TECHNICAL GUIDE

CPTB0004 – Company Pension Transfer Plan

PRUDENTIAL

CONTENTS

1. INTRODUCTION AND GLOSSARY

This Technical Guide gives detailed information on Prudential's Company Pension Transfer Plan.

1.1 INTRODUCTION

Note: The words and expressions shown in italics are explained in section 1.2.

The Company Pension Transfer Plan allows the Trustees of the *previous scheme* to transfer the *planholder's* benefits to Prudential.

The Company Pension Transfer Plan provides tax efficient investment funds. There is a wide range of funds and investment options.

The Company Pension Transfer Plan is a type of contract commonly known as a Section 32, or buy-out, plan. Before 6 April 2006, buy-out plans were set up under section 591(g) of the Income and Corporation Taxes Act 1988. They are now, however, classified as *registered pension schemes* within the terms of Chapter 2 of Part 4 of the Finance Act 2004.

The Company Pension Transfer Plan accepts transfers from employers' occupational pension schemes, including benefits resulting from contracting-out of the State schemes: *protected rights*, *GMP* and *post 1997 COSR benefits*.

Some of the rules that apply on when and how benefits can be taken from employers' occupational schemes continue to apply on transfer to Section 32 plans. However, the Company Pension Transfer Plan offers scope for individual investment choice and flexibility, with benefits provided in an individual "money purchase" plan.

1.2 GLOSSARY

Band 1 funds: This expression is used in the Lifestyle Appendix and is relevant only where Lifestyle Option B or C applies to the *Plan*. Band 1 funds are funds selected by the *previous scheme* trustees as the funds to which a proportion of units held under the *Plan* are switched during Stage 2 of Lifestyle Option B or Lifestyle Option C.

Band 2 funds: This expression is used in the Lifestyle Appendix and is relevant only where Lifestyle Option B or C applies to the *Plan*. Band 2 funds selected by the *previous scheme* trustees as the funds to which a proportion of units held under the *Plan* are switched during Stage 3 of Lifestyle Option B or Lifestyle Option C.

Chosen funds: This expression is used in the Lifestyle Appendix. These are the funds selected by the *previous scheme* trustees or the *planholder* (as appropriate) as the funds for investment under the *Plan* during Stage 1 of the Lifestyle Option, and are the funds in which the *Plan* is invested immediately before automatic switching starts under Stage 2 of a Lifestyle Option.

Civil partner: a registered same-sex civil partner. Since 5 December 2005, it has been possible for same-sex partners to register in the UK as civil partnerships. Certain provisions that previously applied only to spouses are now extended to *civil partners*.

Dependant: someone financially dependent or interdependent on the *planholder*. A spouse, *civil partner* or children under the age of 23 automatically qualify as *dependants*.

GMP: the Guaranteed Minimum Pension, the minimum pension benefit that must be provided for contracted-out service in a salary-related scheme before 6 April 1997. See sections 4.2 and 4.3 for more information.

HMRC: HM Revenue & Customs.

Illustration: We provide an "Illustration for a Prudential Company Pension Transfer Plan" for each *planholder* when we send the *planholder's* Transfer Certificate (see section 2). The *Illustration* is a document that sets out an estimate of what the *planholder* might get back from his or her *Plan* at *NRD*. The amounts shown in an *Illustration* are not guaranteed and are based on standard assumptions.

Lifetime allowance charge: this is a tax charge that applies if, when benefits are taken from the *Plan*, the value of those benefits exceeds the *planholder's* available *personal lifetime allowance*. If the excess is used to provide a pension it will be taxed at 25%; if it is taken as a lump sum it will be taxed at 55%. When testing the benefits against the *planholder's personal lifetime allowance*, the value of benefits previously taken from the *Plan* or from any other *registered pension scheme*, will be taken into account.

Monthly transaction date: this is the date on which our management charges under section 6 are collected each calendar month. Subject to section 11, the *monthly transaction date* will fall on the same day of the month as the *relevant date*. The first *monthly transaction date* falls in the first calendar month next following the relevant date, and subsequent ones then fall monthly thereafter.

NAE: National Average Earnings Index: the index made by the figures in the "Actual" column under the heading "Whole Economy" in the Average Earnings Index for all employees in Great Britain. This index is published by the Government Executive Agency known as the Office for National Statistics, or by any other Government office as required by legislation.

NRD: normal retirement date: is a birthday usually in the range 60-75 matching the normal retirement date that applied for the *previous scheme*.

Pension credit and pension credit rights: If the *planholder* is divorced (or his or her civil partnership has been dissolved) and he or she was awarded a *pension credit* of part of the ex-spouse's or ex-civil partner's benefit under a pension scheme, the transfer payment paid to the *Plan* may include this *pension credit* and the *planholder* will then have *pension credit rights* under the *Plan*. Similarly, on divorce or dissolution the *planholder's* ex-spouse or ex-civil partner may be awarded a *pension credit* in respect of the *planholder's* benefits under the *Plan* and the ex-spouse or ex-civil partner will then have *pension credit rights* under the *Plan*.

Personal lifetime allowance*:* This will normally be the *standard lifetime allowance*. However, a higher or lower amount may apply in certain circumstances including the following:

(a) If at 5 April 2006 the value of the *planholder's* pension funds under all *registered pension schemes* exceeded the *standard lifetime allowance* (or his or her funds were of such a value that the *standard lifetime allowance* could be exceeded at a later date) the *planholder* may register with *HMRC* for transitional protection and his or her *personal lifetime allowance* will then be higher than the *standard lifetime allowance*; or

(b) If on 5 April 2006 the *planholder* was entitled to a pension from an age less than 50 because a special retirement age applied to *previous scheme*, his or her *personal lifetime allowance* will be the *standard lifetime allowance* reduced by 2.5% for each complete year that benefits are taken before age 50 (55 from 6 April 2010); or

(c) If the *planholder* was awarded a *pension credit* with an effective date of before 6 April 2006, he or she may register with *HMRC* for transitional protection and his or her *personal lifetime allowance* may be higher than the *standard lifetime allowance*.

When any benefits come into payment, the value of those benefits is tested against the *planholder's* available *personal lifetime allowance* (or at age 75, if later). Before paying any benefits we will need evidence of any percentage of the *standard lifetime allowance* that has already been used in providing benefits. If, at that time, the *personal lifetime allowance* is different to the *standard lifetime allowance*, we will also need evidence of the actual *personal lifetime allowance*. If the *personal lifetime allowance* has been exceeded, the excess benefits will be subject to a *lifetime allowance charge*. It is the *planholder's* responsibility to keep a record of the percentage of his or her *personal lifetime allowance* that has been used in providing benefits.

Plan: the Company Pension Transfer Plan set up with Prudential for the *planholder* as a result of the transfer from the *previous scheme*.

Planholder: the *planholder* is the primary beneficiary of the contract set up with Prudential as a result of the transfer from the *previous scheme*. The primary beneficiary was a member of the *previous scheme*.

Previous scheme: the previous employer's occupational pension scheme, being a ***registered pension scheme*** within the terms of Chapter 2 of Part 4 of the Finance Act 2004 and the scheme from which the transfer to the *Plan* was paid.

Post 1997 COSR benefits: benefits resulting from contracting-out of the State Earnings Related Scheme (SERPS) or the State Second Pension (S2P) using a contracted-out salary related scheme after 5 April 1997. See section 4.2 for more information.

Protected rights: benefits resulting from contracting-out of the State Earnings Related Scheme (SERPS) or the State Second Pension (S2P) using a contracted-out money purchase scheme, a personal pension or a stakeholder scheme. See section 4.1 for more information.

Registered pension scheme: a pension scheme or pension arrangement (including buy-out plans such as this *Plan*) that is registered with *HMRC*. This gives the pension scheme or arrangement various tax advantages in respect of payments, investments and benefits.

Relevant date: the later of the date when we get the transfer payment and the date when we have all the information we need to meet our legal and contractual obligations.

RPI: Retail Prices Index: the general index of retail prices (for all items) published by the Government Executive Agency known as the Office for National Statistics or by any other Government office as required by legislation.

Safeguarded rights and safeguarded rights benefits: Contracted-out rights under *pension credit rights* are known as *safeguarded rights*. The benefits that can be drawn from *safeguarded rights* are known as *safeguarded rights benefits*.

Standard lifetime allowance: The Government has set a limit for each tax year on the value of the benefits that can be taken from *registered pension schemes*. This limit is called the *standard lifetime allowance*. If the *standard lifetime allowance* is exceeded, the excess benefits may be subject to a *lifetime allowance charge*.

The *standard lifetime allowance* for tax years 2006/07 to 2010/11 has already been set by the Government and is shown opposite:

Tax year	Standard Lifetime Allowance
2006/07	£1.50 million
2007/08	£1.60 million
2008/09	£1.65 million
2009/10	£1.75 million
2010/11	£1.80 million

The standard lifetime allowance is expected to increase each tax year after 2011.

Working day: any day that Prudential is open for business. This excludes

- Saturdays,
- Sundays,
- bank holidays,
- any other public holiday and days that we, or any other organisation that performs any administrative or investment function on our behalf is not open for business (for example, around public holidays).

2. GENERAL

Each *planholder* gets a Transfer Certificate to confirm details of the individual contract set up for him or her with Prudential as a result of an application and payment from the trustees of the *previous scheme*.

The Transfer Certificate, and any later letters about changes to the Transfer Certificate, confirm a *planholder's* individual details.

The *planholder* will also get yearly benefit statements to help assess the progress of his or her *Plan*.

