



Fast Facts

Pru Flexible Retirement Plan

Personal Pension and Income Drawdown with SIPP Options

Prudential offers a personal pension and income drawdown plan under a single product wrapper.

The Pru Flexible Retirement Plan (FRP) is a flexible account style plan allowing payments to be easily changed and offering a wide range of investment options. It has a clear charging structure offering a wide choice of remuneration options to suit client needs.

Eligibility	Personal Pension	Income Drawdown
Minimum age at entry	17 next birthday	50 attained (55 from 6 April 2010), earlier in special circumstances
Maximum age at entry	75 next birthday	74 next birthday
Maximum age at vesting	75th birthday	75th birthday

Contributions	Personal Pension	Income Drawdown
Contributor	Member, employer, transfer from existing pension arrangement, protected rights and contracted-out rebates	Switch from the Pru FRP Personal Pension and transfers from other pension arrangements (including drawdown to drawdown transfers)
Payment types (In Specie Transfers can be made if the member decides to self-invest)	<ul style="list-style-type: none"> ➤ Regular payments payable monthly/yearly by direct debit ➤ Single payments payable normally by cheque ➤ Transfers normally by cheque 	Transfers and single payments normally by cheque
Initial minimum investment*	£5,000 single/transfer or £100 per month regular contribution	<p>Existing FRP customer:</p> <ul style="list-style-type: none"> ➤ £10,000 provided total fund under FRP (including SIPP) is at least £50,000 <p>New FRP customer:</p> <ul style="list-style-type: none"> ➤ Minimum investment in Income Drawdown is £10,000 (before tax free cash) provided total transfer to FRP is at least £50,000 ➤ If initial transfer is from an existing income drawdown arrangement, i.e. a drawdown transfer, the minimum is £37,500.
Minimum vesting amount	N/A	£10,000
Minimum additional transfers/singles	£200	£10,000 (£7,500 for drawdown to drawdown transfers)

* Any part of the investment for SIPP cannot be less than £10,000.

Investment options	Personal Pension	Income Drawdown
Extensive fund range	The Pru FRP offers a wide range of in-house and external funds, including our PruFund range of funds, our With-Profits Fund, the PruSelect Range selected by Old Broad Street Research (OBSR) and five new dynamic portfolios. Please refer to our FRP Fund Guide – PENB10211 for more information.	
New Dynamic Portfolios	<p>Our dynamic portfolios provide access to a unique combination of experts:</p> <ul style="list-style-type: none"> ➤ Prudential's Portfolio Management Group (PMG)* for asset allocation ➤ Old Broad Street Research for fund selection <p>The five portfolios target different levels of risk and potential return and save you the time, effort and expense of building your own portfolios</p> <p>* PMG are a team of professional investment specialists within M&G Investment Management Ltd.</p>	
SIPP Options	<p>SIPP is accessed through the Self-Invested Fund (SIF) which can be switched on/off at any time when in the personal pension and/or income drawdown. It is not possible to self-invest without a Pru FRP contract being in place. One SIF account is held covering all plans within the FRP. Protected rights cannot be held within the SIF. There are different fees for the SIPP depending on the range of investments required</p> <p>Full SIPP option</p> <ul style="list-style-type: none"> ➤ Access to a wide range of investments including stocks and shares, unit trusts and commercial property <p>FundSIPP option</p> <ul style="list-style-type: none"> ➤ Lower cost option for clients who only want access to the Cofunds range of funds (subject to a maximum of 20) 	
Lifestyle Options	Option to select a pre-defined investment switching strategy for the run up to Selected Retirement Age (SRA)	Choice of 3 pre-defined investment strategies which use a series of pre-programmed switches to move the plan into lower risk funds as the customer approaches age 75

Income withdrawals	Income Drawdown
Income frequency	Monthly, quarterly, half-yearly and yearly. Ad-hoc income also available
Income payment date	This can be any day of the month except 29th, 30th and 31st of the month Ad-hoc income may be taken on any day of the month
Fund choice for income payment	Proportionately across all funds or individually selected fund(s) All income from SIF is taken from the bank account only Restrictions apply to the With-Profits Fund and to the PruFund Funds Where a Lifestyle Option is chosen, income must be taken proportionately across all funds
Maximum income limit	120% of an annuity value calculated using annuity rate tables produced by the Government Actuary Department (GAD)
Minimum income limit	No minimum
Income reviews	Five yearly. Reviews on anniversary may be agreed individually

