

Member's Policy Booklet

For an annuity and other benefits under the
Immediate Vesting Personal Transfer Plan

An annuity and other benefits under the Immediate Vesting Personal Transfer Plan

A description of the technical and legal rights and obligations under the Prudential (Corporate) Personal Pension Scheme.

This is your Member's Policy Booklet. It contains the full legal explanation of your personal pension benefits and the Policy Conditions – that is, the contractual terms and conditions – relating to it.

The Member's Policy Booklet outlines our understanding of the tax treatment and regulations governing your personal pension lifetime annuity in force at the date the Booklet is issued. It is important to understand that like all legislation, the tax treatment and other provisions can change in the future.

Definitions

A number of specific words and expressions are used in the Member's Policy Booklet. These words and expressions are shown in bold print and their meanings are set out in Section B of the Member's Policy Booklet.

Address for correspondence

Please address any letter about this document, called the "**Member's Policy Booklet**" to:

**Prudential
Annuities Contact Centre
Stirling
FK9 4UE**

Please keep this **Member's Policy Booklet** in a safe place, along with the accepted **Annuity Quotation**, the **Statement of Benefits** and the **Key Features Document**.

If you would like copies of this document in Braille, large print or on audio tape, please contact us at the address shown above.

Contents

A. General	04
1. Introduction	04
2. Lifetime Allowance	04
B. Meaning of words	05
C. Conditions	08
1. First annuity	08
2. Second annuity	08
3. Payment of benefits	09
4. Annuity guarantee	10
5. Changes to amounts of annuity payments	10
6. Cash payments	12
7. Taxation	12
8. Non-profit benefits; surrenders; transfer of ownership	12
9. Further payments to the scheme	12
10. Production of documents and other evidence	13
11. Proof of age and marriage/civil partnership	13
12. Notices to annuitants	13
13. Amendment or termination of scheme	13
14. Changes to benefits and amendment of terms and conditions	13
15. Divorce and dissolution	14
16. Financial Services Compensation Scheme	14
17. Applicable law	14
18. Third party rights	14
D. Other information	15
1. Pension tracing service	15
2. Complaints	15
3. Long-term business	15
4. Pensions business	15

A. General

1. Introduction

You have transferred the value of your benefits under your previous pension arrangements to Prudential in order to take immediate benefits through membership of a personal pension scheme. In doing so, you have become a member of The Prudential (Corporate) Personal Pension Scheme (called "the **Scheme**") and your **transfer payment** will be used to provide a **Lifetime Annuity**.

The **Scheme** was set up by The Prudential Assurance Company Limited by a Deed Poll and **Rules**. The **Scheme** is run in accordance with its **Rules**; we will send you a copy of these on request. The **Rules** reflect the requirements of legislation and a number of regulatory bodies. If requirements change, we will change the **Rules**. The Prudential Assurance Company Limited is the **Scheme Administrator** and is responsible for the day to day administration of the **Scheme**.

The **Scheme** is a **registered pension scheme** under the terms of the Finance Act 2004.

Technically speaking, the benefits of all of the members are provided under a single **Policy** held by Prudential as **Scheme Administrator**. So that you receive all of the information relevant to you, we issue the document you are now reading, called the **Member's Policy Booklet**. This Booklet explains how the **Rules** and **Policy** terms apply to your benefits. It also contains information about the legal requirements for personal pensions.

As the **Scheme** is a personal pension scheme, all of your rights under the **Rules** and **Policy** are directly with Prudential. This **Member's Policy Booklet** describes those rights and obligations. It also sets out what you must do to exercise your rights and fulfil your obligations.

You will receive (or have already received) other documents from us. These include the following:

- **Annuity Quotation,**
- **Statement of Benefits,**
- **Key Features Document.**

Please read these documents and the **Member's Policy Booklet** carefully. They all contain important information. You should keep them all in a safe place, and make sure that the people who will handle the affairs of your estate when you die know where they are.

2. Lifetime Allowance

HM Revenue & Customs rules apply to benefits under all **registered pension schemes** and therefore to the benefits payable under this **Member's Policy Booklet**. In order not to trigger liability to a **Lifetime Allowance Charge**, the total value of benefits under all **registered pension schemes** under which you have or from which you have taken benefits, must not exceed your **Lifetime Allowance**.

At the time when the **Annuity Quotation** is accepted, we require confirmation that the value of the benefits does not exceed your available **Lifetime Allowance**. We cannot accept any liability if it is later discovered that your **Lifetime Allowance** has been exceeded and you have become liable to pay a **Lifetime Allowance Charge**.