The contract, or contracts, with us are set up by means of an application and declaration from the *previous scheme* trustees made to us, and any other information which the application or other material authorises us to get. If any of the information is later found to be incorrect or incomplete, we have the right to alter any terms of the *Plan* which, in our opinion, would not have been agreed if we had known the full facts. We will write to the *planholder* about any such change to the *Plan*.

Although the application for the Company Pension Transfer Plan is made by the *previous scheme* trustees, the Company Pension Transfer Plan is, in fact, an individual contract made for the benefit of the *planholder*. The *planholder* deals directly with Prudential and has direct contractual rights with Prudential. This Guide, the Appendix covering the Lifestyle Options and the Transfer Certificate set out the terms and conditions of the *planholder's Plan*.

3. TRANSFER DETAILS

3.1 PAYMENT METHODS

Transfer payments must normally be by direct credit transfer or cheque. Any other payment method must be agreed in advance with us (and may be subject to a separate charge to cover our expenses).

Any later transfer payment for the *planholder* (after the *Plan* has been set up) may not attract the same investment terms as applied to the initial transfer value i.e. we may impose a different, probably higher Annual Management Charge (see section 6) in relation to the later transfers than will have been imposed on the initial transfer. We will confirm the terms separately for a later transfer payment (unless we have agreed such terms in advance).

3.2 MINIMUM REQUIREMENTS

There is no minimum transfer value amount. However, unless we specifically agree otherwise, there must be at least 10 years to the *planholder's NRD* when we get the transfer value with all supporting documentation. We will not reduce the 10 year minimum period to below 3 years if a *GMP* Reserved Contribution applies (see section 5.3).

Where a *GMP* is included (see section 4.2) in a transfer, the *GMP* must be guaranteed on taking pension benefits or on earlier death. There is therefore a requirement to have the value of the *GMP* invested in the With-Profits *(GMP)* Fund. The compulsory *GMP* investment will be shown as "Reserved Contribution" in the Transfer Certificate.

If, however, the "Reserved Contribution" is not sufficient to meet the *GMP* guarantee, the rest of the *planholder's* fund will be used for this purpose before any other benefits are provided. See section 4.3 for further important information about the terms of the *GMP* guarantee.

4. CONTRACTED-OUT BENEFITS

The Company Pension Transfer Plan will normally accept the value of the contracted-out benefits – benefits resulting from contracting-out of the State Earnings Related Pension Scheme (SERPS) or the State Second Pension (S2P).

4.1 PROTECTED RIGHTS PENSIONS

If any part of the transfer value represents *protected rights*, there are legal restrictions on when and how these funds can be used (the same restrictions that will have applied before the transfer). Pension bought with any *protected rights* funds must:

- be bought using unisex annuity rates. This means that, for the same purchase price, the pension will be the same for males and females who are the same age.
- generally continue at half rate for a spouse or *civil partner* – but, if the *planholder* is not married or not in a civil partnership when the *protected rights* pension is to start, this is not necessary.

Protected rights pensions can, but do not have to increase in payment.

4.2 GUARANTEED MINIMUM PENSION AND POST-5 APRIL 1997 CONTRACTED-OUT SERVICE

4.2.1 REVALUATION OF GMP FROM DATE OF LEAVING SERVICE

Where a transfer to the *Plan* includes the value of a *GMP*, the *Plan* must guarantee to meet the legal requirements on *GMPs*. The revalued *GMP* must be available on taking benefits at age 65 (men) or 60 (women), and the spouse's or *civil partner's GMP* must be available on the *planholder's* death (see also section 4.3).

If benefits are deferred after age 65 (men) or 60 (women), the *GMP* will be further revalued by one seventh of one per cent (simple) for each week of deferment after age 65 (men) or 60 (women).

The amount of the *GMP*, including revaluation to the date of leaving the *previous scheme* but before the addition of any future revaluation will be confirmed by the *previous scheme* and shown on the *planholder's* Transfer Certificate as " Guaranteed Minimum Pension".

The revaluation basis will have been chosen by the *previous scheme* trustees and will normally be on the "fixed rate revaluation" basis set out below. The *previous scheme* trustees may, however, have selected the "limited revaluation basis" set out below if the *planholder* left service before 6 April 1997. The Transfer Certificate will confirm and/or reflect the revaluation basis that applies to the *planholder's Plan*.

Under legislation, trustees are also able to select "full revaluation". *GMPs* with full revaluation cannot however be transferred to the Company Transfer Plan.

The three different revaluation bases are set out below for information.

Fixed Rate Revaluation:
This rate depends on the date of leaving contracted-out service under the scheme as set out in the table below. The date of leaving contracted-out service will usually be the same as the date when scheme membership finished.

Date of leaving contracted-out service	Revaluation rate
Before 6 April 1988	8.5%
Between 6 April 1988 and 5 April 1993	7.5%
Between 6 April 1993 and 5 April 1997	7.0%
Between 6 April 1997 and 5 April 2002	6.25%
On or after 6 April 2002	4.5%

Limited Revaluation:
Each year's increase is the lower of Full Revaluation (see below) and 5%. The State Scheme compensates for the difference between Limited Revaluation and Full Revaluation by adding the necessary amounts to the *planholder's* State pension. Limited Revaluation was withdrawn for leavers from 6 April 1997. Schemes must now choose between Full Revaluation or Fixed Rate Revaluation. However, Limited Revaluation can still apply if the individual left contracted-out service before 6 April 1997.

Full Revaluation:
Increases in line with "Section 148 Orders" (s.148 of the Social Security Administration Act 1992), previously known as "Section 21 Orders" – which are roughly equivalent to increases in *NAE*.

Full Revaluation is not available under the Prudential Company Transfer Plan. The revaluation rate of any *GMP* liability to be transferred to the Prudential Company Transfer Plan must be either Fixed Rate or Limited, so that the maximum liability in respect of *GMP* can be identified.

4.2.2 GMPS AND POST 1997 COSR BENEFITS IN PAYMENT

Any *GMP or post 1997 COSR benefits* must be set up to include a spouse's or *civil partner's* pension. The basis of the spouse's or *civil partner's* pension is set by legislation.

Any *GMP* accrued after 5 April 1988 and before 6 April 1997 must increase in payment each year, either at a fixed rate of not less than 3% each year, or in line with changes in the *RPI* subject to a maximum percentage each year (of not less than 3%).

Pre 6 April 1988 *GMPs* and *post 1997 COSR benefits* do not have to increase in payment.

4.3 IMPORTANT INFORMATION ABOUT THE GMP GUARANTEE

As mentioned above, where a transfer to the *Plan* includes the value of a *GMP*, we must meet certain legal requirements. In particular we must guarantee to pay a minimum pension at least equal to:

- the revalued *GMP* on taking benefits at age 65 (men) or age 60 (women),

or

- the spouse's or *civil partner's GMP* on the *planholder's* death.

The terms of this guarantee are as follows:

a) This guarantee only applies to the revalued *GMP* (see section 4.2) on or after age 65 (men) and age 60 (women), or on the *planholder's* death.

b) A portion of the fund calculated by us must be invested in the With-Profits *(GMP)* Fund (see sections 5.3 and 5.8), and cannot be switched out of that fund. The amount so invested is called a "Reserved Contribution" – see also sections 3.2 and 5.3.

c) We do not guarantee that the With-Profits units referable to the Reserved Contribution will provide enough money to pay for the *GMPs*. We only guarantee that the value of all the units held under the *Plan* will provide enough to pay for the *GMPs*. Accordingly, as described in section 3.2, if the proceeds of investing the "Reserved Contribution" are not sufficient to buy the *GMPs*, the rest of the *planholder's* fund will be used for this purpose before any other benefits can be provided. If the value of all units held under the *Plan* is still not sufficient to buy the *GMPs* at the relevant date under a) above, Prudential will make up the difference.

d) The guarantee only applies to a *GMP* and any spouse's or *civil partner's GMP* purchased from **Prudential** under the terms of the *Plan*. The *planholder's* benefits cannot be purchased with another provider under the open market option (see section 8.7) unless that provider guarantees to pay the *GMP* at the pension date mentioned in a) above.

   Similarly, the value of the *Plan* cannot be transferred to a pension arrangement with another provider (see section 10) unless the *GMP* is to be converted to *protected rights* under the receiving arrangement or the new provider guarantees to pay the *GMP* at the pension date mentioned in (a) above.

   If benefits are transferred to and/or bought with another provider, Prudential will not add any additional amount to the *Plan* value if there is a shortfall. We will not pass to other providers amounts in excess of the *GMP*.

e) As explained in section 8.4.3, the *planholder* can only take benefits (whether pension or lump sum) before age 65 (men) or 60 (women) if the value of all units held under the *Plan* is sufficient to buy a pension that starts at that time at an amount not less than the revalued *GMP*, ie the *GMP* that would be payable at age 65 (men) or 60 (women). If necessary the *planholder* must wait until that age before taking any benefits, and must then use the entire *Plan* funds to the extent necessary to provide the *GMP* benefits. Only if the amount then available from all funds held under the *Plan* is insufficient to purchase those *GMP* benefits, will an additional sum be added by Prudential sufficient to allow the purchase of those *GMP* benefits from Prudential.

4.4 SAFEGUARDED RIGHTS BENEFITS

Safeguarded rights benefits cannot start before age 60.

5. INVESTMENT OPTIONS

5.1 FUND MANAGERS

The Company Pension Transfer Plan offers access, through one provider, to a variety of Fund Managers.