Annuity purchase	Personal Pension and Income Drawdown
Prior to age 75*	Customers may elect to purchase an annuity using some or all of their fund at any time
Age 75	All remaining funds must be used to purchase an immediate annuity or an Alternatively Secured Pension (ASP) from age 75 (Prudential does not offer an ASP)

* Restrictions apply to Protected Rights money

Death Benefits	Personal Pension	Income Drawdown
Special conditions apply to Protected Rights	Return of fund	<ul style="list-style-type: none"> ➤ Return of fund (less 35% tax) ➤ Dependants' drawdown ➤ Dependants' annuity

Charges	Personal Pension	Income Drawdown
Set-up charges		
Installation charge	Nil	
Allocation rate*	<p>Depends on commission type and amount taken</p> <p>If you select any Fee Based, Level or Unfunded Initial Commission (Initial Charge), then the allocation rate will be reduced on a 1:1 basis</p> <p>The basic allocation rate is usually 100%</p> <p>If you select Funded Initial Commission (Establishment Charge) the allocation will remain 100% and no adjustment will be made</p>	<p>Depends on commission type and amount taken. If you select Unfunded Initial Commission (Initial Charge), then the allocation rate will be reduced on a 1:1 basis. The basic allocation rate is usually 100%</p> <p>If you select Funded Initial Commission (Establishment Charge) the allocation will remain 100% and no adjustment will be made</p> <p>The allocation rate applies to the contribution less any Tax Free Cash paid prior to investment into income drawdown</p>
Bid-offer spread	No	
Ongoing charges		
Annual Management Charge (AMC)	Depends on fund size across all FRPs, funds selected, length of time plans held and amount of Fund Related Commission (Trail Commission)	
Establishment Charge (Funded Initial Commission)	For any Funded Initial Commission taken on single contributions and transfers a monthly charge is taken for the first 60 months of the plan. Each 1% commission equates to an annual establishment charge of 0.225% of the payment.	For any Funded Initial Commission a monthly charge is taken for the first 60 months of the plan. Each 1% commission equates to an annual Establishment Charge of 0.225% of the payment (after deduction of any Tax Free Cash).
Fund unit type	Accumulation units only	
Premium variation	Premiums can be varied in any manner, increased, decreased, ceased permanently or temporarily without charge	N/A
PruFund Protected Cautious Fund Guarantee Charge	There will be a charge to cover the cost of the guarantee on the PruFund Protected Cautious Fund. This is 0.9% p.a. of the value of the Fund for the duration of the guarantee period.	
Charge for Guarantees – With-Profits Fund	There is a charge to pay for all guarantees the With-Profits Fund supports. The total deduction for the guarantee charge over the lifetime of the plan is not currently more than 2% of any payment made from the fund. We will review the amount of the charge from time to time. The charge is taken by making small adjustments to regular and final bonuses.	
Discontinuance charges and deductions		
Early retirement/transfer**	Any outstanding Establishment Charge if plan terminated within 5 years of commencement (only applies if Funded Initial Commission taken)	
Market Value Reduction (MVR)***	May apply if there is any investment in the With-Profit Fund and money is taken out at any time other than the Selected Retirement Age (SRA) or on death	May apply if there is any investment in With-Profits and money is taken out at any time other than age 75 or on death. An MVR will not be applied to money taken as income.

* May be applied differently on movements between personal pension and income drawdown. See Pru FRP Transfer Key Features document PPPK6140, Adviser Guide FRPB10097 and Remuneration Guide PENS10043 for more details.

** The balance of outstanding Establishment Charges will continue to be taken from the income drawdown plan when moving from personal pension and adjusted to take account of any Tax Free Cash taken.

*** On move from personal pension into income drawdown, other than at the Personal Pension Plan SRA or in the month before the plan SRA, we may apply MVR.

Discounts

The Pru FRP can reward your clients for investing in it. Discounts are applied to the basic Annual Management Charges for the amount of time invested in the FRP (Loyalty Discount) and based on the size of the fund (Fund Size Discount). Both discounts can apply at the same time. The total fund value of all units invested in Insurance Funds* across all personal pension and income drawdown plans under FRP will determine the fund size discount applicable at any given time.