B. Meaning of words

In the **Member's Policy Booklet** the words "we", "us" and "our" refer to The Prudential Assurance Company Limited. The words "you" and "your" refer to you, the client named in the **Annuity Quotation**.

The "annuitant" is a person receiving an annuity. This can refer either to you, the client, or to your spouse, **civil partner** or other dependant as defined below, depending on the context and circumstances.

Annuity change date

This is the date on which we change the amount of a **Fixed Increase Annuity**, an **LPI Annuity**, an **RPI-Linked Annuity** or an **Income Choice Annuity** under section C5. The **annuity change date** will be the anniversary of the **annuity start date**.

Any change under section C5 is calculated as at the **annuity change date** and takes effect from that date. Please note, however, that if the annuity is payable "in arrears", the new amount will actually be payable from the next payment date following the **annuity change date**.

Annuity start date

This is the effective date from which the annuity is set up. If the annuity is set up to be payable "in advance", the **first annuity** starts to be paid on the **annuity start date**. If, however, the annuity is set up to be payable "in arrears", the **first annuity** will start on a later date, called the **first arrears date**. The **annuity start date** is indicated in the **Annuity Quotation** and the **Statement of Benefits**. It will be either:

- › the date on which we receive all of the purchase money(s), or
- › it may be a specified date agreed between us and the **first annuitant**.

Annuity Quotation

This is the personal pension annuity quotation provided by us in relation to the **transfer payment**, and which you have formally accepted. A copy of the accepted **Annuity Quotation** is issued with the **Member's Policy Booklet** and the **Statement of Benefits** as confirmation of the accepted terms.

The accepted **Annuity Quotation** forms part of the contractual documentation and this **Member's Policy Booklet** needs to be read and understood in conjunction with it. You should keep these two documents together, with the **Statement of Benefits** and the **Key Features Document**.

Where the annuity is a **Level Annuity**, a **Fixed Increase Annuity**, an **RPI-Linked Annuity** or an **LPI Annuity**, we arrange for the annuity to be provided through Prudential Retirement Income Limited. Where the annuity is an **Income Choice Annuity** it is provided by The Prudential Assurance Company Limited. The **Annuity Quotation** will be issued either by The Prudential Assurance Company Limited or by Prudential Retirement Income Limited as appropriate.

Civil partner

A registered same-sex **civil partner**.

First annuitant

The **first annuitant** is you, being the client named in the **Annuity Quotation**, who has been accepted by us as a member of the **Scheme**.

First annuity

An annual amount payable to you, the **first annuitant**. The **first annuity** is the total annual amount shown in the **Annuity Quotation** as being payable to the **first annuitant**.

The **first annuity** may be:

- › non-increasing, in which case it will be a **Level Annuity**, or
- › increasing by a fixed percentage, in which case it will be a **Fixed Increase Annuity**, or
- › linked to increases in the **RPI**, in which case it will be an **RPI-Linked Annuity**, or
- › an **LPI Annuity**, in which case increases will be linked to changes in the **RPI** subject to a maximum percentage, or
- › linked to the performance of the Prudential With-Profits Fund, in which case it will be an **Income Choice Annuity**.

More detail on the significance of these different types of annuity is given in section C5.

Details of which one or more of these options apply to the **first annuity** will be indicated in the **Annuity Quotation**.

First arrears date

If the payments are set up to be paid "in arrears", the first payment will be made after the **annuity start date**. The actual date of the first payment in this case is the **first arrears date**.

Fixed Increase Annuity

This is any part of the **first annuity** or **second annuity** which is indicated in the **Annuity Quotation** as being subject to fixed annual increases, and for which the payments will be increased at the same level throughout the life of the relevant annuitant.

The rate(s) at which any **Fixed Increase Annuities** will increase will also be shown in the **Annuity Quotation**.

The way in which **Fixed Increase Annuities** are increased is described in section C5 (e).

Guarantee period

This is a period during which the **first annuity** will continue to be paid, notwithstanding the death of the **first annuitant** within that period. The **guarantee period** (if any) is set out in the **Annuity Quotation**. The **guarantee period** cannot exceed ten years from the **annuity start date**.

Income Choice Annuity

An **Income Choice Annuity** is an annuity which pays a retirement income linked to the performance of the Prudential With-Profits Fund.

If any part of the **first annuity** or **second annuity** is an **Income Choice Annuity**, we will issue a separate Appendix which describes the special terms which apply. The Appendix needs to be read in conjunction with this **Member's Policy Booklet** and the **Annuity Quotation**.

