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In giving your clients advice, we appreciate that you'll have carefully considered their personal and financial circumstances, financial needs, priorities and risk profile. These factors will determine what recommendations you make.

Suitability letters must be personalised and specific to individual clients. These paragraphs are designed to help you substantiate your recommendation of the Pru Flexible Retirement Plan. They're not intended to form the whole of the suitability letter.

Please note that if you use these paragraphs, or similar text for any reason, you must ensure compliance with the appropriate regulations. Whilst every care has been taken to ensure the accuracy of the following information, Prudential can accept no liability if you decide to use it.

The Flexible Retirement Plan (FRP)

| | <i>Why Prudential</i> |
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| Company size | 1. You want the security of knowing that your money is invested with a large and experienced company. Prudential currently manages over £340bn (as at 31 December 2010) with approximately 7 million UK customers and 25 million worldwide. Prudential currently pays over £2bn per year in retirement income to over 1.4 million people. |
| Financial strength | 2. Prudential is one of the leading companies in the UK savings market with an established track record and well respected brand. Prudential is a financially strong company, demonstrated by the AA rating from Standard & Poor's, an independent rating company for financial strength. (Source: Standard & Poor's as at August 2010). |
| Award winning technology and service | 3. As well as offering a comprehensive suite of pension and retirement income products, Prudential offers an award-winning service and has been voted 'Best Annuity Provider in 2010' at the Professional Adviser Awards. |
| Single provider | 4. You don't want the inconvenience and cost associated with moving your pension provision from one provider to another every time you move between different stages in your retirement plan. The Flexible Retirement Plan caters for most aspects of retirement planning needs, from tax-efficient savings in the Personal Pension option through to provision of your income in retirement through the Income Drawdown option. Both options allow you to set up your own investment strategy and self invest through the integrated SIPP options, allowing continuity of your investment strategy when moving from retirement savings to taking your benefits. |
| Retirement needs | 5. The Prudential Flexible Retirement Plan offers the convenience of combining the key retirement planning products under one product wrapper. This includes a Personal Pension for retirement savings, a number of investment choices including SIPP options managed by Suffolk Life and an Income Drawdown option for greater flexibility over your retirement income. |
| Flexible | 6. Prudential's Flexible Retirement Plan allows you to take benefits between 55 and 75. You may contribute up to 100% of your earnings, or £3,600 per year, if greater, on a regular or single-premium basis. The initial minimum investment into the FRP Personal Pension is £5,000 single/transfer or £100 per month regular. The FRP Income Drawdown option allows you to take a retirement income – without having to buy an annuity, until you reach 75. If you wish to remain invested beyond 75 you |

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| | <p>will need to move to an arrangement with another provider. To access Income Drawdown you must have an FRP fund of at least £50,000.</p> <p>If you're investing in FRP for the first time and are transferring money from another pension arrangement into the Income Drawdown Option, the transfer value needs to be at least £50,000, with no less than £10,000 invested in Income Drawdown. If the transfer is coming from an existing Income Drawdown plan the minimum amount must be £37,500.</p> <p>If you've already invested at least £50,000 in FRP (£37,500 if the original investment came from an existing Income Drawdown plan), the minimum amount that can be invested in the Income Drawdown option is £10,000 (£7,500 if coming from an existing Income Drawdown plan).</p> <p>The SIPP (Self Invested Personal Pension) options provide flexibility, allowing you to invest pension savings in assets you choose.</p> |
| Value discounts | <p>7. Prudential's Flexible Retirement Plan rewards you with discounts as your fund grows. The annual management charge will be discounted by 0.1% for investments between £25,000 and £49,999.99, by 0.2% between £50,000 and £99,999.99, by 0.25% between £100,000 and £249,999.99 and for values of £250,000 or more the discount is 0.3%. The discount to the Annual Management Charge will apply to the whole of your investment, not just the portion above the threshold levels. Fund Size Discounts do not apply to investments held under the Self-Invested Fund or the Income Drawdown holding account.</p> |
| Loyalty discounts | <p>8. An additional benefit of investment in the Flexible Retirement Plan is that you benefit from reductions in the annual management charge the longer you remain invested in the plan. The loyalty discount starts after the first five years and grows every five years up to year 20. Between 5-9.99 years the discount is 0.05%, 10-14.99 years 0.1%, 15-19.99 years 0.2% and 0.25% for 20 years or more. Value and loyalty discounts operate together giving a maximum potential total AMC discount of 0.55%. The total fund value of all insurance funds across all Personal Pension and Income Drawdown plans will determine the fund size discount at any given time. Fund Size Discounts do not apply to investments held under the Self-Invested Fund or the Income Drawdown holding account.</p> |
| Multiple pensions | <p>Consolidation</p> <p>9. You have a number of pension arrangements already, <including> <protected rights> <pension credit rights> and wish to consolidate them under one plan to make it simple to administer in the future, The Prudential Flexible Retirement Transfer Plan allows you to transfer the funds from your existing pension savings schemes into one plan. All benefits are amalgamated in the Flexible Retirement Plan for the purposes of the discounts described above including Protected Rights.</p> <p>Protected Rights are the part of your transfer value made up of the funds you built up by being contracted out of the State Second Pension or State Earnings Related Pensions Scheme (SERPS).</p> <p>Please note the Government has confirmed that contracting out for this type of pension arrangement will cease with effect from 6 April 2012. If you have contracted out before then, at this date you will be automatically contracted back in.</p> |
| Company schemes | <p>10. You're looking for increased flexibility and are considering transferring the value of your benefits from an employer's scheme to an individual</p> |

