Important information

keyfacts®

Key Features of the Prudential Company Pension Transfer Plan

PRUDENTIAL

Contents

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

Prudential
Stirling
FK9 4UE

About this booklet

- This booklet is the Key Features of the Prudential Company Pension Transfer Plan.
- If trustees of your occupational pension scheme transfer your pension to Prudential, we will set up a Prudential Company Pension Transfer Plan.
- Please read it, and keep it in a safe place. Please also read your personal illustration, the Technical Guide and A Guide to Fund Options.
- If you still have questions about our Company Pension Transfer Plan after reading this booklet, please call us on 0808 234 3030.

The Financial Services Authority

The Financial Services Authority is the independent financial services regulator. It requires us, Prudential, to give you this important information to help you decide whether our Company Pension Transfer Plan is right for you. You should read this information carefully so that you understand what you are buying and then keep it safely for future reference.

About our Company Pension Transfer Plan

Our Company Pension Transfer Plan lets trustees of company pension schemes transfer their liabilities in respect of your benefits to us. This means after the transfer we'll look after your pension plan and pay your benefits.

If your previous company pension scheme included Guaranteed Minimum Pension benefits, we'll ensure that this will be the minimum pension you receive. Please read "What if the money in my pension fund is less than the amount needed to provide my Guaranteed Minimum Pension when I take my benefits?" on page 9.

Once the trustees have transferred your previous Company Pension to Prudential, it becomes an individual plan in your own name.

Its aim

- To help you save for retirement in a tax-efficient way.

Your commitment

- To give up all rights to existing retirement provision in respect of the transfer value when you transfer benefit from your previous company pension scheme.
- To allow the money in your plan to grow until you take your pension benefits.

Risks

Risk factor	Where you can find more information
The value of the investments that make up your plan can go down as well as up. The value can even fall below the amount transferred in.	We explain this in "Where do you invest my transfer value?" on page 5.
There are different risks for different funds.	We explain this in "Where do you invest my transfer value?" on page 5. You can find information about each fund in "A Guide to Fund Options".
If money is taken out of the With-Profits Fund at any time other than on the normal retirement date or on your death, the amount payable may be reduced to reflect the value of the underlying assets at that time. This is known as a Market Value Reduction (MVR).	We explain this in "What's a Market Value Reduction?" on page 7.
Tax rules may change in the future.	We explain this in "What are the tax advantages of investing in a Company Pension Transfer Plan" on page 6.
Inflation will reduce what you can buy in the future	

Questions and answers
Your Company Pension Transfer Plan

Where do you invest my transfer value?

The trustees of your previous company pension scheme initially choose where to invest the money they transfer to the plan. They can choose:

- to invest your money in up to 6 individual funds, or
- to invest it in a Lifestyle Option

After the transfer you can switch funds or choose additional funds, up to an overall maximum of 20 funds. This is not possible if you choose the Lifestyle Option.

If you choose the Lifestyle Option all of your transfer, except any amount invested in the With-Profits Fund, will be put into this option. You won't be able to choose any other funds with the Lifestyle Option, but you can switch out of the option at any time. Please read "Can I switch my money between funds?" opposite for more information.

If you have a Guaranteed Minimum Pension (GMP), part of your transfer value, called the "Reserved Contribution", will be invested in the GMP With-Profits Fund. You can't switch this part of your investment into another fund.

Different funds offer different types of investment. Some only invest in property, others invest in a wide range of assets, and others invest directly in the stockmarket. Each fund has its own level of potential growth and risk usually funds with more potential for growth carry more risk.

The performance of the funds isn't guaranteed. The value of your fund can go down as well as up. If it does go down, you could have less money in your plan than was transferred in.

For information about the funds you can choose from and the Lifestyle Option, please read "A Guide to Fund Options" and "Your With-Profits plan – a guide to how we manage the Fund" which are included with this booklet.

What happens if I move abroad?

Please note Prudential is not able to accept monies from customers living overseas. If you move abroad and are no longer a resident of the UK this will impact your ability to apply for this product.