Key Features Document

This is a document that we issue to you before you decide to transfer your benefits to us. The **Key Features Document** sets out the basic terms and conditions of the contract with Prudential and is designed to help you make your decision about transferring to us. As it sets out the basic features of the contract, the **Key Features Document** forms part of the contractual documentation, alongside the accepted **Annuity Quotation**, the **Statement of Benefits** and this **Member's Policy Booklet**. The **Member's Policy Booklet** reflects the terms and conditions set out in the **Key Features Document**, but in more detail.

Level Annuity

This is any part of the **first annuity** or **second annuity** which is indicated in the **Annuity Quotation** as being non-increasing, and for which the payments remain at the same level throughout the life of the relevant annuitant.

Lifetime Allowance and Lifetime Allowance Charge

The Government has set a limit for each tax year on the value of the benefits that can be taken from **registered pension schemes**, above which a liability for a **Lifetime Allowance Charge** may arise. This limit is called the standard **Lifetime Allowance**.

The Government has set the standard **Lifetime Allowance** for the tax year 2012/13 at £1.5m.

The standard **Lifetime Allowance** may, however, be varied in relation to an individual if his or her benefits are eligible for certain protections as authorised by HM Revenue & Customs.

When benefits are taken, the value of the benefits will be compared with the individual's available personal **Lifetime Allowance** at that time.

If an individual takes benefits valued above his or her personal **Lifetime Allowance**, the excess (when paid) will be taxed at 25% if taken as pension and at 55% if taken as a cash sum. This charge is called the **Lifetime Allowance Charge**.

Lifetime Annuity

A **Lifetime Annuity** is an annuity which is guaranteed to be payable for the lifetime of the **first annuitant**. A **Lifetime Annuity** can only be paid under a pension scheme which is a money purchase arrangement and the **first annuitant** must have been given the opportunity to select the insurance company.

This **Member's Policy Booklet** is designed to provide a **Lifetime Annuity** only.

LPI Annuity

This is any part of the **first annuity** or **second annuity** which has been set up to have "limited prices indexation". This means that payments will be linked to increases in the **RPI** subject to a maximum specified percentage as set out in the **Annuity Quotation**.

Member's Policy Booklet

This document, which:

- › describes the technical and legal rights and obligations under the **Scheme**, and
- › sets out the terms and conditions of the **Policy** which are relevant to you and any other annuitants.

Pension credit rights

If an annuitant becomes divorced (or if his or her civil partnership is dissolved), his or her ex-spouse (or ex-**civil partner**) may be awarded **pension credit rights** in relation to the benefits under the **Scheme**.

Policy

This is the single contractual document, held by us as **Scheme Administrator**, through which we provide all benefits of all members of the **Scheme**. We do not issue copies of the **Policy**. The terms and conditions of the **Policy** that are relevant to you are all set out in this **Member's Policy Booklet**.

Registered pension scheme

A pension scheme or pension arrangement that is registered with HM Revenue & Customs. This gives the scheme or arrangement various tax advantages in respect of payments, investments and benefits.

RPI

Subject to section C5 (f), this is the Retail Prices Index published by HM Government.

RPI-Linked Annuity

An **RPI-Linked Annuity** is any part of the **first annuity** or **second annuity** which pays a retirement income linked to changes in the **RPI**. The income is fixed for the first year and then changes each year in line with changes in the **RPI**. You should note that an **RPI-Linked Annuity** will not necessarily increase and may even decrease (please see section C5 (f)).

If the annuity is an **RPI-Linked Annuity**, this will be indicated in the **Annuity Quotation**.

Rules

These are the **Rules** of the **Scheme**. The **Rules** are contained in a legal document and they set out the way in which the **Scheme** must be run, and the benefits that the **Scheme** can provide.

Scheme

The Prudential (Corporate) Personal Pension Scheme.

Scheme Administrator

The Prudential Assurance Company Limited. The **Scheme Administrator** runs the **Scheme** in accordance with the **Rules** of the **Scheme** and pays benefits in accordance with the conditions of the **Policy**, as reflected in this **Member's Policy Booklet**.

Second annuitant

This is the **first annuitant's** legal spouse, **civil partner** or other dependant. The **second annuitant** is the named dependant identified in the **Annuity Quotation**.

Second annuity

An annual amount, as shown on the **Annuity Quotation**. There will be a **second annuity** if a "joint life option" has been selected for the annuity.

Statement of Benefits

This is a document that we issue to you as confirmation that the contract with us has been concluded and your **Lifetime Annuity** has been set up. It gives brief details of the benefits. Full details of the amounts of the payments and the options that have been selected are set out in the **Annuity Quotation**.