We, or our Fund Managers, invest each fund in the way set out in published descriptions of that fund. Our funds literature gives more information on the investment funds and Fund Managers. Within the limits described in our funds literature, we or our Fund Managers may invest each fund in any assets we or they consider suitable. The investment objectives of the funds can, however, be changed at any time.

Under the Prudential Company Transfer Plan, both investment-linked and a unitised With-Profits Fund are available (subject to our powers to close, merge, wind-up and withdraw funds under section 5.6).

In the rest of this section 5, funds that are managed directly by us are called "Prudential funds" whilst funds that are linked to external Fund Managers are called "externally – linked funds".

All funds, apart from the With-Profits Fund and the With-Profits (*GMP*) Fund are investment-linked funds.

5.2 INITIAL INVESTMENT

The *previous scheme* trustees will indicate in the application form the fund(s) to which the transfer value will be allocated. Each *planholder's* investments can initially be in a maximum of 6 funds, or 5 if the *GMP* Reserved Contribution applies (see section 5.3). This maximum of 6, or 5 as appropriate, includes the funds to receive automatic switches at the start of, and during the operation of a Lifestyle Option (described in the Lifestyle Appendix to this Guide).

We will include details of the initial fund allocation (allowing for any adjustment we make in terms of section 5.3) in the documentation we send to each *planholder* about the *Plan*.

5.3 GMP RESERVED CONTRIBUTION

Where a *GMP* is included in a transfer to the Plan, a portion of the Transfer Value must be invested in the With-Profits (*GMP*) Fund – shown as the "Reserved Contribution" in the *planholder's* Transfer Certificate. We will calculate this Reserved Contribution for investment in the With-Profits (*GMP*) Fund.

If necessary, we will alter the selection to meet this minimum Reserved Contribution by reducing the percentage to be applied to other fund(s) and will confirm this to the *planholder.* Where a Reserved Contribution applies, and we agree to waive the 10 year minimum requirement described in section 3.2, the Transfer Value must be received at least three years before *NRD.*

The Reserved Contribution cannot be switched out of the With-Profits (*GMP*) Fund. See also section 4.3 for important information about the *GMP* guarantee.

5.4 INVESTMENT CHANGES: SWITCHING BETWEEN FUNDS

Once the *Plan* is set up, the *planholder* can change the investment strategy (except the *GMP* Reserved Contribution*) by switching between the funds available under the *Plan*. The *planholder* can then choose up to a maximum of 20 funds, or 19 if the *GMP* Reserved Contribution* applies.

Where a Lifestyle Option (described in the Lifestyle Appendix to this Guide) has been selected, fund selection is limited to a maximum of 6 funds, or 5 if the *GMP* Reserved Contribution* applies. This restriction on the number of funds applies to the entire term of a Lifestyle Option including the period between selecting the Lifestyle Option and the date that automatic switching actually starts.

* see section 5.3

Switching between funds may normally be carried out at any time. However:

- switches into the With-Profits Fund are **not** allowed within 3 years of *NRD*, and, if requested, would instead be invested in the Prudential Cash Fund.
- the *GMP* Reserved Contribution (see section 5.3) cannot be switched out of the With-Profits (*GMP*) Fund.
- a Lifestyle Option (described in section 5.5 and in the Lifestyle Appendix to this Guide) will be cancelled automatically if the *planholder* chooses to have *Plan* investments in more than a total of 6 funds, or, where the *GMP* Reserved Contribution applies (see section 5.3), if the *planholder* chooses to have investments in more than 5 funds.

Investment switches are free (including automatic switches using a Lifestyle Option) although we do reserve the right to apply a charge. If we decide to apply a charge, we would first tell the *planholder* (in writing).

We will, subject to any delay under section 5.9, start to process changes to the investment selection on the day we get the *planholder's* request to switch. We may either:

- sell the existing units and buy the new units as at the same date, using the unit prices then applicable; or
- sell the existing units and buy the new ones on different dates.

If the latter applies, the new units may be bought on a date and using the relevant unit price(s) some days later than the date the original units were sold. This is because there is a lead-time involved in the calculation of unit prices, and where external Fund Managers are involved, transmission of data to and from these companies may extend the lead-time. The prices of units can, as always, go up or down during that time: this risk is borne by the *planholder*. No interest will be added to the value realised from the sale of units for the interim period between sale and purchase.

We may make a deduction from the value realised from the sale of units of the Prudential With Profits Fund (see section 5.8.3).

We will confirm any investment changes (except any automatic switches) to the *planholder* when we have implemented the change.

If the Annual Management Charge (see section 6) is different for the fund to which any switch (automatic or individually selected) is made, the charge will be altered to reflect the level of charge applying to the receiving fund (see section 6.4).

Rounding adjustments in unit values could have a minor effect on overall values.

5.5 LIFESTYLE OPTION

A Lifestyle Option is an investment strategy for the whole term of the *Plan* – a strategy that includes automatic investment switches.

Details of Lifestyle Options are set out in the Lifestyle Appendix to this Guide.

5.6 INVESTMENT FUNDS

We and the Fund Managers we appoint look after a number of investment-linked Funds. We also offer a unitised With-Profits Fund. We use these funds to calculate benefits under pension plans we issue, including the *Plan*.

Each fund can be divided into parts, or sub-funds. Each part/sub fund will be divided into units, which may be of different types. Each unit of the same type in the same part/sub fund will have the same value.

We will calculate the benefits payable from the *Plan* by allocating units to each *Plan* from the fund(s) selected. Although we may use the funds to meet our obligations under the *Plan*, *planholders* have no legal or beneficial right either to any of the units or to any part of the funds.

We can change the way we record units and change the number of units issued in the case of any particular fund (for example, we may combine or divide the existing units) and make corresponding changes to the unit price, but we will not do so in any way that disadvantages the *planholder*.

We can at any time introduce new funds. Any new funds may be subject to different terms. We can also:

- close any one or more of the funds to future moneys;
- merge or wind-up any one or more of the funds;
- withdraw the option to invest in any one or more of the funds.

We will exercise our power to close, merge, wind-up or withdraw a fund only for important legal or commercial reasons. We will aim to act fairly and reasonably in the way that we do so, having regard to our duty to protect the interests of the *planholder* and other policyholders. If we exercise this power, we will give as much notice as we can given the circumstances and we will seek the *planholder's* instructions for any amounts that need to be disinvested from the relevant fund. If we do not receive instructions within the time scale specified in the notice, we will either switch the *planholder's* fund to units of the fund that has the most similar investment objectives to the closed, merged, wound-up or withdrawn fund, or failing that, to the Prudential Cash Fund.

5.7 INVESTMENT-LINKED FUNDS

5.7.1 VALUATION OF FUND ASSETS

Funds will be valued at least once each month.

Assets may be valued in different ways and the decision of the relevant company or Fund Manager on all valuation issues is final.

The value of each Prudential fund is determined by us at our complete discretion. We do not value our externally-linked funds independently. We base the value of externally-linked funds on the values that the external Fund Managers decide upon in respect of their own corresponding funds. They value their own funds at their complete discretion.

5.7.2 FUND VALUES AND UNIT PRICES

The value of a fund is based on the value of the assets relating to it; certain adjustments are then made to that value.

In some cases, there will be a range of values that can be placed on assets and therefore on the value of a fund. A number of factors will be relevant. The main factor when deciding how to value an asset is whether the total amount being paid into a fund (including any underlying fund) is more or less than the total amount being paid out. If more money is being paid in, the relevant company or Fund Manager will be buying more assets than it is selling. In such a case, the purchase price of assets will normally be used in valuing the fund. If, however, more money is being paid out of the fund, the sale price of assets will normally be used in valuing the fund. The relevant company or Fund Manager may however, at its complete discretion, choose to base the value of the fund on asset values that lie between the purchase and sale prices. It may also make an adjustment to the fund value to take account of the expenses of buying and/or selling assets (see section 5.7.3 for an explanation of this type of adjustment, called a "dilution levy").

The *planholder* should note that because of the potentially daily switches between sale and purchase valuation bases, there may be day-to-day fluctuations in the unit price, even though the market appears to be relatively stable.

Other methods of valuing funds may be used. In choosing any other method the relevant company or Fund Manager will act in a fair and reasonable manner.

Asset valuations and unit price calculations are carried out with extreme care, but on some occasions mistakes may occur. If this happens, the unit price will normally be corrected once the mistake has been detected. If, however, the mistake is due to an error outside the control of the relevant company or Fund Manager, Prudential reserves the right not to correct the mistake retrospectively.

5.7.3 CALCULATION OF UNIT PRICES

Each investment-linked fund is divided into units.

The unit price is the value of the fund divided by the number of units in issue (subject to any rounding).

If for any reason, the fund's value cannot be obtained by valuing the assets, the relevant company or Fund Manager may calculate the unit price by making an adjustment to the previous day's unit price. This adjustment will reflect the way in which the values of the underlying assets may have changed.

When calculating unit prices for Prudential funds we:

- round our calculations up by one tenth of a penny or less, if we decide to value the relevant fund on the basis of the purchase price of assets; and
- round our calculations down by one tenth of a penny or less if we decide to value the relevant fund on the basis of the sale price of assets.

Unit prices for externally-linked funds will be rounded in accordance with the methods used by the relevant external Fund Manager. Where the prices supplied to us by the external Fund Manager are rounded to one-hundredth of a penny or less, those prices will be further rounded by us to the nearest one-tenth of a penny.

Units of any given fund are bought and sold at the same price, although a "dilution levy" may apply – see below.