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| | <p>arrangement. The Prudential Flexible Retirement Transfer Plan allows you to move the funds from your pension savings schemes into one product wrapper.</p> |
| Phased retirement | <p>Phased income drawdown</p> <p>11. You wish to continue to benefit from the tax advantages and death benefits enjoyed through a personal pension but still have the need for an annual income to supplement your earnings. The Pru Flexible Retirement Plan allows you to stay invested in the Personal Pension option until you reach 75. Meanwhile, if you have an FRP Fund of £50,000 or more you can convert some of it into income drawdown in phases, of £10,000 or more, to suit your needs, taking a tax-free cash sum of 25% of the amount moving into income drawdown each time. The money invested in the Income Drawdown option can be used to provide additional income (which can be varied up to a maximum set by the Government Actuaries Department) or remain invested until you reach age 75.</p> |
| Varying income | <p>Income payments</p> <p>12. You're looking to take some income from your pension scheme but do not want/need to take the full amount straightaway. The Prudential Flexible Retirement Plan Income Drawdown option allows you to vary the income you take, from nil income up to a current maximum of £xx,xxx each year.</p> |
| Income amount/frequency | <p>13. The Prudential Flexible Retirement Plan Income Drawdown option allows you to take an income of £xxx.xx <per month><every 3 months><every six months><each year>. You can also arrange to receive one or more ad-hoc payments during the year. The current maximum total income allowable under government rules from your income drawdown fund of £xxx,xxxx is £xx,xxx each year.</p> |
| Managing Income tax | <p>14. You want to be able to adjust your income in retirement so that you can lower your income tax bill. The Pru Flexible Retirement Plan Income Drawdown option allows you to vary the income you take up to a current maximum of £xx,xxx each year. By choosing to take less income you can reduce your income tax bill and possibly move to a lower rate tax band.</p> |
| Plan reviews | <p>15. For each Income Drawdown fund in your Flexible Retirement Plan, the maximum level of income you can take, based on the fund's value, must be recalculated on or near to the 3rd anniversary of the start date in accordance with HM Revenue & Customs rules. You should review the performance of your plan more frequently than this to give you confidence about the level of income your fund is providing. <i>(Note to financial advisers: this paragraph is not suitable for drawdown to drawdown transfers.)</i></p> |
| Taxation | <p>16. All income payments from the plan will be taxable in the same way as salary payments i.e. as earned income</p> |
| Tax-free cash | <p>17. You want to take a tax-free lump sum from your pension fund but don't need to start taking income straightaway. The Prudential Flexible Retirement Plan Income Drawdown option allows you to take up to 25% of your retirement fund as a tax-free lump sum without starting to take any income. The funds would then remain invested in line with your chosen strategy and benefit from potential investment performance in a tax-efficient environment. You can start taking income from the fund (within government limits) from age 55 or you can purchase a lifetime</p> |