What's a Guaranteed Minimum Pension (GMP)?

You have a Guaranteed Minimum Pension if you were a contracted-out member of a defined benefit occupational pension, and were contracted out of the State Earnings-Related Pension Scheme (SERPS) between 6 April 1978 and 5 April 1997.

Your Guaranteed Minimum Pension is intended to equal, approximately, what you would have received on what used to be the State Pension Date (age 65 for males and 60 for females) if you weren't contracted out.

Can I switch my money between funds?

You can switch your money between funds at any time. We currently don't charge you for this. If this changes in the future we will let you know. However, you can only invest in up to 20 funds at any time.

If your plan includes a Guaranteed Minimum Pension, you cannot switch the Reserved Contribution out of the GMP With-Profits Fund.

For any fund we may not switch the money for up to one month. For unit-linked funds that mainly invest in property and land we may delay switching for up to 6 months. This is in exceptional circumstances and if this applies to your investment, we will give you notice.

If you switch money out of the Prudential With-Profits Fund, we may apply a Market Value Reduction. For more information about Market Value Reductions, please read "What's a Market Value Reduction?" on page 7.

Can I transfer my plan?

You can transfer your plan to another pension arrangement before you start to take your pension benefits.

We may apply a Market Value Reduction if you transfer money out of our With-Profits Fund. For more information about this, please read "What's a Market Value Reduction?" on page 7.

If you can currently take more than 25% of your pension as a tax-free lump sum when you take benefits, you may not be able to if you transfer out.

If you have a Guaranteed Minimum Pension, your new provider must agree to guarantee it.

Transferring funds between pension providers is an important decision, so we recommend that you speak to a financial adviser first.

What's a Protected Rights Pension?

A Protected Rights Pension is the pension you've built up as a result of your defined contribution or money purchase scheme contracting-out of the State Second Pension (S2P) or the State Earnings-Related Pension Scheme (SERPS).

Please note the Government has confirmed that contracting out for this type of pension arrangement will cease with effect from 6 April 2012.

What are the tax advantages of investing in a Company Pension Transfer Plan?

Capital Gains Tax

You don't pay capital gains tax on your pension funds.

Income Tax

Any pension income will be taxed as earned income.

Lifetime Allowance

If the value across all your pension funds exceeds the Lifetime Allowance at the time you take your benefits, a tax penalty will be payable on the excess amount. The limit for 2011/12 is £1.8 million and with effect from 6 April 2012 will reduce to £1.5 million. The government has introduced protection, which you will need to apply for by 5 April 2012, if you expect the value of all your pension funds to be in excess of £1.5 million when they are taken. If you are affected by this limit you may wish to contact a Financial Adviser, for which you may be charged.

This information is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, as at February 2011. These tax rules could change in the future without notice.

The impact of taxation and any tax relief depends on your individual circumstances. For more information about tax, please go to HMRC's website: hmrc.gov.uk/rates

What are the charges?

We make charges for managing your plan and your investments. The amount we charge depends on the funds you invest in and any adjustment agreed with your scheme at outset. For more information, please read the Company Pension Transfer Plan Illustration.

For most funds we calculate the charge daily and take it monthly from your plan by cancelling units. We calculate the charge for the With-Profits Fund differently.

With-Profits Fund charges

The With-Profits Fund's management charge depends on the performance of the With-Profits Fund, in particular the investment return and our expenses. If, for example, over time investment returns are higher then we would expect to increase the charges and if investment returns are lower we would expect to reduce the charges.

We currently expect this charge to be 1.25% a year, based on the assumption that future investment returns from the With-Profits Fund will be 7% per year. We deduct this charge through the bonus mechanism. Please note that you may see a different charge on your Company Pension Transfer Plan Illustration, which shows the net effect of the charge on the plan. That charge accommodates any adjustment agreed with your scheme and any difference is applied by allocating extra units or cancelling units, usually monthly.

Where there is a GMP, there will be an additional charge for the Reserved Contribution that is invested in the GMP With-Profits Fund. This is to cover additional guarantees and is currently expected to be 0.25% a year.