In some circumstances, an external Fund Manager may make a charge called a “dilution levy". This type of charge covers the cost of either buying assets (where more people are investing than disinvesting) or selling assets (where more people are disinvesting). The charge may either be applied in the credit or cancellation of units, or it may be absorbed by the fund itself – this depends on the practice of the individual external Fund Manager.

If an external Fund Manager makes such a charge, we may at our discretion make a corresponding charge, collected either via credit or cancellation proceeds by varying the unit price or from the relevant externally-linked fund as appropriate. A dilution levy is not designed to make a profit, but to cover expenses.

5.7.4 UNIT PRICES USED FOR TRANSACTIONS

Due to the varying processes of our different Fund Managers, different unit price dates may apply to purchases and sales of units in different funds.

Current unit prices can be found on our website at www.pru.co.uk.

5.8 WITH-PROFITS FUND

5.8.1 GENERAL

Our With-Profits Fund is divided into parts, or sub-funds. Each part or sub-fund is divided into units. We may combine or divide the units of the fund at any time, and we may combine with other with-profits funds.

Only one type of unit applies to each sub-fund. Units of the With-Profits (*GMP*) Fund (see section 5.3) attract a different charge (see section 6) from those in the other sub-fund(s).

The price of units in the With-Profits Fund will not fall (but see section 5.8.3 on the Market Value Reduction).

5.8.2 BONUSES

We may add regular bonus through increases in the unit price. The price of units allocated to the *Plan* in the With-Profits fund will therefore increase as regular bonuses are added. We may add a final bonus to the value realised when a unit of the With-Profits Fund is cancelled.

Bonuses are determined by the Board of The Prudential Assurance Company Limited (Prudential) based on the returns generated by the assets backing the with-profits business in the long term fund of Prudential.

5.8.3 MARKET VALUE REDUCTION

A Market Value Reduction may reduce the value of With-Profits Fund units in circumstances where the value of the underlying assets is less than the value of the units in the With-Profits Fund (including any final bonus). The Market Value Reduction, if any, is applied only when the *Plan* is fully or partially surrendered (for example, on taking benefits before *NRD* or transfer to another plan) or units switched into another fund. It is not applied when funds are cashed in at *NRD*, within the month leading up to the *NRD* or on earlier death.

The intention of the Market Value Reduction is to provide a fair value for the With-Profits Fund units being cashed in, while protecting the interests of other policyholders who continue their policies until maturity. In this way, Prudential will have regard to the need to protect both the interests of continuing policyholders and the solvency of its long term fund.

For further details of our With-Profits Fund, please ask for our detailed With-Profits literature.

5.9 EXCEPTIONAL CIRCUMSTANCES

There may be a delay in buying, selling or switching units in any fund if that fund has not been valued due to exceptional circumstances, or where due to market or other conditions beyond Prudential's or the relevant external Fund Manager's control (including system failures), it is not possible to trade.

A sale of assets relating to a fund may have an adverse effect on their value, particularly in circumstances where they are not readily saleable within a short period of time. For these reasons, in order to protect the value of the *planholder's* investment and the investments of all other policyholders, we may again delay carrying out any instruction to sell units.

We will not delay buying, selling or switching units for any longer than is reasonably necessary.

The unit prices for the deferred transaction will be those applying at the end of the period of deferment (unless in our opinion this would not be fair and reasonable).

6. MANAGEMENT CHARGE

6.1 GENERAL

There are separate Annual Management Charges that apply to each fund or part or sub-fund.

The Annual Management Charge is calculated as a percentage of the values of units, varying according to the selected fund(s) and sub-funds.

6.2 INVESTMENT-LINKED FUNDS

For investment-linked funds, the charge is currently an explicit charge taken by cancellation of units under the *Plan*.

6.3 THE WITH-PROFITS AND WITH-PROFITS (GMP) FUND

For the With-Profits Fund, the charge is primarily an implicit charge reflected in the price of the units.

Depending on the terms agreed for the *Plan*, the actual Annual Management Charge may, however, be different from the implicit charge in the With-Profits Fund. If the actual agreed Annual Management Charge is lower than the implicit charge, a rebate will be given by allocating units to the *Plan*. If the actual agreed Annual Management charge is greater than the implicit charge, the balance of the charge will be met by deducting units from the *Plan*. All such unit allocations or deductions are applied on the *monthly transaction date*.

The *GMP* Reserved Contribution, attracts a higher charge than other investments in the With-Profits Fund.

6.4 EXPLICIT CHARGES DEDUCTED BY CANCELLATION OF UNITS

6.4.1 GENERAL

This section applies to:

- all investment-linked funds; and
- investments in the With-Profits Fund in cases where an additional deduction is made as mentioned above to produce the actual Annual Management Charge that applies to the relevant *Plan*.

6.4.2 ONGOING DEDUCTION OF CHARGES

Explicit Annual Management Charges are deducted on the *monthly transaction date*, by cancelling units of our choice to the value of one-twelfth of the relevant explicit Annual Management Charge.

6.4.3 DEDUCTION OF ANNUAL MANAGEMENT CHARGE ON SALE OF UNITS

Where units are to be sold on a date other than the *monthly transaction date* (for example to pay benefits), a proportion of the explicit Annual Management Charge will be deducted to cover the period since the previous *monthly transaction date*. This proportion will reflect the number of expired days since the previous monthly transaction date, calculated as: A x B ÷ C where:

A = the number of days since the last *monthly transaction date*;

B = Annual Management Charge ÷ 12;

C = the number of days between the previous *monthly transaction date* and the next *monthly transaction date*;

6.4.4 DEDUCTION OF ANNUAL MANAGEMENT CHARGE ON SWITCHING BETWEEN FUNDS

Where units are to be sold on a date other than the *monthly transaction date*, for the purposes of switching between funds under sections 5.4 and 5.5, either:

- a proportion of the explicit Annual Management Charge(s) will be deducted as described above in respect of the old fund(s) and the charge for the new fund(s) will apply from the date the switch takes place; or
- the explicit Annual Management Charge(s) appropriate to the new fund(s) will be applied from the next *monthly transaction date* as if investment had been in the new fund(s) for the whole of the preceding month. In such a case, no charge is made in respect of the investment in the old funds(s) for that month.

6.5 ANNUAL MANAGEMENT CHARGE CONFIRMED IN PLAN DOCUMENTATION

The Annual Management Charges applying to the *planholder's Plan* will be confirmed in the documentation that we send to the *planholder* when the *Plan* is set up.

6.6 CHANGES TO THE ANNUAL MANAGEMENT CHARGE

The charges may change because of a change to the investment fund selection. We will tell the *planholder*, in writing, if the charge is to change as a result of switching between funds (except any automatic switches) under section 5.4.

We also reserve the right to increase Annual Management Charges at any time, as set out in section 13 of this Guide.

7. UNIT ALLOCATION

Some pension plans reduce the money to be invested (effectively take a charge) before buying investment units. However, the whole transfer payment to the *Plan* is applied to buy units – there is "100% allocation".

Each transfer payment results in a number of units allocated to the *Plan*.

If a transfer payment is to be invested in more than one fund, we will apply the transfer payment to the selected funds in the selected proportions, having made any necessary adjustment for the *GMP* Reserved Contribution (if applicable) as described in section 5.3.

Due to the varying processes of our different Fund Managers, different unit price dates may apply to purchases and sales of units in different funds.

The *GMP* Reserved Contribution, if any, will be treated as part of any With-Profits Fund selection (see section 5.3).

8. PLANHOLDER'S PENSION AND LUMP SUM BENEFITS

8.1 NORMAL RETIREMENT DATE (NRD) AND ACTUAL BENEFIT DATE

When the *Plan* starts, the *NRD* will be selected by the *previous scheme* trustees. The *NRD* will normally be the *planholder's* birthday that matches the normal retirement age which applied for the *previous scheme*, and will usually be in the range of 60 to 75.

The *planholder's NRD* may be before age 50 (age 55 after 2010) if a special retirement age before age 50 applied for the *previous scheme* and the *previous scheme trustees* have indicated that the special retirement age may continue to apply under the *Plan*.

The *planholder* can ask us to change the *NRD* to an earlier or later date within the standard 50 to 75 age range (or age 55 to 75 if taking benefits after 6 April 2010).The proposed new *NRD* must be the *planholder's* birthday and at least 5 years later than the date that we get the request to change the *NRD*.

The *planholder* does not need to retire to take benefits from the *Plan* and does not have to take benefits at the *NRD* (see sections 8.4 and 8.5). In addition, benefits may be taken earlier than age 50 (age 55 from 6 April 2010) if the *planholder* is in ill-health (see section 8.4). Special requirements apply, however, to *GMPs* and *safeguarded rights* (see section 8.4).

8.2 SELLING UNITS FOR BENEFITS

When the *planholder* wants to take pension and lump sum benefits (provided that *HMRC* rules allow benefits to be taken at this time), we will calculate the value of the units to be cashed in for benefits. The units to be used for benefits will (subject to any delays in cancelling units under section 5.9) be valued at the proposed benefit date or at the date the funds are to be transferred (see section 8.7). However, if we do not, at that date, have all the completed documentation needed, in our opinion, to allow benefits to be taken or the transfer to be processed, the (later) date when we have all the completed documentation will be used instead.

Due to the varying processes of our different fund managers, different unit price dates may apply to purchases and sales of units in different funds.

In preparation for taking pension and lump sum benefits, we will switch all units allocated to the *Plan* into the Prudential Cash Fund, but no sooner than a month before *NRD*. Where the *planholder* tells us that benefits are required before *NRD*, we will switch all units allocated to the *Plan* into the Prudential Cash Fund, but no sooner than a month before the chosen benefit date.

