



# Pru Flexible Retirement Plan

## Fast Facts

(Income Drawdown with SIPP Options)



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

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

### Eligibility



Minimum age at entry	55 attained, earlier in special circumstances
Maximum age at entry	74 next birthday
Maximum age at vesting	75th birthday

### Contributions



Contributor	Switch from Pru FRP Personal Pension and transfers from other pension arrangements (including drawdown to drawdown transfers)
Payment types	Transfers and single payments by cheque (In Specie Transfers can be made if the member decides to self-invest)
Initial minimum investment*	Existing FRP customer: <ul style="list-style-type: none"> <li>➤ £10,000 provided total fund under FRP (including SIPP) is at least £50,000</li> </ul> New FRP customer: <ul style="list-style-type: none"> <li>➤ Minimum initial investment in Income Drawdown is £10,000 (before tax free cash) provided total transfer to FRP is at least £50,000</li> <li>➤ If initial transfer is from an existing income drawdown arrangement, i.e. a drawdown transfer, the minimum is £37,500.</li> </ul>
Minimum vesting amount	£10,000
Minimum additional transfers/singles	£10,000 (£7,500 for drawdown to drawdown transfers)

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

## Contract features



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 dynamic portfolios. Please refer to our FRP Fund Guide – PENB10211 for more information.
PruFund Protected Funds	A new range of guarantee terms for both PruFund Protected Cautious Fund and PruFund Protected Growth Fund, where the guarantee will only apply at the end of the selected term or on the date of the Selected Retirement Age.
Dynamic Portfolios	<p>Our dynamic portfolios provide access to a unique combination of experts:</p> <ul style="list-style-type: none"> <li>› Prudential's Portfolio Management Group (PMG)* for asset allocation</li> <li>› Old Broad Street Research for fund selection</li> </ul> <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&amp;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><b>Full SIPP option</b></p> <ul style="list-style-type: none"> <li>› Access to a wide range of investments including stocks and shares, unit trusts and commercial property.</li> </ul> <p><b>FundSIPP option</b></p> <ul style="list-style-type: none"> <li>› Lower cost option for clients who only want access to the Cofunds range of funds (subject to a maximum of 20).</li> </ul>
Lifestyle Options	Choice of three 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
Death benefit	<ul style="list-style-type: none"> <li>› Return of fund (less 55% tax)</li> <li>› Dependants' drawdown</li> <li>› Dependants' annuity</li> </ul> <p>Special conditions apply to Protected Rights, although the government has announced with effect from 6th April 2012 the rules on the type of annuity you can purchase with protected rights funds will no longer apply.</p>

## Income withdrawals



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	<p>Proportionately across all funds or individually selected fund(s)</p> <p>All SIF income is taken from the bank account only</p> <p>Restrictions apply to the With-Profits Fund and to the PruFund Funds</p> <p>Where a Lifestyle Option is chosen, income must be taken proportionately across all funds</p>
Maximum income limit	100% of an annuity value calculated using annuity rate tables produced by the Government Actuary Department (GAD)
Minimum income limit	No minimum
Income reviews	Every three years. Reviews on anniversary may be agreed individually

## Annuity purchase



Prior to age 75*	Customers may elect to purchase an annuity using some or all of their fund at any time
Age 75**	Under the terms of this contract rules all remaining funds must be used to purchase an immediate annuity.

\* Restrictions apply to Protected Rights money, although the government has announced with effect from 6th April 2012 the rules on the type of annuity you can purchase with protected rights funds will no longer apply.

\*\* If you wish to remain invested beyond 75 you will need to move to an arrangement with another provider.

## Charges



Set-up charges	
Bid-offer spread	No
Installation charge	Nil
Allocation rate*	<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>
Ongoing charges	
Annual Management Charge (AMC)	Depends on fund size across all FRPs (excluding SIF and the FRP Holding Account), 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 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)
PruFund Protected Funds Guarantee Charge	<p>If selecting a Protected PruFund Fund you will be able to select from a range of guarantee terms. Each guarantee has its own charge. The guarantee charge will be payable for the whole of the term.</p> <p>When a guarantee term is chosen to match the date of the Selected Retirement Age the price applied will be based on the number of complete years guaranteed.</p> <p>This charge is taken by cancelling units each month.</p> <p>The guarantee term options available are shown in the document "The PruFund Range of Funds: Guarantee Options" – INVS11470 which is available from <a href="http://www.pruadviser.co.uk">www.pruadviser.co.uk</a></p>
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 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 TFC taken.

\*\*\* On move from personal pension into income drawdown, other than at the personal pension plan Selected Retirement Age (SRA) or in the month before the plan SRA, we may apply an 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"> <li>› Discount to the AMC will apply to all money invested in Insurance Funds</li> <li>› Based on period of continuous investment in Pru FRP, normally starts from the date the first plan starts</li> <li>› The discount does not apply to investments held under the SIF, however the period of continuous investment includes any period in the SIF</li> <li>› Any period in the Income Drawdown Holding Account does not count towards the periods of continuous investment</li> </ul>												
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Fund size discount	<ul style="list-style-type: none"> <li>› Discount to the AMC will apply to all money invested in Insurance Funds</li> <li>› When determining the Fund Size Discount we include the value** of all of your client's Pru FRPs (excluding any SIF or the FRP Holding Account, or any Final Bonus or MVR applicable to With-Profits Fund investments)</li> </ul>												
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\* 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 fund size discount is calculated monthly, so will move up and down with changes in the Insurance Fund on a monthly basis.



Administration fees	
Establishment Fee	£300 or £150* (this will be applied when the investor first sets up the SIF)
Annual Administration Fee	£425 or £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 or if no income taken)
Widening the investment requirements	<ul style="list-style-type: none"> <li>➤ Clients can change from investing in the FundSIPP option to the Full SIPP option at any time</li> <li>➤ 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</li> <li>➤ We will increase the Establishment Fee by £150 to bring it up to the full cost</li> <li>➤ 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</li> </ul>
Narrowing the investment requirements	<ul style="list-style-type: none"> <li>➤ 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</li> <li>➤ If your client wishes to invest in the FundSIPP option we will require written notification from you that this change is to be made</li> <li>➤ No change will be made to the Establishment Fee</li> <li>➤ We will decrease the Annual Administration Fee and apply it on a monthly pro-rata basis depending on the date the SIF was activated</li> </ul>
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](http://www.pruadviser.co.uk) (consequently, the investor must have authorised the adviser to give investment instructions).

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

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



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 1 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 Self-Invested Fund at any time.

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

## Investment funds and switching



Switch charge	None, however we do reserve the right to do so in the future
Number of free switches	Currently unlimited
Minimum switch amount	No minimum amount but must be a whole percentage
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.

## Adviser remuneration



A different remuneration basis may be selected each time an income drawdown plan is set up.

### Options and limits

Funded Initial Commission (% of contribution after any TFC)	Unfunded Initial Commission (% of contribution after any TFC)	Fund Related Commission* (Trail Commission)
Maximum of 5%	Maximum of 10%	Maximum of 1.25%

### Additional adviser remuneration

Adviser Fees	It is possible to pay adviser fees from the SIF 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 Account.

\* 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 Insurance 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.

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 (stable) for financial strength by Standard & Poor's, as at August 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 clients may not get back the full amount of their investment.

Charges may vary in the future.

It is based on our current contract terms as at date of printing, February 2011.

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](http://www.pruadviser.co.uk)**

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



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