Important information

keyfacts®

Key Features of the Prudential Personal Pension Scheme

PRUDENTIAL

Contents

About this booklet 3
About our Personal Pension Scheme 3
Its aim 4
Your commitment 4
Risks 4
Questions and Answers 5

Your Personal Pension Scheme 5
How much can I pay into my Personal Pension Scheme? 5
Where do you invest my money? 5
Can I switch my money between funds? 5
Can I take money out of my scheme? 5
Can I transfer my scheme? 5
Can I transfer money from another pension scheme into this one? 5
What are the tax advantages of investing in a Personal Pension Scheme? 5
What are the charges ? 6
What's a Market Value Reduction? 6
Can I use my scheme to contract out of the State Second Pension? 7
How will I know how my scheme is doing? 7
What if I want to cancel my scheme? 7
What happens if I move abroad? 7

Taking benefits from your scheme 8
When can I start taking my benefits? 8
How do I turn the value of my pension scheme into benefits? 8
Can I take any of the money invested in my pension scheme as a lump sum? 8
How much will my income be? 8
What happens if I die before I take my benefits? 8

Other information 9
How to contact us 9
How to make a complaint 9
How we'll communicate with you 9
Your client category and why it matters 9
Conflict of interest 10
Terms and conditions 10
Law 10
FSA Registration 10
Compensation 10

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 for our Prudential Personal Pension Scheme.
- If you are thinking about whether our Personal Pension may be right for you, this booklet will help you make that decision.
- Please read it, and keep it in a safe place. Please also read the "Members' Booklet", and "Fund Brochure", that is included with this booklet.
- If you still have questions about our Personal Pension after reading this booklet, please call us on 0845 640 2000. If you have a financial adviser, please contact them in the first instance.

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 Personal Pension Scheme 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 Personal Pension Scheme

Our Personal Pension Scheme gives you the chance to save for your retirement in a tax-efficient way. It gives you a range of options to help you do this:

- payments are flexible, subject to minimum amounts
- you can make regular or one-off payments
- you can choose where to invest your money from a fund range that we offer.

Your employer can contribute to your scheme too. And if they agree, your payments can be taken directly from your salary. You can also make one-off or regular payments by direct debit.

You can start making payments from age 16.

Its aim

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

Your commitment

- To make at least one payment into your scheme.
- To allow the money in your scheme 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 scheme can go down as well as up. The value can even fall below the amount you invested.	We explain this in "Where do you invest my money?" on page 5.
There are different risks for different funds.	We explain this in "Where do you invest my money?" on page 5. You can find information about each fund in "Fund Brochure".
If money is taken out of the With-Profits Fund at any time other than your selected 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 6.
If you start your scheme with a single payment and then cancel it within 30 days, you may get back less money than you paid in.	We explain this in "What if I want to cancel my scheme?" on page 7.
Tax rules may change in the future.	We explain this in "What are the tax advantages of investing in a Personal Pension Scheme" on page 5.
Inflation will reduce what you can buy in the future.	

› Questions and Answers
Your Personal Pension Scheme

How much can I pay into my Personal Pension Scheme?

There is no limit to the amount that you can pay into your Personal Pension Scheme.

However, there are limits on the tax relief you receive. For more information about tax relief, please read "What are the tax advantages of investing money in a Personal Pension Scheme?" on page 5.

You can change your regular payments or stop them at any time. If your employer is deducting payments from your earnings, you should tell them of any changes you want to make.

Where do you invest my money?

You choose which funds you would like to invest your money in, from a fund range that we offer. We use your money to buy units in those funds.

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.

We may apply a Market Value Reduction if you switch money out of our With-Profits Fund. For more information about this, please read "What is a Market Value Reduction?" on page 6.

Can I take money out of my scheme?

You can't withdraw money from your scheme. It can only be used to provide you with pension or death benefits.

Can I transfer my scheme?

You can transfer the money in your scheme to another pension arrangement at any time before you start taking 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 6.

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

Can I transfer money from another pension scheme into this one?