This switching to the Prudential Cash Fund provides a measure of security – while there is no absolute guarantee, the Prudential Cash Fund value is less likely to fall. **However, we will not apply this switch to the Prudential Cash Fund if the *planholder* asks us, in writing, not to make the switch.**

Unless the *planholder* requests otherwise, all units remaining in the *Plan* at *NRD* not already in the Prudential Cash Fund will in any case be switched to that fund at *NRD*. Again, if the *planholder* is deferring taking benefits, he or she can ask us, in writing, not to make this automatic switch at *NRD*, in respect of any investments in the investment – linked funds. Investments in the With-Profits Fund cannot continue after *NRD* and so must either be switched to another fund of the *planholder's* choice, or failing that, to the Prudential Cash Fund.

Where units of the With-Profits Fund including the With-Profits (*GMP*) Fund are to be cashed in before *NRD*, a Market Value Reduction may be applied (see section 5.8.3).

8.3 PLANHOLDER'S BENEFITS – GENERAL

Except for *GMP* (which must be taken in pension form) the *Plan* benefits are taken as a lump sum and/or pension.

Benefits can be taken at *NRD*, or can be taken at any time between ages 50 (age 55 from 6 April 2010) and 75 (but see sections 8.4 and 8.5).

The *planholder* may choose that all or some of the money is used to buy a pension either from us or from another insurance company (see section 8.7).

If the *planholder* has not taken all benefits under the *Plan* by age 75 we may use the money to buy a pension for him or her. We will choose the insurance company and the form of pension.

The value of the benefits will be tested against the *planholder's* available *personal lifetime allowance* and we will deduct any *lifetime allowance charge*.

8.4 TAKING BENEFITS BEFORE NRD

8.4.1 GENERAL

It is possible to take benefits before *NRD* without penalty, but subject to a Market Value Reduction (see section 5.8.3) and a proportionate Annual Management Charge (as described in section 6.4). Benefits can normally be taken from age 50 onwards (55 from 6 April 2010)

8.4.2 ILL-HEALTH BENEFITS

Benefits may be taken before age 50 (or 55 after 6 April 2010) if the *planholder* is in ill-health. In this case, the *planholder* needs to provide us with written evidence from a registered medical practitioner confirming that the *planholder* has become incapable of carrying on his or her occupation and is unlikely to return to it. See also section 8.6.3.

8.4.3 GMP AND SAFEGUARDED RIGHTS

If a *GMP* is to be provided, benefits may only be taken before age 65 (men),60 (women) if the value of the *Plan* is enough to buy a pension that starts at an amount not less than the revalued *GMP* i.e the *GMP* which would be payable at age 65 (men), 60 (women). See also section 4.3.

As stated in section 4.4, *safeguarded rights benefits* cannot be taken before age 60.

8.5 DEFERRING BENEFITS AFTER NRD

Benefits can normally be deferred up to a maximum of age 75. However, where *NRD* is 45 or less, benefits may have to be taken earlier than 75 to meet *HMRC* rules. (We will tell the *planholder* if this applies.)

8.6 PLANHOLDER'S LUMP SUM AND PENSION BENEFITS

8.6.1 PENSION COMMENCEMENT LUMP SUM (TAX-FREE CASH)

HMRC rules allow part of the *planholder's* benefits to be taken as a pension commencement lump sum (sometimes called "tax-free cash").

The lump sum:

(1) must not be more than 25% of the value of the benefits to be taken;

(2 must not, when added to all pension commencement lump sums taken by the *planholder* from all *registered pension schemes*, exceed 25% of the *standard lifetime allowance* applicable at the time the lump sum is paid;

(3) may only be paid if all or part of the *planholder's personal lifetime allowance* is available; and

(4) must be paid before the *planholder's* 75th birthday.

In addition, there must be enough money left to cover any *GMP*.

Where the *planholder* has transitional protection in accordance with section 8.8, a larger lump sum may be available.

8.6.2 COMMUTATION LUMP SUM

It may be possible for the *planholder* to receive the entire benefit as a commutation lump sum. Such a lump sum can only be paid if:

(1) the value of the *planholder's* benefits from all registered pension schemes does not exceed 1% of the standard lifetime allowance;

(2) the *planholder* has reached the age of 60 but has not reached the age of 75;

(3) the *planholder* has all or part of his or her *personal lifetime allowance* available; and

(4) no commutation lump sum has been paid to him or her from any *registered pension scheme* more than 12 months before this payment.

8.6.3 SERIOUS ILL-HEALTH LUMP SUM

The value of the *planholder's* benefits may be paid as a serious ill-health lump sum where we have received written evidence from a registered medical practitioner that the *planholder* is expected to live for less than one year. The *planholder* must be aged less than 75 and have all or part of his or her *personal lifetime allowance* available.

If there are any *GMPs* or *protected rights* under the *Plan* we must keep back enough of this fund to buy a pension for any surviving spouse or *civil partner* in accordance with section 9.2.

8.6.4 PLANHOLDER'S PENSION

Any part of the *Plan* value not used to provide a lump sum benefit must be used to provide a pension. This pension can be in the form most suited to the *planholder's* requirements at that time (subject to any contracting out requirements – see section 4).

The pension can be set up to provide regular payments to the *planholder* on any basis allowed by legislation. For example the *planholder* may wish for his or her pension to increase in payment or for a *dependant* to receive a pension on his or her death. The choices made will affect the amount of pension. We will provide full details of available options before the pension is to start.

In particular, any contracted-out benefits must be set up in accordance with the legislative requirements as regards spouse's or *civil partner's* pensions and increases in payment (see section 4). There is, however, no requirement for any pension in excess of contracted-out benefits to increase in payment or include spouse's, *civil partner's* or dependant's pensions.

The *planholder* may want to draw an income for a period of time before his or her pension is bought. This practice is known as "income withdrawal" and the payments are called "unsecured pension". The *Plan* does not offer this facility so the *planholder* would need to take a transfer-out (see sections 8.7 and 10) close to the date that he or she wants to start to draw income, to a *registered pension scheme* that offers this facility. This is a very complex area and *planholders* are strongly recommended to seek financial advice when considering this option.

8.7 TRANSFER OUT OR OPEN MARKET OPTION

We can provide the benefits or the *planholder* can ask us to transfer the total value of the *Plan* to another pension provider who would then provide both the lump sum benefit and the pension. See section 10 for more information on transfers out.

There is also an "open market option". With the open market option, we pay the pension commencement lump sum to the *planholder* and the balance of the *planholder's* fund is paid to another pension provider who provides the pension. (See however, section 4.3(d), which explains that pensions must be bought from Prudential if we add extra money to meet the *GMP* guarantee.)

The rates for buying pensions change frequently as investment conditions change. So the most appropriate choice cannot be made until a pension is to be bought, but the options available allow *planholders* to shop around to take advantage of different rates and forms of pensions available in the market.

8.8 TRANSITIONAL PROTECTION

Transitional protection allows the *planholder* to protect certain rights acquired before 6 April 2006 and may be relevant where:

(a) at 5 April 2006 the value of the *planholder's* pension funds under all *registered pension schemes* exceeded the *standard lifetime allowance* (or the *planholder's* funds were of such a value that the *standard lifetime allowance* could be exceeded at a later date);

(b) the *planholder* was awarded a *pension credit* with an effective date of before 6 April 2006; and

(c) at 5 April 2006, the *planholder* was entitled under the *previous scheme* to a lump sum of more than 25% of his or her fund; and

(d) at 5 April 2006 the *planholder* was entitled to a pension before age 50, because a special retirement age applied to the *previous scheme*.

Where (a) or (b) applies the *planholder* will need to register with *HMRC* by 5 April 2009 to benefit from the transitional protection. In the case of (d) the *previous scheme trustees* must have indicated that the special retirement age applies under the *Plan*.

Whenever benefits come into payment, the value of those benefits is tested against the *planholder's* available *personal lifetime allowance* (or at age 75, if later). Before paying any benefits we will need evidence of any percentage of the *standard lifetime allowance* that has already been used in providing benefits. If, at that time, the *planholder's personal lifetime allowance* is different to the *standard lifetime allowance*, we will also need evidence of the actual *personal lifetime allowance*.

For further information on transitional protection, please contact us. This is a very complex area and *planholders* are strongly recommended to seek financial advice when considering registering for transitional protection.

9. DEATH BENEFITS

9.1 GENERAL

In the event of death before the *planholder* takes all of his or her benefits under section 8 or takes a transfer-out under section 10, the value of the *Plan* will normally be paid as a lump sum. However, the amount paid as a lump sum may have to be restricted, particularly where *protected rights*, *GMP* and *post 1997 COSR benefits* were included in the transfer to the *Plan*.

On receipt of written notification of the death (from a source and in a form acceptable to us), and subject to any delays under section 5.9, we sell all units then held under the *Plan* at the unit price(s) then applicable. Due to the varying processes of our different Fund Managers, different unit price dates may apply to sales of units in different funds.

The amount payable as a death benefit is the value of units, determined as described above.

Any lump sum death benefit counts towards the *planholder's personal lifetime allowance* and any *lifetime allowance charge* must be paid by the recipient(s).

9.2 DEATH BENEFITS ARISING FROM CONTRACTING-OUT BENEFITS

The death benefits must meet the requirements imposed by legislation.

Protected rights, *GMP* and *post 1997 COSR benefits* may have to be used to provide a pension (payable immediately) to a surviving spouse or *civil partner*. If so, the spouse's or *civil partner's* pension must, if it derives from *GMP* accrued after 5 April 1988 and before 6 April 1997, also increase in payment to meet legal requirements (see section 4).

