



Fast Facts

Flexible Lifetime Annuity

Flexible Lifetime Annuity (FLA), part of the Flexible Retirement Income Account (FRIA)

Under FRIA we offer a complete flexible retirement package allowing clients to plan their retirement from age 55, by giving them the option to move between different products as their circumstances change. FLA enables continued investment choice and variable income until age 90.

Eligibility	
Minimum age at entry	55 attained
Maximum age at entry	74 attained
Maximum age at entry if taking tax free cash	74 attained

Contributions	
Contributors	Transfers from UK registered pension arrangement(s). Exceptions, money set-aside for GMP and/or Protected Rights. Also can accept Personal and Occupational Pension Scheme Open Market Options excluding contracted-out rights.
Payment frequency	Single transfer(s)
Initial Minimum Investment	£35K after tax free cash

Charges/deductions	
Establishment	
Allocation rate [^]	99% (includes 1% installation charge) less initial commission (typically 97% for a standard adviser, taking standard commission).
Bid-offer spread	None
Ongoing charges	
Annual Management Charge (AMC) ^{1,2}	Varies between 0.80% and 1.65% (note these charges include an allowance of 0.25% trail commission).
Fund unit type	Accumulation units only
Market Value Reduction (MVR)	An MVR may be applied on voluntary switches out of the With-Profits Fund if investment conditions warrant it.

Contract features	
Variable income	Clients can choose how much income to take between a minimum and maximum amount. These limits are recalculated every three years. Guaranteed Income Option: Ability to switch to a fixed income stream at anytime before age 90. Automatic conversion at age 90.
Lifetime Investment Strategies	Three pre programmed investment strategies, geared towards switching investments from higher risk investments to lower risk investments as the member gets older.
Self-Managed Investment Option	Self-Managed Investment Option: Ability to invest in up to 19 of our range of funds at anytime (subject to holding a minimum of £2.5k in each investment fund). Income can be specified to come from one, all or some of the chosen funds (restrictions apply to investments in the With-Profits fund).
Mortality cross subsidy	Unlike traditional annuities the value of mortality cross subsidy is evident through the addition of monthly Lifetime Bonuses. Lifetime Bonuses are added to the member's account monthly. Bonuses become guaranteed from age 90 or on switch to fixed income stream. Lifetime Bonuses are payable on Lifetime Investments only.

Death benefits	
Joint Life Option	Can select to pay an income on death to a named dependant at outset. This amount can be set to reduce or stay the same on either death. This is not available if monies are coming to us as a result of death benefits where using FLA to purchase a dependants annuity.
Ringfenced investment	Clients can choose to "Ringfence" part of their fund to provide a benefit on early death, maximum of ten years from commencement. In the event of death before the tenth policy anniversary, any ringfenced investments remaining are used to provide an income to a beneficiary until what would have been the tenth policy anniversary. A maximum of 80% of the fund can be ringfenced from outset. This amount can be reduced at anytime however it cannot be increased or added once the contract is in-force. Any ringfenced investments remaining on the tenth Policy anniversary will be converted to Lifetime Investments and will begin earning Lifetime Bonuses. This is not available if monies are coming to us as a result of death benefits where using FLA to purchase a dependants annuity.

Investment funds and switching	
Switch Charge	Six free switches per policy year. Currently £25 thereafter, regardless of how many funds involved.
Minimum switch	£2.5k per fund
Maximum number of funds customer can invest in:	19

Commission	
Initial commission	2% standard commission. Commission can be sacrificed in full or partial, or enhanced to a maximum of 4%. Any variance in commission is reflected in the allocation rate on a 1:1 basis.
Trail commission	0.25% if following Lifetime Investment Strategy, 0.5% if self-managing. Trail commission can be enhanced to a maximum of 0.5% or sacrificed in full or part. Any increase above 0.25% is met by unit deduction, any sacrifice below 0.25% is credited back to the client's account by buying additional units.

