die. If we have not been notified of your death and we make any payments after you die that you are not entitled to, your estate will need to return them.

If you've chosen a Joint-Life option and/or a Payment Guarantee Period, we may still ask for any overpayments to be returned.

If you buy some, or all, of your Guaranteed Pension Annuity with money from a Protected Rights Pension or Guaranteed Minimum Pension, your options for providing an income for someone else after you die are slightly different. You'll find more information in "What if I'm buying my Guaranteed Pension Annuity with money from a Protected Rights Pension or Guaranteed Minimum Pension?" on page 18.

Please ensure you read both Joint-Life and Payment Guarantee Period sections before choosing any of these options. Your quotation has more information about the effect these options have on your income.

1. Joint-Life option

A Joint-Life option usually provides your dependant with an income for the rest of their life if you die before them. You decide whether your dependant should have the same or lower income than you on your death. You can ask us at outset to stop your spouse or civil partner's income if they remarry or enter a new civil partnership after you die.

Your dependant can be your spouse, civil partner, or another adult who is financially dependent (or interdependent) on you, such as an unmarried partner. You can't take a Joint-Life option for one of your children, unless they're an adult and depend on you because they have a physical or mental impairment.

Normally, you can only provide a Joint-Life income after you die for a person who was your dependant when your annuity started. Some pension schemes require you to provide a Joint-Life income to the person who's your spouse or civil partner at the time of your death.

How does choosing a Joint-Life option affect my income?

Choosing a Joint-Life option will normally reduce the income we pay you because we may have to pay the income for longer. The more income you provide for your dependant after your death, the lower your own income will be.

Exceptions

There are some circumstances in which we won't pay your dependant a Joint-Life income after you die:

- If the dependant you name when your annuity starts dies before you, we can't pay a Joint-Life income to a new dependant, even if you remarry
- Your dependant is no longer financially dependent (including financially interdependent) on you, for any reason, on the date of your death

2. Payment Guarantee Period

This is a way to ensure your income continues to be paid to a dependant or beneficiary for the remainder of a set period – if you die within that time.

You can normally choose a Payment Guarantee Period of up to ten years from when your annuity starts. If you die within the Payment Guarantee Period you choose, we'll normally continue to pay your income to your spouse, civil partner, estate or someone named in your Will, until the end of the Guarantee Period.

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 the length of the Guarantee Period. The payment of any guaranteed benefits may also be made at the Trustees' discretion.

If you buy your annuity with a Protected Rights Pension or Guaranteed Minimum Pension, you can only choose a Payment Guarantee Period of up to five years. There's more information about this in "What if I'm buying my Guaranteed Pension Annuity with money from a Protected Rights Pension or Guaranteed Minimum Pension?" on page 18.

How does choosing a Payment Guarantee Period affect my income?

Choosing a Payment Guarantee Period reduces your income. The amount we reduce it by depends on your age and the Guarantee Period you choose.

Choosing both options

If you've chosen the Joint-Life option, the Payment Guarantee Period may not be so important. This is because we'll usually pay an income to your dependant after you die. However, you can choose both options if you wish.

If you do choose both options, we can pay the income in two different ways. This would 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 Period.

Can I, or my dependant, switch my Guaranteed Pension Annuity to one of your other pension annuities?

Once you have bought a Guaranteed Pension Annuity you, or your dependant, can't switch to another annuity – including the different options available under this annuity, so you need to be sure you've made the right decision.

Can I get a higher income if I have a medical condition?

You could qualify for a higher income if you and/or your dependant (if you've chosen the Joint-Life option) have a lifestyle and/or medical condition that could reduce your and/or your dependant's life expectancy. This option is known as Enhanced Annuity terms.

What are the charges?

We set our underlying annuity rate to take account of fixed interest investment returns at the time you buy your annuity and how long we expect you and our other pension annuity customers to live. We also take into account the costs of administration, marketing, commission and investment management and some profit for Prudential.

What's a Protected Rights Pension or Guaranteed Minimum Pension?

A Protected Rights Pension or Guaranteed Minimum Pension is the pension you've built up 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 Protected Rights Pension or Guaranteed Minimum Pension?

If you buy some, or all, of your annuity with money from a Protected Rights Pension or a pension arrangement which contains a Guaranteed Minimum Pension, some of your options will be different to those we've described in this booklet.

This is because government rules require that some compulsory benefits are provided, which may restrict the options we can offer you.

From 6 April 2012, the government has announced this/these rule will no longer apply for money from a Protected Rights Pension and you can choose the options that suit your personal circumstances.

Your quotation will show you what portion of your income is from a Protected Rights or a Guaranteed Minimum Pension and will detail any compulsory benefits you will receive.

What if I change my mind?

You have 30 days from the date we send you your first quotation to cancel your application for a Guaranteed Pension Annuity.

If we get your money for your Guaranteed Pension Annuity but you cancel within 30 days of your first quotation, we'll refund the value of your annuity at the date we get your cancellation instruction.