If you have a pension scheme with another provider, you can transfer the value of it to this scheme.

If the pension scheme you are transferring money from allows you to take more than 25% of its value as tax-free cash when you take your benefits, you may lose this entitlement when you make your transfer.

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

What are the tax advantages of investing in a Personal Pension Scheme?

Tax Relief

You'll normally receive tax relief on your contributions. For every £100 you pay into your scheme, HM Revenue & Customs (HMRC) will pay in another £25. You'll get this tax relief on up to the higher of £3,600 or 100% of your earnings. If you are a higher rate taxpayer you'll be able to claim back the extra tax relief you pay through your tax return.

Annual Allowance

The government limits the amount that can be contributed every year before incurring tax penalties. This is called the 'Annual Allowance'. The level of Annual Allowance currently is £50,000. If you exceed the Annual Allowance, a tax charge of up to 50% of the excess amount will be payable.

However, any unused allowance (up to £50,000 per year) from pension input periods ending in the previous 3 tax years, may be carried forward to increase your Annual Allowance for the current year (provided you have used the current annual allowance first and you were a member of a registered pension plan).

Your Annual Allowance includes:

- any contributions you, your employer or anyone else makes to all your money purchase pension plans.
- any increase (except statutory increases relating to early leavers) in the value of benefits under salary related pension schemes, also known as Final Salary, Defined Benefit or Career Average schemes.

Together, these are known as your 'pension inputs'.

Your 'Pension Input Period'

A Pension Input Period is the period of time over which you measure the pension savings made for or by you against the Annual Allowance. Your pension inputs are assessed against the Annual Allowance for the tax year in which the 'Pension Input Period' ends. If you think you are affected by the Annual Allowance you may wish to contact a Financial Adviser, for which you may be charged.

For information on your Pension Input Period, or to nominate a different Pension Input Period please contact Prudential.

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 Lifetime Allowance for the next two tax years is:

Tax year	Lifetime Allowance
2011/2012	£1.8m
2012/2013	£1.5m

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.

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.

This information is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, as at June 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: www.hmrc.gov.uk/incometax/

What are the charges?

We make charges for managing your scheme and your investments. The amount we charge depends on the funds you invest in. For more information, please read "Fund Brochure".

For most funds we calculate the charge daily and take it monthly from your scheme 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% 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.

With-Profits guarantee charges

There is a charge to pay for all the guarantees the With-Profits Fund supports. We guarantee not to apply a Market Value Reduction (MVR) in certain circumstances, for example when payments are made because of death or at your selected retirement date. Our current practice (which is not guaranteed) may include additional circumstances when an MVR is not applied. Please see "What is a Market Value Reduction?" on page 6 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 scheme 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.

For more information about bonuses and charges, please read "Your With-Profits Scheme – a guide to how we manage the fund".

Please remember that we'll keep taking our charges even if you stop your regular payments.

Our charges may vary in the future and may be higher than they are now. Further details can be found in the Members' Booklet.

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 scheme 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 scheme'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. An MVR will reduce the amount payable on full or partial withdrawals and if investment returns have been very poor, you may get back less than you have invested in your scheme.

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

Our current practice on applying an MVR

We may apply a Market Value Reduction to full or partial withdrawals as a result of switches, transfers or early retirement on all investments that have been running for less than five years. For investments that have been running for longer periods, we would consider applying an MVR when a withdrawal results in the total amount paid out, including any other payments in the previous 12 months, exceeding £25,000. We would only apply an MVR to the withdrawal amount in excess of £25,000 in these circumstances.

The impact of an MVR will be to reduce the amount payable on a full withdrawal.

As schemes approach the selected retirement date, the size of any MVR that would apply could be expected to gradually reduce.

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.

Can I use my scheme to contract out of the State Second Pension?

It is not possible to use your scheme to contract out of the State Second Pension.

If you have previously used your scheme to contract out, HMRC sends us some of the National Insurance contributions made by you and your employer. We add this money to your scheme.

Contracting out reduces your State Second Pension benefit. There is also no guarantee that the benefits you get from contracting out will match the benefits you would have received if you had kept paying into the State Second Pension.