Transferring arrangements

This is the previous pension scheme or policy from which a **transfer payment** was made to the **Scheme**, in order to provide the benefits that are the subject of this **Member's Policy Booklet** and the **Annuity Quotation**. If **transfer payments** were made to the **Scheme** from more than one such scheme or policy, then **transferring arrangements** means all of these arrangements.

Transfer payment

This is the payment(s) made to the **Scheme** by the trustees or administrator or insurer of the **transferring arrangements** in respect of you. The amount of the payment is set out in the **Annuity Quotation** and is the total pension fund received for you, before the deduction of any tax-free cash lump sum under section C6 (a). Where more than one such payment was received, then the **transfer payment** represents the total of all of these payments.

C. Conditions

1. First annuity

We will pay the **first annuity** to you the **first annuitant**. It starts with effect from either:

- › the **annuity start date**, if the **first annuity** is payable "in advance" (that is, at the start of specified intervals), or
- › the **first arrears date**, if the **first annuity** is payable "in arrears" (that is, following the end of specified intervals),

and is paid as described in section C3.

The **Annuity Quotation** will indicate whether the **first annuity** is payable "in advance" or "in arrears".

The **first annuity** cannot in any circumstances be exchanged for a lump sum payment (see also sections C6 and C8 (b)).

2. Second annuity

(a) General

This section C2 applies where the **Annuity Quotation** indicates that there is a "joint life" pension. A "joint life" pension means that on the **first annuitant's** death, a pension will then be payable to another person if they are alive at that date, and this pension will be the **second annuity**.

(b) Amounts shown in Annuity Quotation

The **Annuity Quotation** will show if the pension has been set up on a "joint life" basis and the resulting amount of the **second annuity**.

(c) Payment to second annuitant

If the **second annuitant** is still alive when the **first annuitant** dies, we will pay the **second annuity** in respect of the **second annuitant**.

We will pay the **second annuity** as described in section C3.

The **second annuity** cannot in any circumstances be exchanged for a lump sum payment (see also sections C6 and C8 (b)).

(d) Start date of second annuity

Subject to section C2 (e), the **second annuity** will start as indicated on the **Annuity Quotation**. There are two possibilities:

- › The **second annuity** may start with effect from the date that the next payment of the **first annuity** would otherwise have been due, or
- › Otherwise, the **second annuity** will start with effect from the day following the **first annuitant's** death.

(e) Start date of second annuity if first annuitant dies during guarantee period

If the **first annuitant** dies before the end of the **guarantee period** (if any) the **second annuity** will start as indicated on the **Annuity Quotation**. There are two possibilities:

- › The **second annuity** may start with effect from the date described in section C2 (d), irrespective of whether the **guarantee period** has expired. In this case, if the **first annuitant** dies within the **guarantee period**, the remaining payments of the **first annuity** (as described in section C4 (c)) will be said to "overlap", and therefore be paid simultaneously with the **second annuity**, or
- › Otherwise, the **second annuity** will start with effect from the date described in section C2 (d) or at the end of the **guarantee period**, whichever is later. In this case, if the **first annuitant** dies in the guarantee period, then the remaining payments of the **first annuity** (as described in section C4 (c)) will not "overlap". The **second annuity** will start only once the **guarantee period** has expired.

(f) Second annuity cannot be re-allocated

The **second annuity** cannot be re-allocated to another person, even if the **second annuitant** dies during the lifetime of the **first annuitant**, or is divorced from the **first annuitant** or where their civil partnership has been dissolved.

(g) Effect of divorce or dissolution on the second annuity

- (i) Where the **second annuitant** is defined in the **Annuity Quotation** as being the **first annuitant's** spouse at the date of his or her death, the **second annuity** will not be payable in the event that the **first annuitant** divorces the **second annuitant** after the **annuity start date** unless the **first annuitant** remarries. Likewise, where the **second annuitant** is defined in the **Annuity Quotation** as being the **first annuitant's civil partner** at the date of his or her death and the civil partnership is dissolved after the **annuity start date**, then the **second annuity** will not be payable unless the **first annuitant** enters into a new civil partnership. Where the **first annuitant** has remarried or has entered into a new civil partnership, the **second annuity** will be payable to the new spouse or **civil partner**.
- (ii) In the case where the **second annuitant** is defined in the **Annuity Quotation** as the spouse or **civil partner** at the date of retirement or at the date the annuity starts, the **second annuity** will be payable to that person, irrespective of a divorce or dissolution and, if applicable, remarriage or new civil partnership.