We may pay a commutation lump sum death benefit instead of a spouse's or *civil partner's* pension if:

- the value of the spouse's or *civil partner's* pension does not exceed 1% of the *standard lifetime allowance;* and
- payment is made before the *planholder* would have reached age 75.

If there is no surviving spouse or *civil partner*, the benefit will be paid as a lump sum to the *planholder's* legal personal representatives, unless the *planholder* has set up a valid trust as described in section 9.4.

9.3 LUMP SUM DEATH BENEFITS PAYABLE TO PLANHOLDER'S LEGAL PERSONAL REPRESENTATIVES

Lump sum death benefits (including contracting-out benefits that do not have to be paid as pensions) are paid to the *planholder's* legal personal representatives, unless the *planholder* has, before his or her death, set up a valid trust as described in section 9.4, and provided us with necessary details of this trust.

9.4 DEATH BENEFITS PAYABLE UNDER TRUST

In order to avoid payment of lump sum death benefits to the *planholder's* legal personal representatives, the *planholder* may set up a trust so that benefits are instead paid to trustees of his or her choice.

It is generally considered that lump sum death benefits paid under discretionary trusts will not, so long as the individual is in good health at the time the trust is set up, form part of the individual's estate for Inheritance Tax purposes. The *planholder* should, however, take independent legal and financial advice on the use of trusts to minimise the risk of Inheritance Tax. Prudential cannot give any such advice.

If the *planholder* sets up a trust, then he or she must send us a copy of the trust documents, including any documents changing the trustees, to ensure that we pay any lump sum death benefits to the appointed trustees.

Prudential can provide a specimen trust document, but we do not guarantee that it will be appropriate to the *planholder's* circumstances, and cannot be held liable if its purpose fails for whatever reason and Inheritance Tax is therefore payable on the benefits.

Please note that under current legislation, lump sum death benefits arising from contracting-out benefits cannot be paid out under discretionary powers and may therefore form part of the *planholder's* estate for Inheritance Tax purposes.

9.5 TIME LIMIT

We will normally pay out any lump sum death benefit within two years of the *planholder's* death. There will be a 55% tax charge, taken from the payment, if the benefit is not paid within two years of the *planholder's* death.

10. TRANSFER TO ANOTHER PENSION ARRANGEMENT

The *planholder* can ask us to transfer the value of the Plan to another *registered pension scheme*.

Such a transfer will only be possible within the framework allowed by legislation and will be subject to the completion of any documentation that we require before processing the payment to the other *registered pension scheme*.

We may apply a Market Value Reduction, as described in section 5.8.3, if there are investments in the With-Profits Fund. In addition, where units are sold on a date that is not the *monthly transaction date*, a proportion of the Annual Management Charge (as detailed in section 6) will be taken.

We do not permit partial transfers-out.

See also section 4.3(d), which explains that pensions must be bought from Prudential if we add extra money to meet the *GMP* guarantee.

11. MONTHLY TRANSACTION DATES AND OTHER EVENTS

If the *monthly transaction date* or any other event under the *Plan*, would fall on the 29th, 30th or 31st day of any month, we may substitute the 28th day of that month for that day.

12. TAXATION

12.1 INVESTMENT FUNDS

Investments in pension funds in which *registered pension schemes* are invested, are currently given important tax benefits. Such funds do not pay tax on investment income received or capital gains. Some investments, such as dividends from UK company shares, may be taxed at source.

12.2 PENSION AND DEATH BENEFITS

- All pensions are taxable as earned income.
- Pension commencement lump sums are tax-free.
- Tax will be paid on at least part of a commutation lump sum.
- A serious ill-health lump sum will normally be tax-free.
- A commutation lump sum death benefit will be taxable as income.
- Unless the *planholder* arranges for a trust to apply (and confirms this to us), any lump sum death benefit is payable to the *planholder's* legal personal representatives, and may be subject to Inheritance Tax, depending on the value of the *planholder's* estate.
- Lump sum death benefits (except those arising from contracting-out benefits) paid through a trust set up by the *planholder* as described in section 9.4, are normally free of Inheritance Tax. This may, however, depend on the terms and validity of the trust and on the *planholder's* state of health at the time the trust is set up. The *planholder* should take independent legal and financial advice. Prudential cannot give such advice or be held liable for the effectiveness of any trust documents for Inheritance Tax purposes.
- A 55% tax charge, taken from the payment, applies to any lump sum death benefit that is not paid within two years of the *planholder's* death.
- All benefits (excluding any spouse's or *civil partner's* pensions payable under section 9) count towards the *planholder's personal lifetime allowance* and a *lifetime allowance charge* may be payable.

13. AMENDMENTS TO THE PLAN

13.1 AMENDMENTS REQUESTED BY PLANHOLDER

The *planholder* can ask for his or her *Plan* to be amended. Any such amendment is subject to our agreement.

13.2 AMENDMENTS BY PRUDENTIAL

(a) We can make changes to the *Plan* providing we obtain the *planholder's* consent.

(b) We can add to, amend, modify or set aside any of the terms in this Guide without the *planholder's* consent in the following circumstances:

- if it becomes impossible or unreasonable to follow them because of a change in legislation, regulations or otherwise;
- if, in our opinion, circumstances have changed in a way which could not have reasonably been predicted at the start of a *Plan*;
- If, in our opinion, we have given the *planholder* reasonable notice, and if, likewise in our opinion, the addition, amendment, modification or setting aside is reasonable;
- if the basis of taxing Prudential changes and then we can only change the *Plan* in such a way that, in our opinion, the balance between the *planholder* and us has remained as it was before the change;
- if we do not have a current address for the *planholder*, which will mean that we cannot contact the *planholder* to provide the written notification of a proposed amendment that we would otherwise have given in terms of this Guide.

14. CHANGES TO LIMITS AND CHARGES

From time to time, we may increase or change the limits and charges in this Guide to take account of inflation and other factors which may affect the cost of running our business. We will write to the *planholder* if we make any change affecting his or her *Plan*.

Note: The provisions in this section 14 are in addition to and are not subject to the conditions set out in section 13.

15. DIVORCE AND DISSOLUTION

Current UK legislation requires that pension arrangements are taken into account in settlements made on divorce, or on the dissolution of a registered same-sex civil partnership.

A pension arrangement can be "set-off" against other matrimonial or civil partnership assets – the pension arrangement is left intact, but the split is allowed for by adjusting the shares in other assets. Alternatively, particularly where the pension value is disproportionately high in relation to other matrimonial or civil partnership assets, the Court can, but does not have to, instruct that:

- part of a pension arrangement is "earmarked" for payment to a former spouse or *civil partner* on taking benefits or on earlier death of the owner of the pension;

or

- the pension is "split" – with a transfer being made to a another pension arrangement in the ex-spouse's or ex-*civil partner's* name.

There are rules on compliance with Court earmarking or pension splitting orders, to ensure that the terms specified in the order are met. In addition, if the pension arrangement covered by the order is transferred to another pension arrangement, a copy of the order must be passed on with the transfer.

We may charge for providing information needed to comply with implementation of the orders (including the gathering of information by the parties to the divorce or dissolution before any order is made). We will tell the *planholder* if any such charge is to be applied before we take any action on a request for information in relation to a divorce settlement or when we get an order. Any such charge would be payable separately by cheque from one of the parties to the divorce or dissolution.

Any *planholder* whose benefits are affected by an earmarking or pension splitting order should get advice from a financial adviser to ensure that the impact on the benefits is properly assessed.

16. ASSIGNMENT AND FORFEITURE OF BENEFITS

The benefits under the *Plan* should not be assigned or forfeited, except that:

- a pension which continues to be paid during a guaranteed minimum period to the *planholder's* estate after his/her death may be assigned in the *planholder's* will, or as part of the distribution of the *planholder's* estate;
- an earmarking or pension splitting order is permitted; and
- the *Plan* can be put into a trust set up by the *planholder*, in order to minimise the risk of Inheritance Tax on lump sum death benefits.

17. DATA PROTECTION

17.1 MARKETING INFORMATION

We have assumed, for Data Protection Act purposes, that no unsolicited information about other Prudential products or services should be issued to the *planholder.* Any *planholder* who would like details of any products or services that we offer should speak to a financial adviser or contact us separately.

17.2 DATA PROTECTION NOTICE

The Prudential Assurance Company Limited, its group companies*, business partners, service providers and agents may use the *planholder's* information together with other information for administration, credit decisions, customer services and profiling purchasing preferences.

We may search the files of credit reference agencies (who record all information of such searches). This is to help us to prevent fraud, to check his or her identity and to prevent money laundering. We may disclose details of how the *planholder* conducts his or her *Plan* to such agencies. The information will be used by other credit grantors for fraud prevention, money laundering prevention and occasionally for tracing debtors. This information may be used to recheck these purposes. We will pass the *planholder's* information to any legal or regulatory body if required to do so.

It may be necessary, for the above purposes, to transfer the *planholder's* information to countries that provide a different level of data protection from the UK. In such circumstances, we will put a contract in place to ensure the *planholder's* information is protected.

The *planholder* has a right to obtain a copy of his or her personal information (for which we may charge a fee) and to have any inaccuracies corrected by writing to: The Data Protection Department, The Prudential Assurance Company Ltd, 3 Sheldon Square, London, W2 6PR. To make sure we follow the *planholder's* instructions correctly and to improve our service through training of our staff, we may monitor or record communications.