The amount returned to your original provider may be less than the amount of money you used to buy your annuity with.

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 you transferred a pension annuity from another provider, we'll return your money to your previous annuity provider.

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 quotation.

If you can't find this cancellation notice, you can write to tell us you want to cancel your annuity. Please sign the letter and include your quotation reference number (where known). Please write to:

Prudential
Annuities Customer Contact Centre
Stirling
FK9 4UE

› Other information

How to contact us

If you've a financial adviser, please continue to use them as your first point of contact.

Alternatively, you can call us on the telephone number shown in your quotation pack.

You can also write to us at:

Prudential
Annuities Customer Contact Centre
Stirling
FK9 4UE

How to make a complaint

If we do anything that you're unhappy about, we want to know. We'll always try to put it right if we can.

To resolve your complaint quickly we need to know exactly what the problem is. So it would really help if you could write to us with all the details of what has happened to:

Prudential Customer Relations Unit
Stirling
FK9 4UE

Please remember to include your annuity/quotation reference number.

If you'd rather phone, you can call us on the number shown in your quotation pack. To make sure we have an accurate record of what you tell us, we may monitor or record your call.

We hope that we'll be able to handle your complaint in a way that satisfies you. But if we can't, then you can speak to one of the following organisations:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR

Telephone: 08000 234 567

The Pensions Advisory Service (TPAS)
11 Belgrave Road
London
SW1V 1RB

Telephone: 0845 601 2923

We can help you decide which organisation is the most appropriate for your complaint, or you can ask your financial adviser.

Making a complaint won't affect your right to take legal action.

Your client category

The Financial Services Authority (FSA) is the independent financial services regulator. The FSA asks companies to categorise their clients based on their involvement in, and familiarity with, financial services. This is a way of making sure we send the right type of information to the right people. For example, information for an individual customer should assume less knowledge than information for a financial services company that we work with.

You're categorised as a "Retail Client". This means you get the highest level of protection by getting the clearest explanation of what you're buying and more detail about the risks. This means the information we send you is clear, balanced and shows any relevant risks. Your category doesn't affect your right to lodge a complaint with the Financial Ombudsman Service.

If you've any questions about your client category, or think your category should be different, please call our Customer Service Team on 0800 000 000.

Conflict of interest

We want to make sure that we uphold our reputation for conducting business with integrity. That's why we've drawn up a policy to deal with any conflicts of interest.

If you would like to know the full details of our Conflict of Interest Policy, please contact our Customer Service Team on 0800 000 000.

Financial Services Authority (FSA) Registration

Prudential Assurance Company Limited, Prudential Annuities Limited and Prudential Retirement Income Limited are entered on the Financial Services Authority (FSA) Register. The FSA Register is a public record of all the organisations that the FSA regulates.

Our FSA reference numbers for the companies listed above are 139793,155025 and 110452, respectively.

You can contact the FSA at:

The Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Telephone: 0845 606 1234

Additional terms and conditions

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 quotation
- › this Key Features booklet
- › your application, acceptance forms and any other supporting information you've given us

You may also get a member's booklet or policy document. If you do, this 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 can't use this annuity as a guarantee on a secured loan or mortgage.

Transfer of benefits

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, or
- › to any other named policy holder, 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.

Changes to the terms and conditions of your Guaranteed Pension Annuity

If we change the terms and conditions of your Guaranteed Pension Annuity in the future, we'll write to you.

How we'll communicate with you

We'll communicate with you in English in writing, by phone or email.

Law

Unless you receive a pension policy that states otherwise the Law of England and Wales applies to your Guaranteed Pension Annuity.

Compensation

We're covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if we can't meet our obligations. This depends on the type of business and the circumstances of the claim.

For details on the compensation levels that may apply to annuities (which are classed as long-term insurance business) or for further information on compensation schemes in general please contact:

The Financial Services Compensation Scheme
7th Floor
Lloyds Chambers
Portsoken Street
London
E1 8BN

Telephone: 0800 678 1100.

Important information

The information in this booklet is based on our understanding as at March 2011, of current taxation, legislation and HM Revenue & Customs practice. All of these are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.

If the details contained in the quotation are subsequently found to be incorrect, then the quotation is invalid and either the quotation or any of the benefits to which it refers, can be cancelled or appropriately changed.



www.pru.co.uk

"Prudential" is a trading name of The Prudential Assurance Company Limited, of Prudential Annuities Limited and of Prudential Retirement Income Limited. 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. The Prudential Assurance Company Limited and Prudential Annuities Limited are registered in England and Wales. Registered Office at Laurence Pountney Hill, London, EC4R 0HH. Registered numbers 15454 and 2554213 respectively. Prudential Retirement Income Limited is registered in Scotland. Registered Office at Craigforth, Stirling FK9 4UE. Registered number SCO47842. Authorised and regulated by the Financial Services Authority.