



Leaver's Pack

Group Personal Pension/Group Stakeholder Pension

Options on leaving

Introduction

When you leave your employer, you must decide what to do with your pension plan(s).

You can continue your pension planning either by joining your new employer's scheme or by continuing your existing plan.

If your employer already has a pension scheme for employees and you haven't joined it, you should get information about the scheme before you do anything else. Joining your employer's scheme may be the best way to save for your retirement – especially if your employer contributes. The revision under pensions simplification of concurrency allows a welcome relaxation of the relatively restrictive rules for operating pension schemes. Members can contribute to multiple schemes. Your financial adviser can help you with this.

If your new employer does not offer a pension scheme and you want to continue your pension plan, please use the chart in this folder to help you complete the Change of Employment form correctly.

This pack includes:

- A Change of Employment form (P368).
- An options form which shows the other options available to you.

When you have decided how you want your plan changed, we will need:

- If contributions are to stop: No action from you as we will mark our records to show no further contributions payable.
- If contributions are to continue: The Change of Employment form (P368) and completed options form returned.

If you have any questions about this pack, you should normally contact your financial adviser first or you can contact us at:

Customer Services

Prudential

Stirling FK9 4UE

Telephone 0808 234 0808

Please have your reference number handy (shown on the letter sent with this pack) when you call. This will save you some time, as you will need this reference number as part of our security check.

There is a summary of your leaving options inside this folder.

Options

Pension planning will affect your future. You should discuss all of your options with your financial adviser, before making any decision.

1. Continuing Pension Contributions

If you want to continue your and/or your employer's contributions, please follow the chart in this folder. Your financial adviser can help you with this.

Please note that there may be restrictions on continuing any additional life cover you had under your plan.

2. Stopping Contributions

You can stop paying contributions and leave your plans with us. We will continue to invest your contributions in the funds you have chosen until you tell us otherwise.

You should be aware that if you stop paying contributions, any cover for separate death benefit* and waiver benefit will cease. Any waiver claim already in payment will continue.

Benefits can normally be taken at any time after age 50 (55 from 6 April 2010), and you don't have to take them all at once – you can take benefits gradually between age 50 and 75. Any entitlement to tax free cash will be lost if this is not taken before your 75th birthday.

* If any death benefit you had was linked to a mortgage or loan you should talk to your lender about arranging alternative cover.

3. Transfer to Another Registered Pension Scheme

You can normally transfer the surrender value of your plan(s) to another registered pension scheme (see Glossary).

If you are interested in this option, you should check the new plan can accept the transfer payment and that your transfer will meet any minimum requirement which may apply. Any protection you have registered from earned/transferred pre 6 April 2006 rights, (see Glossary), may be lost on transfer. You should also check the retirement benefits you will get as a result of the transfer and get financial advice on whether or not the transfer would be in your best interests.

If you have benefits from contracting-out of the State Earnings Related Pension Scheme (SERPS) or the State Second Pension (S2P), the new scheme or plan must meet the legal requirements for accepting contracted-out benefits – or you will have to make separate arrangements for any contracted-out benefits you have.

If you are considering a transfer to an overseas scheme you should contact your financial adviser for guidance.

4. Taking Benefits

If you are aged 50 or over, (55 from 6 April 2010), irrespective of whether you have stopped working, you can take benefits immediately. You can take your benefits earlier if incapacitated. You do not have to take all your benefits at once, but can take part now and the rest in stages later.

Each time you cash in your fund to take benefits, you will normally be able to take part of your benefits as a tax free cash sum. Any entitlement to tax free cash will be lost if this is not taken before your 75th birthday. The balance of the fund must be used to provide you with an income – either by buying an annuity outright or using income drawdown.

**Please discuss your options with your Financial Adviser.
If your plan invests in our With-Profits Fund and you take money out of that Fund,
we may reduce the transfer value by applying a Market Value Reduction.**

Has your new employer agreed to contribute or deduct your contributions from your pay?

Yes

No

You can continue your plan(s) as individual personal pension(s) with *fixed level* contributions.¹
Complete form P368.

Does your new employer already have a *GPP/GSHP* with us?

Yes

No

Is your new employer's scheme contribution basis (*fixed or variable*) the same as applied in your old scheme i.e. both *fixed* or both *variable*?

Has your new employer agreed to *fixed* contributions?

Yes

No

Yes

No

Complete form P368³

Your future contributions will be invested in a new plan. Contributions to your old plan will stop.²
Complete form P368³

Complete form P368.
Your employer should complete an employer application⁴

Complete form P368³

1. You can arrange separately for automatic yearly indexation increases. Speak to your Financial Adviser for more information on this option.
2. Unless you have only a Premier variable plan, which will continue as a fixed plan.
3. Your employer should also complete sections E & G of this form.
4. Available from your financial adviser.

Glossary

Contribution payment basis:

Fixed: Contributions are a fixed amount each month and do not vary from month to month.

Variable: Contributions vary from month to month directly related to total pay in each pay period.

Earnings Related: Contributions are calculated as a percentage of your earnings. If contributions are fixed earnings-related, your employer tells us your earnings figure once each year. Contributions are recalculated using the new earnings figure and continue at the same rate until the next Scheme Review Date.

Level: Contributions are expressed as pounds rather than as a percentage of earnings.

GPP: Group Personal Pension.

GSHP: Group Stakeholder Pension.

P368 – Change of Employment – Leaving the Scheme Application form.

Lifetime Allowance: From 6 April 2006, all benefits provided from registered pension schemes will be subject to a "**Lifetime Allowance**" (LTA) instead of the previous contribution and benefit rules. If benefits exceed the LTA (£1.65 million for the 2008/9 tax year) the excess will be subject to a lifetime allowance tax charge.

Protection: Individuals who had earned benefits prior to 6 April 2006 may have taken the opportunity to protect the level of some or all of those benefits. If such protection applies for you, there are some circumstances where it may be lost. You should contact your financial adviser before taking action which might affect your protection.

Examples of the types of protection are:

- **Enhanced Protection:** where you have chosen to protect the level of benefits earned before 6/4/06. (This could include tax free cash protection.) This could be lost on transfer, if the transfer is not a permitted transfer, as defined in legislation, or on transfer to some types of pension scheme. Enhanced protection should be applied for before 5 April 2009.
- **Primary Protection:** where you had benefits in excess of the Lifetime allowance at 5/4/06 and chose to protect those benefits. (This could include tax free cash protection.) Primary protection should be applied for before 5 April 2009
- **Protected Retirement Age:** broadly applies if, before 6 April 2006, you had an absolute right to a selected retirement age before age 50. This right will be lost if you transfer to another scheme unless the transfer is part of a block transfer.

- **Protected Tax Free Cash Sum:** where you have chosen to protect the tax free cash you were entitled to in respect of benefits earned/transferred before 6 April 2006. Such protection can be lost on transfer unless the transfer is part of a block transfer of more than one individual and is made to the same scheme.

Registered Pension Scheme: a scheme, which is registered under Chapter 2 of Part 4 of the Finance Act 2004. This will include personal and stakeholder pension schemes, occupational pension schemes and Section 32 buy out contracts.

The above is based on our understanding, as at November 2008, of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.

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