With-Profits guarantee charges

There is a charge to pay for all the guarantees the With-Profits Fund supports, including the GMP With-Profits Fund. We guarantee not to apply a Market Value Reduction (MVR) when payments are made because of death or at your normal retirement date. Our current practice (which is not guaranteed) may include additional circumstances when an MVR is not applied. Please see 'What's a Market Value Reduction?' for more details.

You won't see this charge on your annual statement because we take it by adjusting regular and final bonuses.

The total deduction for guarantee charges over the lifetime of your plan is not currently more than 2% of any payment made from the fund. Our charges may vary in the future and may be higher than they are now. Charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

Our charges may vary in the future and may be higher than they are now. Further details can be found in the Technical Guide.

What's a Market Value Reduction?

If you take money out of the With-Profits Fund, we may adjust the value of your fund if the value of the underlying assets is less than the value of your plan including all bonuses. This adjustment is known as a Market Value Reduction (MVR). It is designed to protect investors who are not taking their money out and its application means that you get a return based on the earnings of the With-Profits Fund over the period your payments have been invested.

We apply the MVR to your plan's value including regular and final bonuses. Please read "Your With-Profits Plan – a guide to how we manage the fund" for more information on bonuses. If investment returns have been very poor, you may get back less than you have invested in your plan.

We guarantee not to apply an MVR at your normal retirement date or on any claims due to death.

Our current practice on applying a MVR

We may apply an MVR to any full or partial withdrawals as a result of switches or transfers out of the With-Profits fund.

We reserve the right to change our current practice on Market Value Reductions at any time, without prior notice, and this would apply to existing plans and any new plans or top-ups. Examples of reasons for a change would include significant changes in the investment market or because the number of people moving out of the fund increases substantially.

How will I know how my plan is doing?

We'll send you a statement every year.

Can I cancel my plan?

You can't cancel your plan. You can only transfer your plan to another plan with Prudential or to another provider. This is explained in "Can I transfer my plan?" on page 5.

› Questions and answers
Taking benefits from your plan

When can I start taking my benefits?

The government currently allows people to start taking their benefits from the age of 55, even if you are still working. You may be able to start taking your benefits earlier if you're in ill health, or have a protected early pension age. Under the terms of this contract you are currently required to take your benefits by age 75.

If you have a Guaranteed Minimum Pension, you can only take benefits once you:

- are 65 years old, if you're a man, or
- are 60 years old, if you're a woman.

However, you can take benefits earlier if your fund buys a pension which meets the required amount at these ages.

How do I turn the value of my pension plan into benefits?

The value of your pension plan includes money you've invested, less charges plus any growth. You can use your pension fund to buy an income known as an annuity. In return for some or all of the money invested in your plan, the annuity will pay you a regular income for the rest of your life.

You don't have to buy your annuity from the same provider you invested your pension fund with.

There are also other options that may be available to you. For information about all your options, please speak to a financial adviser.

What if I have a Guaranteed Minimum Pension?

Any GMP earned after 5 April 1988 has to increase in payment by the smaller of 3% p.a. and the appropriate annual increase in the Retail Price Index (RPI) and provide a pension that will continue to your spouse or civil partner after your death.

If you are male, any GMP earned before 6 April 1988 must provide a pension that will continue to your spouse or civil partner after your death.

All benefits from your company scheme earned after 5 April 1997 and the part that is not GMP earned before 5 April 1997 can be taken how you choose.

What if I have a Protected Rights Pension?

If you earned any Protected Rights benefits you must use this to buy an annuity that gives your spouse or civil partner an income after your death. This income must be half of what you received before your death. From 6 April 2012, the government has announced that this rule will no longer apply.

We'll tell you more about how you can take your benefits closer to your retirement date.

Can I take any of my pension fund as a lump sum?

You can usually take up to 25% of your pension fund as a tax-free lump sum when you buy your annuity. Under the terms of the current contract you will need to do this by your 75th birthday.

These tax rules could change in the future without notice.

How much will my income be?

Your Company Pension Transfer Plan doesn't pay you an income. You use your fund to buy an annuity, which will pay you an income.