17.3 PROVIDING INFORMATION ABOUT OTHER PEOPLE

When giving us information about another person, for example any person for whom a spouse's, *civil partner's* or *dependant's* pension is to be set up, the *planholder* must confirm that he or she has consent to do so. This includes providing consent to:

- the processing of the other person's personal and sensitive data
- receive any data protection notices on their behalf.

* The Prudential Assurance Company Limited is part of the Prudential group of companies which at the time of printing includes Prudential UK & Europe, the M&G Investments Group, Egg plc, Prudential Corporation Asia, Jackson National Life, and PPM America Inc (indirect wholly owned subsidiary).

18. GOVERNING LAW

The *Plan* will be governed by the law of England and Wales and any disputes connected with it will be settled in the courts of England and Wales.

19. COMPLAINTS

We want to know about any queries or complaints in respect of the *Plan* as soon as possible.

We hope that you will never need to, but should you have a reason to complain about any aspect of the services you have received, please contact us at:

Prudential, Stirling FK9 4UE.

Copies of our complaints handling procedures are available from this address.

In the unlikely event that we are unable to resolve any difficulties, *planholders* can contact the Financial Ombudsman Service. Their address is at South Quay Plaza, 183 Marsh Wall, London E14 9SR (Telephone: 0845 0801800).

Planholders can also contact the Pensions Advisory Service (TPAS) which is an independent voluntary organisation with local advisers who are experts in pension matters. TPAS services are available free to help pension planholders and their *dependants* with any difficulties they have been unable to resolve with the pension provider (in this case, us). Local TPAS advisers can be contacted through the nearest Citizens Advice Bureau or by writing to TPAS at 11 Belgrave Road, London SW1V 1RB. (Telephone: 0845 601 2923).

Section 32 contracts also fall within the jurisdiction of the Pensions Ombudsman who may investigate and determine any complaints or disputes of fact or law. The Pensions Ombudsman can also be contacted at 11 Belgrave Road, London SW1V 1RB. Although the Pensions Ombudsman's services are also free, he will normally only consider a case after it has been investigated by TPAS, but not satisfactorily resolved. (Telephone: 020 7834 9144).

20. OTHER INFORMATION

20.1 LONG TERM BUSINESS

The benefits arising under the *Plan* are part of our "long-term business" within the meaning of the Financial Services and Markets Act 2000.

20.2 PENSIONS BUSINESS

The *Plan* is classed as pensions business under section 431B of the Income and Corporation Taxes Act 1988 (as amended). The transfer payment paid to Prudential must relate to pension business in the way described in section 431B of the Income and Corporation Taxes Act 1988 (as amended). If we discover that the transfer payment did not meet these requirements, we may modify the terms of the *Plan* in whatever way is necessary to ensure that *HMRC* do not tax any of the investment funds or do not impose any penalty on us.

20.3 COMPENSATION SCHEMES

If we are declared insolvent, or are unable to meet our financial obligations in full, the *Planholder* may be entitled to help from the Financial Services Compensation Scheme. If a charge is imposed on us under the Financial Services Compensation Scheme (or any investor compensation scheme), we may pay it by imposing on our policyholders whatever additional charges are necessary and reasonable.

LIFESTYLE APPENDIX

This Appendix describes the operation of programmed switching facilities called "Lifestyle Options".

The terms set out in the Glossary in section 1 of the Guide also apply to this Appendix.

This Appendix is divided, as follows:

Part 1	Lifestyle Options
Part 2	Pre-selected Funds
Part 3	Selection and operation of a Lifestyle Option
Part 4	Lifestyle Option A
Part 5	Lifestyle Option B
Part 6	Lifestyle Option C
Part 7	Date when automatic switching takes place
Part 8	Selling and buying units in an automatic switch
Part 9	Delays in switching
Part 10	Change to *NRD*
Part 11	Switching charge
Part 12	Switching in or out of a Lifestyle Option
Part 13	The Lifestyle Options and the planholder's personal circumstances

1. LIFESTYLE OPTION

A "Lifestyle Option" is a facility that provides **automatic switching** between pre-selected funds at or around a series of pre-selected dates.

2. PRE-SELECTED FUNDS

2.1. THE FUNDS

The Lifestyle Options

- use a combination of available funds except the With-Profits Fund and the With-Profits (*GMP*) Fund, but
- can be used where there are also investments in the With-Profits Fund and the With-Profits (*GMP*) Fund.

The selected funds and the intervals at which units are switched are explained later in this Appendix and depend upon which Lifestyle Option applies.

There are three different Lifestyle Options.

Lifestyle Option A is a Lifestyle Option which has been designed by Prudential and which is available to all *planholders*.

Lifestyle Options B and C are "bespoke" Lifestyle Options designed by the *previous scheme* trustees or their financial adviser exclusively for members of the *previous scheme* whose benefits are being transferred to a Company Pension Transfer Plan.

2.2. PROGRESSIVE AUTOMATIC SWITCHES

The units held under the *Plan* are automatically switched into pre-set proportions at pre-selected intervals.

The proportions are not monitored or realigned in the period between the dates on which the automatic switching takes place (see part 7 of this Appendix).

3. SELECTION AND OPERATION OF A LIFESTYLE OPTION

3.1. AVAILABILITY

Initially, the *previous scheme* trustees can choose one of three Lifestyle Options:

Lifestyle Option A,

Lifestyle Option B, or

Lifestyle Option C.

The *previous scheme* trustees will decide whether or not to include one of these Lifestyle Options in the initial investment selection.

After the *Plan* is set up, the *planholder* can switch into or out of a Lifestyle Option, subject to the following:

- If the *previous scheme* trustees do not include any Lifestyle Option in the initial investment selection, the *planholder* can select and switch into Lifestyle Option A (but not B or C).
- If the *previous scheme* trustees choose Lifestyle Option B or Lifestyle Option C, the *planholder* can change to Lifestyle Option A.
- Lifestyle Option B is available to the *planholder* only if the *previous scheme* trustees choose this Option at outset.
- Lifestyle Option C is available to the *planholder* only if the *previous scheme* trustees choose this Option at outset.
- For a Lifestyle Option to operate, the number of funds, including those to receive the automatic switches, may not at any time exceed 6, or 5 if a *GMP* Reserved Contribution applies (see section 5.3 of the Guide).

There is no charge for including or adding the Lifestyle Option.

3.2. COVERAGE OF LIFESTYLE OPTION

A Lifestyle Option (if chosen) must apply to the whole *Plan*, except that investments in the With-Profits Fund and the With-Profits (*GMP*) Fund can be held alongside a Lifestyle Option.

Where investments are held in the With-Profits Fund and/or the With-Profits (*GMP*) Fund, these investments will be excluded from the automatic switching under the Lifestyle Option. The value of units in these funds is not taken into account in the pre-set proportions for automatic switching.

Any investments in the With-Profits Fund or the With-Profits (*GMP*) Fund are therefore disregarded for the rest of this Appendix.

3.3. CHANGES TO FUNDS USED FOR A LIFESTYLE OPTION

If any fund mentioned in this Appendix (or confirmed elsewhere as a fund to be used in the operation of a Lifestyle Option) is no longer available, we will use a substitute fund for the purpose of the application of the Lifestyle Option. If this is necessary, we will confirm the revised details to the *planholder* at least one month before the change.

3.4 START OF AUTOMATIC SWITCHING UNDER A LIFESTYLE OPTION

Except where automatic switching starts at the *relevant date*, we will write to remind the *planholder* before starting automatic switching under a Lifestyle Option.

Automatic switching under a Lifestyle Option cannot start if the number of funds in which there are investments under the *Plan* (including the funds to which automatic switches are to be made) exceeds the maximum set out in part 3.1 of this Appendix.

4. LIFESTYLE OPTION A

Stage 1

Where the term from investing in Lifestyle Option A under the *Plan* to *NRD* is over 8 years, the transfer value will initially be invested in the *chosen fund(s)*.

Automatic switches (Stage 2) will start immediately if the term to the *NRD* is 8 years or less.

Stage 2

8 years from *NRD* (or immediately, if the term to *NRD* at the start of Stage 1 is less than 8 years as explained above) Stage 2 of the process starts. Stage 2 involves automatic monthly switches of units into the Prudential Retirement Protection Fund over a 5 year period (or appropriate shorter period if the term to *NRD* is less than 8 years). These automatic switches mean that, 3 years from *NRD*,

- 75% of units will be in the Prudential Retirement Protection Fund and
- 25% of units will remain in the *chosen funds*.

Switching starts at

- 1/60th of 75% of the units in month one,
- 1/59th in month two,
- 1/58th in month three

and so on, or using the appropriate higher proportion if the initial term is less than 8 years.

In this way, at the end of the 5 year period (or the appropriate shorter switch period) 75% of the units allocated to the *Plan* will have been switched into the Prudential Retirement Protection Fund leaving 25% in the *chosen funds*.

The fractions used in the calculation of the number of units to be switched into the Prudential Retirement Protection Fund will apply even if the *chosen funds* include the Prudential Retirement Protection Fund. Consequently, in such circumstances, more than 75% of units may be invested in the Prudential Retirement Protection Fund at 3 years from *NRD*.

Stage 3

Then 3 years from *NRD*, Stage 3 of the automatic switching starts. This involves automatic monthly switches of units in the "25%" portion not switched at Stage 2 into the Prudential Cash Fund. These automatic switches mean that the eventual split of the units will be

- 75% in the Prudential Retirement Protection Fund, and
- 25% in the Prudential Cash Fund.