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| | <p>annuity.</p> <p>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. Under the terms of this contract you are currently required to take your benefits by age 75. If you wish to remain invested beyond 75 you will need to move to an arrangement with another provider.</p> <p>Death Benefits</p> <p>Dependants</p> <p>18. If you die before taking benefits from the Personal Pension Plan, Prudential will normally pay the money in the plan as a lump sum to your next of kin or nominated beneficiary.</p> <p>19. In the event of your death before you reach 75 you'd like to be able to pass on your remaining fund to your dependants. Prudential's Flexible Retirement Plan Income Drawdown option can continue to pay an income to your dependants or pay the value of the fund to your dependants less a 55% tax charge. There are some rare circumstances where there may be inheritance tax to pay, for further details please refer to http://www.hmrc.gov.uk/manuals/ihtmanual/IHTM17102.htm</p> <p>Flexibility</p> <p>20. You do not want to move your entire pension fund into Income Drawdown straightaway so that you can retain some of the death benefits offered by the personal pension rules. Prudential's Flexible Retirement Plan Personal Pension option allows you to phase the movement of funds into the Income Drawdown option providing you have a personal pension fund of £50,000 and you move at least £10,000 (before any tax-free cash) each time.</p> <p>Investment</p> <p>Choice</p> <p>21. You wish to retain control over the investment of your retirement funds with the flexibility to change your strategy as market conditions change. Prudential's Flexible Retirement Plan gives you access to over 100 funds with levels of risk to suit every investor. As well as internally run funds it also offers a selection of externally managed funds run by some of the industry's top fund managers.</p> <p>22. The PruSelect Fund Range has been developed with the guidance of Old Broad Street Research (OBSR), a Morningstar company, whose independent analysis and methodology has allowed Prudential to filter wider fund options to a select range of OBSR rated funds covering the key sectors of the investment market.</p> <p>23. The PruSelect Fund Range will be kept under quarterly review by OBSR and Prudential.</p> <p>24. Prudential's Flexible Retirement Plan allows you to choose from a wide range of investment funds from the Portfolio Management Group funds, 5 risk managed Dynamic Portfolios, the PruSelect fund range and other funds from other leading fund managers. This allows you to tailor your plan to your needs and risk preferences and also adapt it to any future changes in your circumstances.</p> <p>Dynamic Portfolios</p> <p>25. You have chosen to invest in a Dynamic Portfolio which gives you access to a unique combination of experts. The Portfolio Management Group (PMG) will actively manage the portfolio asset allocations and buy and sell underlying funds as selected and then recommended to them by</p> |
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Old Broad Street Research, a Morningstar company. PMG work within M&G Investment Management Limited, part of the Prudential Group.

You have chosen to invest in the **Defensive Portfolio**. This Portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well diversified exposure to global fixed income and variable rate assets, cash, deposits, warrants, money market investments, equities and/or immovable property. Typically the portfolio will have a high exposure to lower risk assets such as fixed income assets, cash, deposits, warrants and money market investments with no more than 30% of the portfolio being invested in schemes whose predominant exposure is to equities.

You have chosen to invest in the **Cautious Portfolio**. This Portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well diversified exposure to global fixed income and variable rate assets, cash, deposits, warrants, money market investments, equities and/or immovable property. Typically the portfolio will have a bias towards lower risk assets such as fixed income assets, cash, deposits, warrants and money market investments but will always have some exposure to equities, with between 10% and 40% of the portfolio being invested in schemes whose predominant exposure is to equities.

You have chosen to invest in the **Cautious Growth Portfolio**. This portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well diversified exposure to global fixed income and variable rate assets, cash, deposits, warrants, money market investments, equities and /or immovable property. From time to time, however, the portfolio may have a high exposure to equities and/or fixed income assets, with between 20% and 55% of the portfolio being invested in schemes whose predominant exposure is to equities.

You have chosen to invest in the **Balanced Portfolio**. This portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well diversified exposure to global equities, fixed income and variable rate assets, immovable property and/or cash, deposits, warrants and money market investments. Typically the portfolio will have a bias towards assets providing potential for growth, such as equities, with between 40% and 80% of the portfolio being invested in schemes whose predominant exposure is to equities.

You have chosen to invest in the **Adventurous Portfolio**. This portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing in collective investment schemes in order to provide a well diversified exposure to global equities, fixed interest and variable rate assets, immovable property and/or cash, deposits, warrants and money market investments. Typically the portfolio will have a high exposure to assets providing potential for growth, such as equities, with between 60% and 100% of the portfolio being invested in schemes whose predominant exposure is to equities.