Loyalty Discount	<ul style="list-style-type: none"> ➤ Discount to the AMC will apply to all money invested in Insurance Funds ➤ Based on period of continuous investment in Pru FRP, normally starts from the date the first plan starts ➤ The discount does not apply to investments held under the SIF, however the period of continuous investment includes any period in the SIF ➤ Any period in the FRP Holding Account does not count towards the periods of continuous investment 	
	Elapsed Time	AMC Discount
	0 – 4.99 years	0.00%
	5 – 9.99 years	0.05%
	10 – 14.99 years	0.10%
	15 – 19.99 years	0.20%
	20+ years	0.25%
Fund Size Discount	<ul style="list-style-type: none"> ➤ Discount to the AMC will apply to all money invested in Insurance Funds ➤ When determining the Fund Size Discount we include the value** of all of your client's Pru FRPs (excluding any SIF value or the FRP Holding Account or any Final Bonus or MVR applicable to With-Profits Fund investment) 	
	Total non-SIF Fund Value	AMC Discount
	£0 – £24,999.99	0.00%
	£25,000 – £49,999.99	0.10%
	£50,000 – £99,999.99	0.20%
	£100,000 – £249,999.99	0.25%
	£250,000+	0.30%

* Insurance Funds are all funds excluding the SIF and the FRP Holding Account or any Final Bonus or MVR applicable to With-Profits Fund investment.

** The total fund value of all units invested in Insurance Funds (excluding any final bonus or MVR applicable to investments in the With-Profits Fund). The Fund Size Discount is calculated monthly, so will move up and down with changes in the Insurance Fund on a monthly basis.

Investment limits and fund switching

Switch charge	None, however we do reserve the right to do so in the future
Number of free switches	Currently unlimited
Maximum number of funds which a customer can invest in	20
Switches into PruFund	Investments into PruFund are initially held in a Holding Account before being switched to the smoothed fund on the next Quarter Date.

SIPP specific fees

Administration fees

Establishment Fee	Full SIPP £300 or FundSIPP £150* (this will be applied when the investor first sets up the SIF)
Annual Administration Fee	Full SIPP £425 or FundSIPP £200* (only applies where there is investment held or funds held in the bank account)
Annual Drawdown Fee	£100 (applies regardless of the level of income taken).
Widening the investment requirements	<ul style="list-style-type: none"> ➤ Clients can change from investing in the FundSIPP option to the full SIPP option at any time ➤ If your client wishes to invest in the full SIPP option we will require written notification from you that this change is to be made ➤ We will increase the Establishment Fee to bring it up to the full cost ➤ We will increase the Annual Administration Fee to bring it up to the full cost and apply it on a monthly pro-rata basis depending on the date the SIF was activated
Narrowing the investment requirements	<ul style="list-style-type: none"> ➤ Clients can change from investing in the full SIPP option to the FundSIPP option once in each 12 month period starting from the date the SIF was activated ➤ If your client wishes to invest in the FundSIPP option we will require written notification from you that this change is to be made ➤ No change will be made to the Establishment Fee ➤ We will decrease the normal Annual Administration Fee and apply it on a monthly pro-rata basis depending on the date the SIF was activated

Self-Invested Fund charges

Annual Management Charge (AMC)†	Any AMC will be specific to the individual assets within the fund. Prudential don't apply an AMC on the fund
Bid-offer spread	Any bid-offer spread will be specific to the individual assets within the fund. Prudential don't apply this on the fund

* Subject to all of the following conditions:

- The only available assets are the bank account and funds from the Cofunds range
- Clients hold up to a maximum of 20 funds from the Cofunds range
- All trading must be done online via www.pruadviser.co.uk (consequently, the investor must have authorised the adviser to give investment instructions).

Prudential reserve the right to increase these charges appropriately if we become aware of any breach of these conditions.

† We will use a notional AMC for our illustrations. More details can be found in the Key Features document