Funds to choose from

Funds			
Internal	AMC ^{1,2}	External	AMC ^{1,2}
Prudential Cautious Managed Growth Pension Fund	0.80%	Prudential BlackRock UK Smaller Companies Pension Fund	1.45%
Prudential Managed Defensive Fund	0.80%	Prudential BlackRock UK Special Situations Pension Fund	1.45%
Prudential M&G Managed Growth Pension Fund	0.80%	Prudential BlackRock UK Absolute Alpha Pension Fund	1.55%
Prudential M&G Corporate Bond	0.80%	Prudential Cazenove UK Growth & Income Pension Fund	1.50%
Prudential M&G High Interest Pension Fund	0.80%	Prudential First State Asia Pacific Leaders Pension Fund	1.65%
Prudential M&G Gilt & Fixed Interest Income	0.80%	Prudential Gartmore Cautious Managed Pension Fund	1.30%
Prudential M&G High Yield Bond	1.25%	Prudential Gartmore China Opportunities Pension Fund	1.55%
Prudential M&G Recovery	1.00%	Prudential Gartmore Emerging Markets Opportunities Pension Fund	1.55%
Prudential M&G American	1.00%	Prudential Gartmore European Selected Opportunities Pension Fund	1.55%
Prudential M&G European Pension Fund	1.00%	Prudential Invesco Perpetual Distribution Pension Fund	1.60%
Prudential M&G Asian Pension Fund	1.50%	Prudential Invesco Perpetual Global Bond Pension Fund	1.30%
Prudential M&G Japan Pension Fund	1.50%	Prudential Invesco Perpetual High Income Pension Fund	1.45%
Prudential M&G Global Growth Pension Fund	1.00%	Prudential Invesco Perpetual Monthly Income Plus Pension Fund	1.55%
Prudential M&G Smaller Companies Pension Fund	1.00%	Prudential Invesco Perpetual Managed Pension Fund*	1.225%
Prudential Property Fund	0.80%	Prudential Invesco Perpetual UK Equity Pension Fund**	1.225%
Prudential Unitised With-Profits Fund ³	1.00%	Prudential JP Morgan Europe Dynamic (ex UK) Pension Fund	1.55%
External	AMC ^{1,2}	Prudential JP Morgan Natural Resources Pension Fund	1.55%
Prudential Artemis Income Pension Fund	1.55%	Prudential Martin Currie IF North American Pension Fund	1.55%
Prudential Artemis Strategic Bond Pension Fund	1.30%	Prudential Neptune Balanced Pension Fund	1.60%
Prudential Artemis UK Growth Pension Fund	1.55%	Prudential Neptune Income Pension Fund	1.60%
Prudential AXA Framlington Equity Income Pension Fund	1.55%	Prudential Newton Global Higher Income Pension Fund	1.50%
Prudential AXA Framlington Health Pension Fund	1.55%	Prudential Newton Managed Pension Fund	1.025%
Prudential BlackRock Gold & General Pension Fund	1.60%	Prudential Newton UK Equity Income Pension Fund	1.025%
Prudential BlackRock UK Pension Fund	1.40%		

Notes:

Newton/M&G/Invesco Perpetual Funds – These Funds are Prudential Funds that are managed on their behalf by the fund management group stated. They should not be confused with the same or similar named funds or unit trusts offered independently by these fund management groups.

* The Prudential Invesco Perpetual Managed Fund invests in Invesco Perpetual's own range of underlying unit trusts.

** The Prudential Invesco Perpetual UK Equity Fund invests directly in Invesco Perpetual's own Income Fund Unit Trust.

^ 1% installation charge does not apply if going to Flexible Lifetime Annuity from Flexible Income Drawdown Plan.

¹ This is the annual management charge allowed for in the unit pricing and includes allowance for 0.25% trail commission. Trail commission of less than or greater than 0.25% will result in a unit credit or debit as appropriate.

² All funds (except the Prudential With-Profits Fund and Prudential Property Fund) invest in unit trusts/OEICS. These funds incur additional investment expenses, which include trustee fees, custodian charges and registrar fees. These charges are reflected in the unit prices. The expenses are typically in the region of 0.0% to 0.75%, but can be more than this depending on the fund(s) selected.

³ For the With-Profits Fund, we deduct a charge through the bonus mechanism. This is currently expected to be 1% a year assuming future investment returns in the With-Profits Fund are 7% a year. Charges on With-Profits business depend on the performance of the With-Profits Fund and, in particular, the investment returns achieved and expenses incurred. Over time if returns are higher then we would expect to increase the charge and if investment returns are lower we would expect to reduce the charge.

Benefits and options

- Flexible income (between defined limits).
- Continued investment flexibility into retirement.
- Transparent mortality cross subsidy.
- Selection of death benefits.
- Seamless transfer from Prudential's Flexible Income Drawdown plan enabling an investment strategy to be run from age 55 through to age 90.

Quotations

For a quotation, please call **0845 075 7576**, 9am – 5pm, Monday – Friday.
More information on our Flexible Lifetime Annuity can be found at www.pruadviser.co.uk

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

This information should be used as a guide only.

It is based on our current contract terms as at May 2011.

Full terms and conditions of Prudential products are available on request.

Calls may be monitored or recorded for quality and security purposes.

www.pruadviser.co.uk/annuities

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