The value of your pension fund will depend on factors such as:

- the amount that's been paid into the plan
- how long you've had the plan
- the performance of the fund(s) you've invested in
- the age you choose to take benefits
- the amount of charges you've paid.

Your income will depend on factors such as:

- the value of your pension fund
- the type of annuity you buy
- your age when you buy your annuity
- the annuity rate at the time you take your benefits.

For an example of the income you could receive, please see your illustration.

What if the money in my pension fund is less than the amount needed to provide my Guaranteed Minimum Pension when I take my benefits?

Where your transfer value includes the value of a GMP, we must guarantee to pay a minimum pension at least equal to the revalued GMP on retirement at age 65 (men) or age 60 (women), and the spouse's/civil partner's revalued GMP on your death. This means that if the value of your plan at that date is insufficient to meet the revalued GMP, we will make up the difference.

This guarantee will only apply:

- where a sum representing the GMP, as calculated by us, has been invested in and is not switched out of the GMP With-Profits Fund (as mentioned above);
- to a pension that is bought from Prudential. The guarantee will not apply and Prudential will not meet any shortfall if you transfer out or take the Open Market Option with another provider.

We do not guarantee that the amount invested in With- Profits in respect of the GMP will be sufficient to pay the GMP. If that amount does not meet the GMP, we will use other amounts invested under your plan, up to the value of the entire plan, to meet the GMP. Only if the amount is still insufficient, will we make up the difference.

Please see our Technical Guide for full details.

What happens if I die before I take my benefits?

If you die before you take your benefits, we will pay the value of your pension fund as a lump sum. We'll pay this to the legal representatives you've appointed to look after your affairs after your death.

If your plan includes a Protected Rights Pension or a Guaranteed Minimum Pension, we will use these parts of your Plan to pay your spouse, civil partner, or other dependants an income after you die.

› Other information

How to contact us

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

If you don't have a financial adviser, you can call our customer service centre on **0808 234 3030**. The opening hours are 8.30am to 6pm Monday to Friday.

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

You can also contact us by:

Post: **Prudential**
Customer Service Centre
Stirling
FK9 4UE

Or via our website: **www.pru.co.uk**

How to make a complaint

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

To do this, we need to know exactly what the problem is. So, after speaking to your financial adviser, please write to us with all the details of what has happened. Please send your complaint to:

Prudential
Customer Relations Unit
Stirling
FK9 4UE

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

If you would rather phone, you can call us on 0808 234 3030. To make sure we have an accurate record of what you tell us, we may monitor or record your call.

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

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

Telephone: 08000 234 567

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7630 2200

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

Telephone: 0845 601 2923

The Pensions Advisory Service is an independent, government funded body that gives free advice to members of the public about pensions.

These are free services. Using them won't affect your right to take legal action. We can help you find the appropriate organisation to handle your complaint.

How we'll communicate with you

We will communicate with you in English by post, by phone or by email.

Your client category and why it matters

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

You are categorised as a "retail client". This means that we make sure the information we send you is clear, balanced and indicates any relevant risks. Your category does not affect your right to tell the Financial Ombudsman Service about a complaint.

If you have any questions about your client category, or think your category should be different, please call our customer service team on 0800 000 000.

Conflict of interest

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

If you would like to know the full details of our Conflict of Interest Policy, please contact our customer service team on 0800 000 000.

Law

The Law of England and Wales applies to your Company Pension Transfer Plan.

FSA Registration

Prudential Assurance Company Limited is entered on the Financial Services Authority (FSA) Register, FSA Reference Number 139793. The FSA Register is a public record of all the organisations that the FSA regulates.

You can contact the FSA at:

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

Telephone: 020 7066 1000

Compensation

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

For more information, contact:

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

Telephone 0207 741 4100

www.fscs.org.uk

Terms and conditions

This Key Features document summarises our Company Pension Transfer Plan. It doesn't include all the definitions, exclusions, terms and conditions. You can find our full terms and conditions in the Technical Guide.

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www.pru.co.uk

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