PruFund Funds

26. In addition to Prudential's established With-Profits Fund, you can access PruFund under the Flexible Retirement Plan giving a formula-driven and transparent smoothing mechanism and the asset allocation of the main With-Profits Fund.

27. You have chosen to invest in the PruFund Funds. These are multi-asset,

actively managed funds with a unique smoothing formula designed to smooth the ups and downs of investment performance.

You have chosen to invest in the **PruFund 0-30 Fund** which aims to achieve long-term total return (the combination of income and growth of capital). The Fund is actively managed, typically with a high exposure to lower risk assets such as fixed interest securities and holdings of cash and money market instruments with no more than 30% of the Fund being invested in equities.

You have chosen to invest in the **PruFund 10-40 Fund** which aims to achieve long-term total return (the combination of income and growth of capital). The Fund is actively managed, typically with a bias towards lower risk assets such as fixed interest securities and holdings of cash and money market instruments but will always have some exposure to equities, with between 10% and 40% of the Fund being invested in equities

You have chosen to invest in the **PruFund 20-55 Fund** which aims to achieve long-term total return (the combination of income and growth of capital). The Fund is actively managed with a well diversified exposure to UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. From time to time, however, the Fund may have a relatively high exposure to equities and / or fixed income assets. Between 20% and 55% of the Fund will be invested in equities.

You have chosen to invest in the **PruFund 40-80 Fund** which aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed Fund with a well diversified exposure to UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. Typically the Fund will have a bias towards assets providing potential for growth such as equities, with between 40% and 80% of the Fund being invested in equities.

You have chosen to invest in the **PruFund Growth Fund** which aims to maximise growth over the medium to long term by investing in shares, property, fixed interest and other investments. The Fund currently invests in UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments.

You have chosen to invest in the **PruFund Cautious Fund** which aims for steady and consistent growth through a cautious approach to investing. The Fund currently invests around 70% in a well diversified portfolio of fixed interest securities and holdings of cash and money market instruments. The balance is invested in UK and international shares, property and alternative assets.

You have chosen to invest in the **PruFund Protected Growth Fund** which aims to maximise growth over the medium to long term by investing in shares, property, fixed interest and other investments. You will automatically have a guarantee on any money invested in this fund. The guarantee date is the plan anniversary at the end of the term you have selected. The guarantee will only apply at the end of the term selected.

You have chosen to invest in the **PruFund Protected Cautious Fund** which aims for steady and consistent growth through a cautious approach to investing. The Fund currently invests around 70% in a well diversified portfolio of fixed interest securities, cash and money market instruments with the remaining 30% invested in equities and property. You will automatically have a guarantee on any money invested in this fund. The guarantee date is the plan anniversary at the end of the term you have selected. The guarantee will only apply at the end of the term selected.

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| <p>SIPP options</p> | <p>28. PruFund funds can be used in addition to other PruSelect funds giving potential for further diversification.</p> <p>29. Prudential's Flexible Retirement Plan offers self-investment via Suffolk Life-an experienced and award-winning SIPP provider. There are no fees payable for this facility unless this option is activated. Currently, Prudential's SIPP will not accept Protected Rights, however they are included in the total fund value when determining borrowing limits for SIPP property purchase. Self-Investment allows access to a wider range of investment options. Additional fees may be payable on a tiered basis subject to the self-invested options being utilised.</p> <p>30. Prudential's FRP FundSIPP option allows you to invest in up to 20 funds from a choice of around 1,300 funds from the CoFunds fund supermarket.</p> <p>31. Prudential's Full SIPP option allows you to include a much wider range of assets in your Self-Invested Fund, from an allowable range that includes shares, unit trusts and commercial property.</p> |
| <p>Lifestyle options</p> | <p>32. There is one Personal Pension Lifestyle option and three Income Drawdown Lifestyle options. The Personal Pension lifestyle option aims to reduce your exposure to risk as retirement approaches with automatic switching into funds with lower risk profiles as you approach your selected retirement age. The Income Drawdown lifestyle options automatically switch your money into funds with lower risk profiles as you approach age 75.</p> <p>33. The Personal Pension Lifestyle option is designed to move money from the funds you choose in to lower risk funds as you approach your selected retirement age. Ten years before you are due to take your retirement benefits, Prudential will start switching your money in to lower risk funds. By the time you are due to take your benefits, all of your money will be in lower risk funds. The With-Profits Fund, the Self-Invested Fund and the PruFund Protected Cautious Fund are excluded from the Lifestyle option. The Lifestyle option cannot be chosen if you only invest in these funds</p> |
| <p>NB Paragraphs 34, 35 & 36 should be used together.</p> | <p>There are 3 Income Drawdown Lifestyle options:</p> <p>34. The Cautious Lifestyle option invests your money in a mix of funds from Prudential and M&G – the Prudential With-Profits Pension Fund, the M&G Corporate Bond Pension Fund and the M&G Managed Growth Pension Fund. As you get older the mix between these funds becomes more cautious. While this strategy is lower risk when compared with other investments available, it is higher risk when compared to some other products, such as a guaranteed pension annuity.</p> <p>35. The Balanced Lifestyle option invests your money in a mix of funds from Prudential and M&G – the Prudential With-Profits Pension Fund, the M&G Corporate Bond Pension Fund and the M&G Managed Growth Pension Fund, with a greater amount held in the M&G Managed Growth Pension Fund throughout the plan. This gives you the potential for more growth but it still retains a sizable proportion in the Corporate Bond and With-Profits Funds, which carry less risk than equities.</p> <p>36. The Adventurous Lifestyle option invests in a high proportion of shares through the M&G Managed Growth Pension Fund, which is gradually switched into the Prudential With-Profits Pension Fund as you get older.</p> |