This is achieved by switching

- 1/36th of the 25% of the units that have so far remained in the *chosen funds*,
- 1/35th,
- 1/34th

and so on, but otherwise as described for Stage 2 of the automatic switching process, into the Prudential Cash Fund.

Stage 4

Not more than a month before the NRD, all investments will be switched to the Prudential Cash Fund, as described in section 8.2 of the Guide.

The table below summarises the process for Lifestyle Option A.

Stage 1	Until 8 years before *NRD*	Investments in *chosen fund(s)*
Stage 2	From 8 to 3 years before *NRD*	Monthly switches to the Prudential Retirement Protection Fund, so that at 3 years before *NRD*, ■ 75% of units are in the Prudential Retirement Protection Fund, and ■ 25% in *chosen fund(s)*
Stage 3	From 3 years before *NRD* to *NRD*	Monthly switches from the "25% portion" in stage 2 to the Prudential Cash Fund, so that at one month before *NRD* ■ 75% of units are in the Prudential Retirement Protection Fund, and ■ 25% in the Prudential Cash Fund
Stage 4	Not earlier than a month before *NRD*, Stage 3 overridden	All units switched to the Prudential Cash Fund

5. LIFESTYLE OPTION B

Stage 1

Where the term from investing in Lifestyle Option B under the *Plan* to the *NRD* is over 5 years, the transfer value will initially be invested in the *chosen fund(s)*.

Automatic switches (Stage 2) will start immediately if the term to the *NRD* is 5 years or less.

Stage 2

5 years from *NRD* (or immediately, if the term to *NRD* at the start of Stage 1 is less than 5 years as explained above) Stage 2 of the process starts. Stage 2 involves automatic monthly switches of units into pre-selected *Band 1 funds*, as agreed with the *previous scheme* trustees, over a 4 year period (or appropriate shorter period if the term to *NRD* is less than 5 years).

These automatic switches result in a pre-selected investment strategy one year before *NRD*. At the "one year" stage all units will be invested in pre-selected proportions in pre-selected *Band 1 funds*.

Switching starts at

- 1/48th of the units in month one,
- 1/47th in month two,
- 1/46th in month three

and so on, or using the appropriate higher proportion if the initial term is less than 5 years.

In this way, at one year before *NRD*, the pre-selected percentages of the units allocated to the *Plan* have been switched into the pre-selected *Band 1 funds*.

Details of the *Band 1 funds* and the pre-selected proportions chosen by the *previous scheme* trustees are set out in the *Illustration* sent to the *planholder*.

Stage 3

Then one year from *NRD*, Stage 3 of the automatic switching starts.

This results in a pre-selected investment strategy at two months before *NRD*. At the "two month" stage all units will be invested in pre-selected proportions in pre-selected *Band 2 funds*.

Details of the *Band 2 funds* and the pre-selected proportions chosen by the *previous scheme* trustees are set out in the *Illustration* sent to the *planholder*.

The switching in Stage 3 starts at 1/11th of the units in month one, 1/10th, in month two, 1/9th in month three, and so on, but otherwise as described for Stage 2 of the automatic switching process.

Stage 4

All investments will be switched to the Prudential Cash Fund, as described in section 8.2 of the Guide.

The table below summarises the process for Lifestyle Option B.

Stage 1	Until 5 years before *NRD*	Investments in *chosen fund(s)*
Stage 2	From 5 years to 1 year before *NRD*	Monthly switches so that, at one year before *NRD*, all units will be invested in ■ pre-selected proportions ■ in pre-selected *Band 1 funds*.
Stage 3	From 1 year to 2 months (inclusive) before *NRD*	Monthly switches so that, at two months before *NRD*, all units will be invested in ■ pre-selected proportions ■ in pre-selected *Band 2 funds*.
Stage 4	Not earlier than a month before *NRD*	All units switched to the Prudential Cash Fund

6. LIFESTYLE OPTION C

Stage 1

Where the term from investing in Lifestyle Option C under the *Plan* to the *NRD* is over 8 years, the transfer value will initially be invested in the *chosen fund(s)*.

Automatic switches (Stage 2) will start immediately if the term to the *NRD* is 8 years or less.

Stage 2

8 years from *NRD* (or immediately, if the term to *NRD* at the start of Stage 1 is less than 8 years as explained above) Stage 2 of the process starts. Stage 2 involves automatic monthly switches of units into pre-selected *Band 1 funds*, as agreed with the *previous scheme* trustees, over a 5 year period (or appropriate shorter period if the term to *NRD* is less than 8 years). These automatic switches result in a pre-selected investment strategy 3 years before *NRD*. At 3 years before *NRD* all units will be invested in pre-selected proportions in pre-selected *Band 1 funds*.

Switching starts at

- 1/60th of the units in month one,
- 1/59th in month two,
- 1/58th in month three

and so on, or using the appropriate higher proportion if the initial term is less than 8 years.

In this way, at the end of Stage 2, the pre-selected percentages of the units allocated to the *Plan* have been switched into the pre-selected *Band 1 funds*.

Details of the *Band 1 funds* and the pre-selected proportions chosen by the *previous scheme* trustees are set out in the *Illustration* sent to the *planholder*.

Stage 3

Then 3 years from *NRD*, Stage 3 of the automatic switching starts.

This results in a pre-selected investment strategy at two months before *NRD*. Two months from NRD, all units will be invested in pre-selected proportions in pre-selected *Band 2 funds*.

Details of the *Band 2 funds* and the pre-selected proportions chosen by the *previous scheme* trustees are set out in the *Illustration* sent to the *planholder*.

The switching in Stage 3 starts at 1/35th of the units in month one, 1/34th, in month two, 1/33rd in month three, and so on, but otherwise as described for Stage 2 of the automatic switching process.

Stage 4

All investments will be switched to the Prudential Cash Fund, as described in section 8.2 of the Guide.

The table below summarises the process for Lifestyle Option C.

Stage 1	Until 8 years before *NRD*	Investments in *chosen fund(s)*
Stage 2	From 8 years to 3 years before *NRD*	Monthly switches so that, at 3 years before *NRD*, all units will be invested in ■ pre-selected proportions ■ in pre-selected *Band 1 funds*.
Stage 3	From 3 years to 2 months (inclusive) before *NRD*	Monthly switches so that, at 2 months before *NRD*, all units will be invested in ■ pre-selected proportions ■ in pre-selected *Band 2 funds*.
Stage 4	Not earlier than a month before *NRD*	All units switched to the Prudential Cash Fund

7. DATE WHEN AUTOMATIC SWITCHING TAKES PLACE

The dates for automatic switching are linked to pre-selected dates (normally the *planholder's* birthday), occurring at specified intervals before *NRD*.

We choose the actual day(s) on which each automatic switch is made. Subject to part 9 of this Appendix, switches under a Lifestyle Option will normally be monthly on the same day of the month as *NRD*. For example, if *NRD* is 17 March 2030, switches will normally take place or start to be carried out on the 17th of each month.

We can change the terms of a Lifestyle Option to change the frequency of automatic switches.

We will give the *planholder* at least one month's notice of any intention to change the frequency of automatic switches.

8. SELLING AND BUYING UNITS IN AN AUTOMATIC SWITCH

On the day(s) selected by us under part 7 of this Appendix, we will sell the appropriate units in one fund and then buy appropriate units in another fund. The amount raised by selling the existing units is used to buy units as described in section 5.4 of the Guide.

As explained in section 5.4 of the Guide, the sale of existing units and the purchase of new ones may not take place on the same day.

9. DELAYS IN SWITCHING

Section 5.9 of the Guide explains that on occasions there may be a delay in selling and/or buying units when switching.

These delays may apply to automatic switching under a Lifestyle Option.

10. CHANGE TO NRD

10.1. RESCHEDULING OF AUTOMATIC SWITCHING

If the *planholder* asks us to alter the *NRD* and we agree under section 8.1 of the Guide, we will adjust the fund switches so that they are scheduled around the remaining term to the new *NRD*.

10.2. DELAY IN RESCHEDULING

The delay in switching terms described in section 5.9 of the Guide may apply to switches carried out as part of a rescheduling. If any delay applies, we will (unless in our opinion this would not be fair and reasonable), carry out the switches at the end of the period of delay, using the unit price(s) then applicable.

11. SWITCHING CHARGE

No switching charge is made in the normal operation of a Lifestyle Option, although we reserve the right to apply a charge. If a charge is to apply, we will give the *planholder* at least one month's notice, in writing, before applying the charge.

12. SWITCHING IN OR OUT OF A LIFESTYLE OPTION

The *planholder* can, at any time, subject to part 3.1 of this Appendix, switch into or out of or cancel a Lifestyle Option.

The *planholder* can, at any time, switch out of a Lifestyle Option by requesting an investment change as described in section 5.4 of the Guide. Once we have carried out the *planholder's* instructions, all automatic switching will cease. After that, switches may only be made on the terms set out in section 5.4 of the Guide unless we agree to the re-instatement of a Lifestyle Option. Any re-instatement will also be subject to part 3.1 of this Appendix.

The *planholder* can also cancel a Lifestyle Option without making a switch under section 5.4 of the Guide. In this case, if the *planholder* cancels the Lifestyle Option after automatic switching has started, the *Plan* will remain invested in the fund options then applicable, unless and until the *planholder* requests a switch under section 5.4 of the Guide.

13. THE LIFESTYLE OPTIONS AND THE PLANHOLDER'S PERSONAL CIRCUMSTANCES

We cannot take any responsibility for the appropriateness of any of the fund selections and pre-set switches under a Lifestyle Option in relation to the *planholder's* own particular circumstances.

PRUDENTIAL

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