3. Payment of benefits

(a) Payment to first annuitant

We will pay any pension commencement lump sum (sometimes called "tax free cash") payable under section C6 (a) to the **first annuitant** on the **annuity start date** or as soon afterwards as is reasonably practical.

We will pay the **first annuity** for the rest of the life of the **first annuitant**, or, where there is a **guarantee period** which continues after the death, until the end of the **guarantee period**.

Subject to sections C4 (c) and section C8 (c), the **first annuity** must be paid to the **first annuitant**.

(b) Payment to second annuitant

We will pay the **second annuity** for the rest of the life of the **second annuitant** except where:

- the **second annuitant** is the **first annuitant's** spouse or **civil partner** and special provision has been made for the **second annuity** to stop on the spouse's remarriage or on the **civil partner** entering into a new civil partnership, or
- special provision has been made for the **second annuity** to be payable to a person who is a dependant solely because that person is under age 23 when the **first annuitant** dies. In such a case the annuity must stop when the **second annuitant** reaches age 23.

The **Annuity Quotation** will reflect these special provisions if they have been selected for the **second annuity**.

Payment must be made to the relevant annuitant.

(c) Payment intervals

We will pay annuity instalments as detailed in the **Annuity Quotation**.

Where the annuity is stated in the **Annuity Quotation** to be payable "in advance", payment will be made at the start of the specified interval. Where the annuity is stated to be payable "in arrears", payment will be made after the end of the specified interval.

The **Annuity Quotation** will indicate whether the annuity is payable "in advance" or "in arrears".

(d) Death of annuitant or annuitant ceases to be entitled to annuity

If the annuitant dies or stops being entitled to an annuity partway between two annuity payments:

- where the annuity is payable "in advance" or where the annuity is payable "in arrears" and the **Annuity Quotation** indicates that it has not been set up to provide a proportionate last payment, the recipient can keep the full amount of the last payment;
- where the annuity is payable "in arrears" and the **Annuity Quotation** indicates that it has been set up to provide a proportionate last payment, we make a payment to the recipient to take account of the period between the date of the last payment and the date the recipient died or stopped being entitled to the annuity.

(e) Splitting annuities

We will not split any payment between two or more people, except in the circumstances where an ex-spouse or ex-civil partner has been awarded **pension credit rights** in relation to an annuitant's benefit under the **Scheme** or an annuity becomes subject to a pension sharing order as described in section C15.

(f) Payment method

Payment will be by direct transfer to a bank or building society account.

(g) Overseas annuitants

Special arrangements may be necessary for the payment of the annuity if we are making payments to an annuitant and he or she moves overseas. The relevant annuitant should contact us for further details if this applies. In any event, if we start the annuity whilst an annuitant is a United Kingdom resident and he or she then moves overseas, the annuitant must inform us when he or she leaves the United Kingdom.

4. Annuity guarantee

(a) General

This section C4 applies if:

- › the **Annuity Quotation** indicates that there is a **guarantee period** in relation to the **first annuity**, and
- › the **first annuitant** dies before the end of the **guarantee period**.

If a **guarantee period** has been selected in relation to the **first annuity**, this will be reflected in the **Annuity Quotation**.

(b) Compulsory requirements

It is not compulsory to select a **guarantee period** in respect of the **first annuity**, but if one is selected, then any payments made in relation to a **guarantee period** must be paid as continuing instalments: they cannot be paid as a lump sum.

(c) Payment

If the **first annuitant** dies before the end of the **guarantee period** (if any), we will pay the further instalments of the **first annuity** for the remainder of the **guarantee period**. Subject to section C8 (c), we will pay these instalments to the **first annuitant's** legal personal representatives.

(d) Effect of guarantee period on start date of second annuity

See section C2 (e) for details of the effect of the **guarantee period** on the date that the **second annuity** starts.

5. Changes to amounts of annuity payments

(a) General

The provisions that apply under this section C5 depend upon the type of pension and upon the selection made, as set out in this section C5 and in the **Annuity Quotation**.

The **first annuity** and the **second annuity** may be (in whole or part):

- › a **Level Annuity**, in which case the payments will remain at a fixed level amount, or
- › a **Fixed Increase Annuity**, in which case payments will increase by a fixed, pre-selected percentage, or
- › an **RPI-Linked Annuity** in which case payments will be linked to changes in the **RPI** (including decreases, unless a "negative inflation" guarantee applies as described in section C5 (f)), or
- › an **LPI Annuity**, in which case payments will be linked to increases in the **RPI**, but subject to a maximum percentage increase as indicated in the **Annuity Quotation**, or
- › an **Income Choice Annuity**, in which case payments will be linked to the performance of the Prudential With-Profits Fund.

