

Your Yearly Statement

Group Personal Pension and Group Stakeholder Pension

Your Yearly Statement is an important document which gives you an indication of the benefits that may be available to you in the future. It will help you decide if your pension plan is on course to meet your needs. It is essential that you understand the information it contains.

This guide explains the information contained in your Yearly Statement, and provides answers to some common questions.

Your Yearly Statement gives details only of your benefits in the group scheme.

If you need any more information on your group pension plan(s) please contact the scheme Financial Adviser.

Your Yearly Statement

The following information explains the content of your yearly statement.

Your pension in today's terms

Government regulations require us to provide you with this yearly illustration of the pension income you might get at your selected retirement age, shown in today's terms. This is also called a Statutory Money Purchase Illustration (SMPI). This illustration takes into account how inflation between now and your selected retirement age could reduce the buying power of your pension income.

These illustrations apply to most pension arrangements and the calculation basis is reviewed every year to ensure that it reflects current market conditions and expectations. Due to this annual review, you may notice a difference in the amount of projected pension income quoted in your statement each year. In particular, any pension in today's terms shown for Protected Rights may have reduced from previous statements. This is a result of calculations now assuming a cessation date for contracting out and receiving rebates, based on Government's proposed abolition of contracting out in the near future.

This illustration, which is not guaranteed, has been prepared using standard assumptions required by law. These assumptions may not reflect your actual circumstances at your selected retirement age. For example, although you may be single we have assumed that a 50% partner's pension will be provided.

This illustration is not provided if you are within one year of the selected retirement age you have chosen for your Group Personal Pension or Stakeholder Pension plans.

Projected benefits

This gives you an idea of the benefits that may be available to you when you take them, based on the Financial Services Authority guidelines. The projected fund has been calculated using example growth rates which are used by all pension providers. The interest rate assumptions used by all pension providers to calculate the projected pension figures are reviewed annually and may change in future years. All figures are only examples and are not guaranteed.

You should be aware that in the long term the investment potential of cash and deposit funds may be less than expected from other funds. Please bear this in mind when considering the illustrations.

Protected rights

This is the benefit relating to National Insurance contributions redirected into your plan while you have been contracted-out of the state second pension or benefits that have been transferred from schemes which were contracted-out.

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.

If you die before taking a pension, any Protected Rights funds must, if you are married or in a civil partnership, be used to buy a pension for your widow/widower/surviving civil partner.

If you are not married or in a civil partnership when you want to use Protected Rights to buy a pension, you can now choose to buy a pension that will stop when you die.

You can take the benefits from your Protected Rights fund from age 55.

If you have contracted 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 6 April 2012, the government has announced that this rule will no longer apply.

Contributions received

This shows the total gross payments, which includes any tax relief at the basic rate, credited to your plan during the period of the statement. If no payments have been paid during this period 'Nil' will be shown. Any payments received in respect of contracting-out of the state second pension will be shown here. Contribution information is also covered in more detail in additional pages, which are specific to any Group Personal Pension or Stakeholder Pension plan(s) you have with us.

Annual, Lifetime Allowance and Tax Relief

The Government limits the amount that can be contributed every year before suffering tax penalties. This is called your Annual Allowance. It also limits the total amount you can receive in pension benefits over your lifetime before suffering tax penalties. This is called your Lifetime Allowance.

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 is currently £50,000. Further details can be found in your Key Features Document or please visit www.pru.co.uk

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.

Tax Relief

The payments you make to this plan are made net of basic rate income tax. We claim the tax relief at the basic rate from HM Revenue & Customs (HMRC) and invest it in your plan. High rate tax payers can currently claim additional tax relief through self assessment.

Current values

These represent the current value of your unit linked/unitised with-profits investment on the date shown. These values are not guaranteed.

If your unit-linked/unitised with-profits pension plan has integrated Death or Waiver Benefit, this will be paid for by cancelling units under your plan(s) and will have been taken into account in the figure shown.

The Current Transfer Value is the amount available if you had decided to transfer to another pension scheme.

The Current Death Benefit is the amount that would be paid if you died before your selected retirement age.

Market Value Reduction

A Market Value Reduction may be used to calculate the value of With-Profits units in circumstances where the value of the underlying assets is low. The Market Value Reduction, if any, is applied only when the plan is fully or partially surrendered (for example, on early retirement or transfer to another plan) or units switched into another fund. It is not applied when funds are cashed in at selected retirement age (SRA), in the month leading up to SRA or on earlier death.

The Market Value Reduction, if applied, would reduce the amount payable to bring it into line with the value of the investments of your share of the Prudential With-Profits fund at that time. It is designed to protect investors who are not taking their money out. In normal circumstances, the longer the plan has been in force the less impact the Market Value Reduction has on pay-outs.

The Current Transfer Value will have taken into account any Market Value Reduction which may be applied to your fund if you were to transfer your plan now.

National insurance number

It is very important we have your correct National Insurance number. If the number shown on your statement is incorrect please let us know.

With-Profits Information

The Principles and Practices of Financial Management (PPFM) guide how we manage your With-Profits investments. If you require the current version of our PPFM, or one of our product-specific customer friendly PPFMs, then please download it at www.pru.co.uk/ppfm or call 0800 000 000. Calls may be monitored or recorded for quality and security purposes. On the website, you will also find details of how Prudential has complied with these Principles and Practices in our management of the Fund, and our latest With-Profit Actuary Report.

Unit-Linked Information

Details of how we manage our Unit-Linked Funds can be found on www.pru.co.uk/ppfm/ul or you can call the above number to obtain a copy.

Your questions answered

What is Final Bonus?

Final Bonus (also known as Terminal Bonus) is a bonus that may be paid on retirement or death and is a percentage of the fund. However, this is not a guaranteed bonus and it can be reduced or suspended at any time. It is also only applicable to units invested in the With-Profits fund.

Why is there a difference between the Current Fund Value and the Transfer Value?

Final Bonus is included in the Transfer Value but not in the Current Fund Value. Any further difference is due to any charges that would be made if you were to transfer your benefits to another provider.

Are the figures shown guaranteed?

The Current Values of your plan are not guaranteed and can go down as well as up.

The benefits you will get from your pension fund will depend on factors such as the performance of your investments, contributions invested, plan charges and annuity rates when you decide to take your pension.

What else can affect my benefits?

If your pension plan includes Waiver Benefit or Death Benefit this will affect the value of your fund as units are deducted monthly to cover the cost of these benefits.

Can I pay extra contributions?

Your plan may already include provision for automatic increases in contributions (through indexation or earnings-related provisions, depending on the terms of your plan).

You may also be eligible to pay additional regular or single contributions.

The terms for all additional contributions may not be the same as applied for earlier contributions.

If you would like more information about additional contributions, please speak to your scheme financial adviser.

What is the earliest age I can take 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.

Can I view my benefits on line?

If you are a member of a Premier Group Personal Pension or Stakeholder Pension Scheme you can access information on your benefits at http://www.pru.co.uk/existing_customers/products/group_personal_pension/premiergpp/

Our on-line service allows you to obtain fund valuations, fund projections, request fund switches and change your personal details.

You can access a demonstration of the service and if you wish to apply, register on-line. Once you have your password you can then view and manage your benefits in your own time.

You can also ask us for a copy of the Trustee's Annual Report for the Scheme.

The value of an investment may fluctuate and is therefore not guaranteed. Full written terms and conditions of our pension plans are available from your Financial Adviser or on request from Prudential.



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