Investment related fees	
Ad-hoc valuations	Valuations of the SIF are available online free of charge and statements are issued each year with detailed investment information. Any requests for additional detailed valuation statements will be charged based on the costs incurred and the time spent producing the statement (minimum £100). Any costs incurred in valuing individual assets within the fund will be deducted from the SIF
HMRC Valuations	Required when benefits are taken or GAD limits are reviewed. Charged to SIF as per ad-hoc valuations above
Property transactions ††	Property Facility Fee: £100 each year per SIPP per property Additional Annual Fee for VAT Elected Properties: £150 each year* *This fee is per property, so if a group of investors share one property, the £150 relates to the property, not the member. Similarly, where a group of investors own a shared property, the solicitor's fees, etc. apply to the property so are split between the members. The fees for all other property related transactions, including solicitors' fees and insurance costs, will vary depending on the costs incurred and the time spent on the transaction
Borrowing other than for a property purchase	Borrowing Facility Fee: £100 each year The establishment fee will vary dependent on the costs incurred and principally the time spent on the transaction
Overdraft facility	Creation of temporary overdraft facility: £35 Renewal of temporary overdraft facility: £100
Paperless investment transactions††	Nil transaction charge
Quoted paper based dealing††	£25 transaction charge
Other paper based dealing††	£75 transaction charge
Unquoted investments (excluding private company shares) ††	£75 transaction charge
Deals placed via Cofunds fund supermarket	Nil transaction charge (many fund charges at a discounted rate)
Other investment transactions	Will vary depending on the costs incurred and principally the time spent on the transaction
Appointment of an investment manager	Nil charge

Prudential reserves the right to alter the fees that apply to the SIF at any time.

†† 3rd party investment charges such as stockbroker's commission, stamp duty etc are payable in addition.

Adviser remuneration

A different remuneration basis may be selected each time a personal pension or income drawdown plan is set up, including moving from personal pension to income drawdown.

Commission	
Commission	<p>Fee Based, Level (both available on Personal Pension option only) or Unfunded Initial Commission is met through an explicit charge on the contribution invested. Funded Initial Commission is met by a monthly Establishment Charge during the first 60 months of a plan.</p> <p>Fee Based Commission (available on personal pension only) can be set at any amount by the adviser (subject to limits) and will be paid as a single payment to the adviser. The charge for Fee Based Commission is spread out equally over 12 months.</p> <p>Each plan set up for a customer can have its own commission structure.</p>

Options and limits

Regular contributions – Personal Pension only

	Fee Based Commission	Fund Related Commission (Trail Commission)*	Level Commission (% of contributions)
Initial period** (maximum 60 months)	Maximum of 50% of first 12 month's contribution	Maximum of 1.25%	Maximum of 50% of contribution (must be taken at same rate as any Fee Based Commission taken)
Secondary rate (ongoing term of contract)	n/a	Maximum of 1.25%	Maximum of 10% of contribution

Single contributions and Transfer Values – Personal Pension and Income Drawdown

	Initial Commission (% of contribution)	Fund Related Commission (Trail Commission)*	
Defined at outset of plan	Unfunded Initial – Maximum of 10% of contribution Funded Initial – maximum of 5% of contribution	Maximum of 1.25%	

Contracted out rebates – Personal Pension only

	Unfunded Initial Commission (% of contributions)	Fund Related Commission (Trail Commission)*	
Defined at outset of plan	Maximum of 10% of contribution. Customer authorisation required for amounts of 5% and over	Maximum of 1.25%	

Additional adviser remuneration

Adviser Fees	It is possible to pay Adviser fees from the Self-Invested Fund with approval from the client
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* Actual commission amounts only available via an illustration. Please choose commission options based on what your client requires now and will require in the future. Once the plan has been set up it isn't possible to make any future changes to the structure. No commission is paid on money whilst in the FRP Holding Accounts. Fund Related Commission is not paid on money held in the FRP Holding Account or in the Self Invested Fund. Investments held within the SIF (such as unit trusts or OEICs) may give rise to Fund Related Commission. If it is required for any future switches into the other Insured Funds then it must be selected at outset as it cannot be added to the plan at a later date.

See Remuneration Guide PENS10043 for commission payable on movements from personal pension to income drawdown.

** The initial period is defined by the Adviser but cannot exceed 60 months. If level throughout is required the secondary rate above applies from the outset of the plan.

No Commission is paid in respect of an In Specie Transfer except for adviser fees which can only be taken from the bank account with customer agreement.

Benefits and options

- › Financial strength – Prudential are rated AA (negative watch) for financial strength by Standard & Poor's, as at March 2010.
- › Flexible commission options
- › Account style plan
- › A range of investment options

If you have any questions or queries then please call your Account Manager.

This is a guide only to the technical details of the Pru Flexible Retirement Plan.

The value of an investment may go down as well as up and is therefore not guaranteed. Your client may not get back the full amount of their investment.

Charges may vary in the future.

The guide is based on our current contract terms as at date of printing, June 2010.

Full terms & conditions are available on request.

The telephone number for illustrations is
0808 234 0808

Or you can produce your own illustrations on
www.pruadviser.co.uk

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