(b) Different terms can apply for different parts of an annuity

An annuity may be comprised of different parts. If this is the case, then different options may apply or may have been selected for these distinct parts of an annuity. For example, one part may be a **Fixed Increase Annuity** and the other part may be a **Level Annuity**. Similarly, the two parts may be set up to increase at different percentage rates.

If different options apply to the distinct parts of an annuity, this will be indicated in the **Annuity Quotation**.

(c) Optional bases for changes to amounts of annuities

Pensions can be set up using any of the bases described in section C5 (a).

Once an annuity basis has been selected, it cannot normally be changed.

(d) Date from which changes to amounts of annuity payments take effect

If this section C5 applies, we will change the amount of each annuity at yearly intervals on the **annuity change date**.

Where the annuity has been set up to be paid "in advance", the new amount will be payable with effect from the **annuity change date**.

Where the annuity has been set up to be paid "in arrears", the new amount will be payable with effect from the next payment following the **annuity change date**.

(e) Fixed Increase Annuities

A **Fixed Increase Annuity** will be increased by the percentage rate(s) indicated in the **Annuity Quotation**.

(f) RPI-Linked Annuities

An **RPI-Linked Annuity** will be fixed for the first year and then will change each year in line with yearly changes in the **RPI**. If the yearly change in the **RPI** falls below zero and becomes a negative amount, the **RPI-Linked Annuity** will be reduced by the same percentage, unless the **first annuitant** has selected a "negative inflation" guarantee. If this guarantee has been selected, the **RPI-Linked Annuity** will not fall in the event that the change in the **RPI** falls below zero.

The yearly changes in the **RPI-Linked Annuity** will be determined at each anniversary of the **annuity start date**. The new amount will be based on the change in the **RPI** over the 12-month period ending 3 months before the anniversary of the **annuity start date**. For example, if the anniversary of the **annuity start date** is in June, the increase will be based on the yearly **RPI** figure for March.

An **RPI-Linked Annuity** will continue to be so linked for as long as that index continues to be published by HM Government, and it remains the basis for determining the return on Government linked stocks. If the **RPI** is replaced by another index, whether based on UK or wider European inflation, we reserve the right to adopt that index instead, both for new and existing **RPI-Linked Annuities** or to make any other changes or arrangements which we consider to be reasonable in the circumstances. Similarly, we reserve the right to adopt a different index or make other reasonable changes or arrangements if the **RPI** ceases to be the basis for determining the return on Government linked stocks. In any of these circumstances, we will notify the relevant annuitant if, in our opinion, he or she is likely to be materially affected.

(g) LPI Annuities

The new amount of an **LPI Annuity** will be determined at each **annuity change date**, and will be linked to increases in the **RPI** limited to a maximum percentage specified in the **Annuity Quotation**. In this case, the increase in the **RPI** is based on the yearly **RPI** figure for the September of the calendar year immediately preceding the year in which the relevant **annuity change date** falls. For example, if the **annuity change date** is in October, the increase will be based on the yearly **RPI** figure for September in the previous calendar year, not the September which has just passed.

(h) Income Choice Annuities

Further conditions applying to changes to amounts of payments of **Income Choice Annuities** are set out in the Appendix, which is issued where relevant.

6. Cash payments

(a) Pension commencement lump sum

You can choose to receive part of your benefits as a pension commencement lump sum (sometimes called "tax free cash"). The lump sum:

- must not be more than 25% of the value of the **transfer payment**,
- must not, when added to all pension commencement lump sums taken by you from all **registered pension schemes**, exceed 25% of the standard **Lifetime Allowance** applicable at the time the lump sum is paid, and
- may only be paid if all or part of your personal **Lifetime Allowance** is available.

Where you have transitional protection under Schedule 36 of the Finance Act 2004, a larger lump sum may be available. Before we can pay a higher amount than 25% of the **transfer payment**, we must see any relevant certificate of protection issued to you by HM Revenue & Customs and we must be satisfied that the transitional protection has not been lost on transfer to the **Scheme**.

(b) Exchange of annuity for cash payment

The **first annuity** and the **second annuity** cannot be exchanged for a cash payment. The only cash payment available is that described under section C6 (a) and payable in accordance with section C3 (a).

7. Taxation

We will deduct income tax from any payments if required by law and pay it to HM Revenue & Customs on the relevant annuitant's behalf.

We are not liable for and do not deal with any inheritance tax arising on payment(s) (if any) made under section C4 of the **Member's Policy Booklet**, following the **first annuitant's** death.