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| | As you would expect, this strategy has a high potential for growth but also carries greater risk. |
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LEGAL WORDING AND THE PARAGRAPHS THEY MUST BE USED WITH

TO BE USED WITH ALL PARAGRAPHS REFERRING TO INVESTMENTS

The value of an investment may fluctuate and is therefore not guaranteed. You may not get back the full amount of your investment. For investments in the With-Profits Fund, the value of the plan depends on how much profit the fund makes and how Prudential decides to distribute it. If money invested in the With-Profits Funds is taken out at any time, except on death or at your selected retirement age, the amount paid out may be reduced to reflect the current market value of the underlying assets. This is known as a Market Value Reduction.

TO BE USED WITH ALL PARAGRAPHS

Full Terms and Conditions of the Flexible Retirement Plan are available on request.

TO BE USED WITH PARAGRAPHS 6, 11, 12, 13, 14, 15, 16, 17, and 18

The above is based on our understanding, as at April 2011, of current taxation, legislation and Revenue practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.

TO BE USED WITH PARAGRAPHS 5, 6, 8, 10, 11, 12, 13, 14, 15, 16 and 17

When maximum withdrawals are taken, high levels of income may not be sustainable. Taking withdrawals may erode the capital value of the fund, especially if investment returns are poor and a high level of income is being taken. This could result in a lower income when the annuity is eventually purchased. The investment returns may be less than those shown in the illustrations and annuity rates may be at a worse level at the time you choose to purchase an annuity.

TO BE USED WITH PARAGRAPHS 4, 5, 6, 19, and 27

If you choose the SIPP options, there are a number of fixed charges that are related to the management of your SIPP. These will have a greater proportionate effect on smaller investments than they will on larger ones. There are also variable charges that may be applicable depending on the type of investments held. Full SIPP gives access to a wide range of investments including stocks and shares, unit trusts and commercial property. FundSIPP is a lower cost option for clients who only want to access funds from the Cofunds range. The set-up and annual administration fees are lower than with the Full SIPP option. SIPP charges may be higher than for Personal Pensions and Stakeholder Plans.

Investing your SIPP in certain asset categories may expose you to increased levels of risk and in particular the sale of commercial property may be a long process at certain times.

HM Revenue & Customs rules require scheme administrators to pay lump sum death benefits within 2 years of the date they are notified of the member's death (2 year deadline does not apply to lump sum death benefits paid under the Income Drawdown option). If benefits cannot be paid within this timescale a tax charge may be applied on the death benefit. This is a particular risk if you have chosen a SIPP option and the fund holds investments that take time to sell, such as UK commercial property.

If you choose the Full SIPP option you can borrow an amount up to 50% of the net value of your Pru Flexible Retirement Plan from a lender (normally a bank). You should be aware that borrowing to invest can be a risky strategy as there is a chance that the investment growth rate will not outweigh the interest rate on the money borrowed.