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.

How will I know how my scheme is doing?

We send you an annual statement, which shows how your scheme is doing.

Alternatively, you can email us at contact.us@prudential.co.uk. Or you can phone our Customer Service Centre on 0845 640 2000 and a member of our team will give you an up-to-date valuation.

What if I want to cancel my scheme?

You have 30 days from the date you receive your scheme documents to cancel your scheme. This is called a cooling-off period.

To cancel it, please complete and return the Cancellation Notice that we send you with your scheme documents, or write to us at:

Prudential Customer Services
Prudential
Stirling
FK9 4UE

Please include your reference number.

Once we receive your cancellation instruction, we'll normally give you all your money back. However, if you start your scheme with a one-off payment, we'll value your units on the date we receive your cancellation instruction. If the value of your units has fallen, you will get back less than you paid in.

If you do not exercise your right to cancel within the 30 day statutory period, the contract will become binding. We'll not return any money to you except in the form of a benefit payable in accordance with the rules.

What happens if I move abroad?

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

Questions and Answers

Taking benefits from your Scheme

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. Under the terms of this contract you are currently required to take your benefits by age 75.

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

The value of your pension scheme includes money you've invested, less charges plus any growth. This value is known as your pension fund. 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 scheme, you'll be paid 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.

Can I take any of the money invested in my pension scheme 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 Personal Pension Scheme doesn't pay you an income. You use your pension fund to buy an annuity, which will pay you an income. The size of your pension fund will depend on many factors such as:

- the amount that has been paid into the scheme
- how long you have been making payments
- the performance of the fund(s) you have invested in
- the age you choose to take benefits
- the amount of charges you've paid.

The size of your income will depend on many factors such as:

- the size 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 happens if I die before I take my benefits?

If you die before you start taking your benefits, we'll pay the value of your pension fund as a lump sum, or as an income, or as a mixture of both.

The rules however require us, as the Scheme Administrator, to decide who will receive the lump sum death benefit. We have discretion to choose, rather than you because if you control the benefit it may be liable to inheritance tax. As we choose who to pay the benefit to the payment will usually be free of inheritance tax. We will take your circumstances and any stated wishes into account before we decide who receives the lump sum. You can let us know your wishes by completing a "nomination of beneficiaries" form.

If you have benefits from contracting out of the State Second Pension, some or all of your pension fund may have to be used to buy a pension for your spouse, civil partner, or other dependants. This will reduce the lump sum we pay. From the 6 April 2012, the Government has announced this rule will no longer apply.

For more information about inheritance tax rules, please go to HMRC's website: www.hmrc.gov.uk/inheritancetax/

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 **0845 640 2000**. The opening hours are 8am to 6pm Monday to Friday. Calls may be monitored or recorded for quality and security purposes.

You can also contact us by:

Email: contact.us@prudential.co.uk

Post: Prudential
Customer Service Centre
Stirling
FK9 4UE

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

How to make a complaint

If your complaint is advice related please contact your financial adviser.

If we do anything that you're 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 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'd rather phone, you can call us on 0845 640 2000. To make sure we have an accurate record of what you tell us, we may monitor or record your call.

We hope that we'll 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'll communicate with you in English by post, by phone or by email. We can provide Braille versions of our documents.

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're categorised as a "retail client". This means you get the highest level of protection by getting the clearest explanation of what you're buying and more detail about the risks. This means the information we send you is clear, balanced and indicates any relevant risks. Your category does not affect your right to lodge a complaint with the Financial Ombudsman Service.

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.

Terms and conditions

When you take out your scheme, you become a member of the Prudential Personal Pension Scheme.

This Key Features summarises our Personal Pension Scheme. It doesn't include all the definitions, exclusions, terms and conditions. You can find our full terms and conditions in the "Members' Booklet".

Law

The law and courts of England and Wales will decide any dispute.

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're 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, please contact:

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

Telephone: 0207 741 4100

www.fscs.org.uk

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www.pru.co.uk

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