We are not liable for and do not deal with any **Lifetime Allowance Charge** that may arise in the event that the benefits payable under this **Member's Policy Booklet** exceed your personal **Lifetime Allowance**. See section A2.

8. Non-profit benefits; surrenders; transfer of ownership

(a) Non-profit benefits

Unless the annuity is an **Income Choice Annuity**, the benefits arising under this **Member's Policy Booklet** will not share in the profits of any company in the Prudential Group of Companies.

(b) Surrenders

Except as provided in section C6 (a), the benefits arising under this **Member's Policy Booklet** may not be cancelled for a cash payment or any other benefits.

(c) Transfer of ownership

The benefits arising under this **Member's Policy Booklet** are not capable of mortgage or transfer to any other party except that ownership may be transferred to the extent necessary to provide **pension credit rights** or to comply with a pension sharing order under section 28(1) of the Welfare Reform and Pensions Act 1999 or Article 26 of the Welfare Reform and Pensions (Northern Ireland) Order 1999,

Guarantee payments made under section C4 may be the subject of a provision in the **first annuitant's** will.

9. Further payments to the scheme

This **Member's Policy Booklet** describes the terms and conditions that relate to taking immediate benefits from a **transfer payment** made to the **Scheme**. The **Scheme** is also capable of receiving payments from individuals who are saving for their retirement and who wish to invest in a tax efficient way before taking benefits. In this context, we may agree that you can make further payments to the **Scheme**, either by way of a personal payment or by way of a transfer payment. Any such payments must be within the terms of the **Rules** of the **Scheme**, the requirements of HM Revenue & Customs and will be subject to our prevailing terms and conditions for such payments. You must complete any forms we need and provide any information we require.

10. Production of documents and other evidence

From time to time and before making any payment we may need to see:

- (a) the **Annuity Quotation** and/or **Statement of Benefits**,
- (b) proof of the identity and right of any applicant for payment,
- (c) proof that a person is still alive, if payment is claimed or due in respect of any pension payable only while he or she is alive,
- (d) proof that a person has died, if payment is due on his or her death.

11. Proof of age and marriage/civil partnership

- (a) Before we pay any benefit, we may require evidence of an annuitant's age and the age of any other person for whom a benefit is payable. If the age previously notified to us proves to have been incorrectly stated, we will adjust the benefits to those that would have applied if the correct age had been given. We will make any further adjustments that are required to collect any overpayments from the annuitant or pay any underpayments that were made before the mistake was put right. We do not pay interest on any adjustments that are made due to underpayment.
- (b) If you, the **first annuitant**, are married or in a civil partnership and a benefit is payable to your spouse or **civil partner**, we may also require evidence of the marriage or civil partnership.

12. Notices to annuitants

Each annuitant must give us an address to which we will send any notices. These notices will be treated as having been received by the relevant annuitant two postal days after posting (excluding Sundays and Bank Holidays).

Changes in address need to be notified to us promptly.

13. Amendment or termination of scheme

Prudential reserves the right to amend the **Rules** or to discontinue the **Scheme** at any time. In the latter case provision will always be made to protect benefits and for payment to continue.

You will be given notice of any important amendments made to the **Rules**.

14. Changes to benefits and amendment of terms and conditions

- (a) Subject to sections C5, C8 (c), C14 (b), C14 (c) and C15, we will not change the amounts of benefits once they have come into payment unless incorrect information has been provided by or on behalf of the relevant annuitant or if the relevant annuitant fails to provide when requested information we require for the ongoing payment of benefits correctly.

- (b) Subject to section C14 (c), we can make changes to the terms and conditions of the **Policy**, and therefore the terms and conditions contained in the **Member's Policy Booklet**, providing we obtain the relevant annuitant's consent.
- (c) We can add to, amend, modify or set aside any of the terms and conditions of the **Policy**, and therefore the terms and conditions contained in the **Member's Policy Booklet**, without the relevant annuitant's consent in the following circumstances:
 - (i) if it becomes impossible or unreasonable to follow them because of a change in legislation or regulations.
 - (ii) if the basis of taxing Prudential changes. We will only change the **Policy**, and therefore the terms and conditions contained in the **Member's Policy Booklet**, in a way that is consistent with standard industry practice and allows the balance between the relevant annuitant and us to remain as it was before the change.
- (d) We will, in any of the circumstances described in section C14 (c), make only reasonable changes and give the relevant annuitant(s) reasonable notice, and will at all times take account of our obligation to treat our customers fairly.

15. Divorce and dissolution

If as a result of a divorce or the dissolution of a civil partnership, **pension credit rights** are awarded to an annuitant's ex-spouse or ex-civil partner or if an annuity payable under this **Member's Policy Booklet** becomes subject to a pension sharing order under section 28(1) of the Welfare Reform and Pensions Act 1999 or Article 26 of the Welfare Reform and Pensions (Northern Ireland) Order 1999, we will make any necessary changes to the terms contained in the **Member's Policy Booklet** to comply with those **pension credit rights** or that order. Such changes may include the reduction of any annuity in order to take account of payments that have to be made to another party. However, changes cannot normally be made to alter the options which were selected for the annuity as at the **annuity start date**.

The effect of a divorce or dissolution on the **second annuity** is explained in section C2 (g).

16. Financial Services Compensation Scheme

The **Scheme** and the annuities payable under this **Member's Policy Booklet** are covered by the Financial Services Compensation Scheme for the purpose of providing compensation in the unlikely event of Prudential's insolvency.

If a charge is imposed on us under the Financial Services Compensation Scheme (or any other investor compensation scheme), we can pay for it by imposing on our policyholders whatever level of charges is necessary and reasonable, subject to complying with legal and regulatory requirements. As such, if such a charge is imposed in relation to the **Scheme** or in relation to an annuity payable under this **Member's Policy Booklet** we may make an appropriate deduction from benefits payable under this **Member's Policy Booklet**.

17. Applicable Law

The law of England and Wales applies to the **Scheme**, to the **Member's Policy Booklet** and any benefit payable under them. Any disputes connected with them will therefore be settled in the courts of England and Wales.

18. Third party rights

The **first annuitant** and any **second annuitant** have directly enforceable rights against us in respect of the benefits payable under the **Member's Policy Booklet** to which they are or become entitled. Subject to this, nothing in the **Member's Policy Booklet** confers or purports to confer on any third party any benefits or any right to enforce any term of the **Member's Policy Booklet** pursuant to the Contracts (Rights of Third Parties) Act 1999.

D. Other Information

1. Pension tracing service

A pension tracing service is available to help individuals who have lost touch with their previous pension arrangements trace their pension rights. The pensions tracing service is operated by the Department for Work and Pensions, and can be contacted at the following address:

Pension Tracing Service,

The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA.

Telephone: 0845 6002 537

www.direct.gov.uk

2. Complaints

We hope you will never need to, but if you ever wish to complain about any aspect of the service you receive from us, please first of all write to us at:

**Prudential
Customer Relations Unit
Stirling
FK9 4UE**

Please quote any relevant Quote Reference or Annuity Reference number. Your Annuity Reference number can be found on your **Statement of Benefits**.

If you are not satisfied with our response to your complaint, you may be able to take the complaint to the:

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

The Financial Ombudsman Service considers complaints as a free service and your legal rights will not be affected if you subsequently decide not to accept its findings.

There are also two other organisations to which you or your beneficiaries can refer a complaint, either the Pensions Advisory Service (TPAS) or the Pensions Ombudsman, both of which may be contacted at 11 Belgrave Road, London SW1V 1RB. The Pensions Ombudsman has been appointed by law (section 145(2) of the Pension Schemes Act 1993) to investigate and determine, amongst other things, complaints about maladministration or disputes on points of fact or law in relation to personal pension schemes or occupational pension schemes. The Pensions Ombudsman can also investigate and determine complaints from personal pension scheme members about the activity of their employer in relation to the personal pension scheme.

The telephone numbers of these organisations are:

- › Financial Ombudsman Service:
0800 0234 567
- › Pensions Advisory Service (TPAS):
0845 601 2923
- › Pensions Ombudsman:
020 7630 2200

3. Long-term business

The benefits arising under the conditions contained in this **Member's Policy Booklet** are part of our "long-term business" within the meaning of the Financial Services and Markets Act 2000.

4. Pensions business

The annuities payable under this **Member's Policy Booklet** are 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 **Member's Policy Booklet** in whatever way is necessary to ensure that HM Revenue & Customs does not impose any penalty on us.



www.pru.co.uk

"Prudential" is a trading name of The Prudential Assurance Company Limited, of Prudential Annuities Limited and of Prudential Retirement Income Limited. This name is also used by other companies within the Prudential Group, which between them provide a range of financial products including life assurance, pensions, savings and investment products. The Prudential Assurance Company Limited and Prudential Annuities Limited are registered in England and Wales. Registered Office at Laurence Pountney Hill, London EC4R 0HH. Registered numbers 15454 and 2554213 respectively. Prudential Retirement Income Limited is registered in Scotland. Registered Office at Craigforth, Stirling FK9 4UE. Registered number SCO47842. Authorised and regulated by the Financial Services Authority.