

Key Features of the Premier Group Personal Pension

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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 for the Key Features of our Premier Group Personal Pension Plan.
- › If you are thinking about whether our Premier Group Personal Pension Plan may be right for you, this booklet, together with your "Guide to Fund Options" and "With Profits – A guide to how we manage the Fund", will help you make that decision.
- › Please read it, and keep it in a safe place.
- › If you still have questions about our Premier Group Personal Pension after reading this booklet, please speak to your employer.

› 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 Premier Group Personal Pension Plan 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 Premier Group Personal Pension Plan

Our Premier Group Personal Pension Plan gives you (usually jointly with your employer) the chance to save for your retirement in a tax-efficient way. It gives you a range of options to help you do this. You can:

- › invest as much or as little money as you like
- › make regular or one-off payments
- › choose where to invest your money from a fund range we offer.

Your employer can contribute to your plan too. And if they agree, your payments can be taken directly from your salary.

You can start making payments from age 16.

› Its aim

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

› Your commitment

- › To make regular monthly, yearly or one-off payments or at least one payment into your plan.
- › To allow the money in your plan 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 plan 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. Further information can be found in your 'Guide to fund options'.
› If your plan invests in the With-Profits Fund and you take money out of the With-Profits Fund at any time other than the 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 is a Market Value Reduction?" on page 7.
› If you start your plan 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 plan?" on page 8.
› Tax rules may change in the future.	We explain this in "What are the tax advantages of investing in a Premier Group Personal Pension Plan" on page 6.
› Inflation will reduce what you can buy in the future.	We explain this in "What are the tax advantages of investing in a Premier Group Personal Pension Plan" on page 6.

› Questions and Answers

Your Premier Group Personal Pension

How much can be paid into my Premier Group Personal Pension Plan?

There is no limit to the amount that can be paid into your Premier Group Personal Pension Plan.

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 in a Premier Group Personal Pension Plan?" on page 6.

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.

The Government provide a benefit known as Pension Credit. If you have little or no other retirement provision, the pension you receive from this plan could reduce the benefit you receive from the Pension Credit. The exact effect will depend on the rules in place when you retire. For further information about Pension Credit please see your financial adviser.

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.

Different funds invest in different types of assets for example, some only invest in property, others invest directly in the stockmarket and others invest in a wide range of assets. Each fund has its own level of risk and potential for growth. Usually, funds with more potential for growth carry more risk.

Your adviser will give you our "Fund Guide" which provides more information on the funds available, including the objective of each fund and its risk profile. Alternatively, you can visit our website www.pru.co.uk.

The performance of the funds isn't guaranteed. The value of your fund can go down as well as up. If it goes down, you could have less money in your plan than you paid in.

Can I switch my money between funds?

You can switch your money between funds at any time. We won'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 7.

For any fund we may not switch your money for up to one month. For unit-linked funds that mainly invest in property and land we may delay switching for up to six months. These delays will only apply in exceptional circumstances and if this applies to you, we will let you know.

Can I take money out of my plan?

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

What is Contribution Protection (Waiver Benefit)?

Contribution Protection (Waiver Benefit) will maintain the regular payments if you are off work due to illness or injury. It will pay out after a deferred period chosen by you at the start of the Plan, if you satisfy the definition of incapacity, as detailed in the plan terms and conditions.

You can obtain a copy of the plan Terms and Conditions by calling us on 0808 234 3030.

If you joined the plan after 5/4/01

- › You must make all payments for your Contribution Protection cover.
- › Your employer may contribute to your Pension Plan but he cannot pay your Contribution Protection Payments.

If you joined the Prudential (SAL) /Prudential (M&G) Personal Pension Scheme for the first time on or after 17 January 2005, you cannot apply for Contribution Protection/Waiver Benefits.

If you have purchased life cover or Contribution Protection/ Waiver Benefit, you must tell us of any change in your health from the time you sign the application form through to the start of your plan, as this could affect your cover.

What is the Life Cover option?

The life cover option enables you to provide extra life cover should you die before you take your benefits, provided your employer pays the cost of this. For more information on life cover please see "What happens if I die before I take my benefits?" on page 9.

Can I transfer my plan?

You can transfer your fund to another pension arrangement at any time before you start to take your pension benefits. We currently won't charge you for this.

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 is a Market Value Reduction?" on page 7.

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 arrangement into this one?

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

If the pension plan 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 plans is an important decision, so we recommend that you speak to a financial adviser first.

What are the tax advantages of investing in a Premier Group Personal Pension Plan?

Tax Relief

You'll normally receive tax relief on your contributions. For every £100 you pay into your plan, HM Revenue & Customs (HMRC) will currently 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 will be able to claim back the extra tax you pay through your tax return. Please note this relief is subject to an annual HMRC limit.

Please note tax relief will not apply to the Contribution Protection (Waiver Benefit) aspect of your premium.

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. If you exceed the Annual Allowance, a tax charge of up to 50% of the excess amount will be payable.

However, any unused allowance 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 in the value of benefits under your main scheme and any other 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 inputs are assessed against the Annual Allowance for the tax year in which the 'pension input period' ends. For information on your pension input period please contact a Financial Adviser, for which you may be charged.

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.

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, at February 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/rates.

What are the charges?

We make charges for managing your plan and your investments. The amount we charge depends on the funds you invest in.

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

How our charges affect the plan is shown in your illustration.

Our charges may vary in the future and may be higher than they are now. Further details can be found in the Technical Guide.

For Unit-Linked Funds, we deduct an Annual Management Charge from the Funds. This charge is already deducted when we work out the full value of your policy. The amount of charge we deduct depends on the Funds you choose to invest in and the amount of your original investment.

With-Profits Fund charges

For With-Profits Funds, there are various costs involved with setting up and managing your policy. A charge is deducted from the With-Profits Fund each year to cover these costs.

The charge is not explicit so you will not see it being taken from your policy. It is deducted from the underlying With-Profits Fund and is already taken into account when we calculate bonus rates for our With-Profits Fund. The charge is currently 1% a year. Further information on the operation of the With-Profits Funds is contained in 'Your With-Profits Plan – a guide to how we manage the Fund' document.

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) e.g. 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 read "What is a Market Value Reduction?" for more details.

You won't see this charge on your annual statement because we take it by making a small adjustment to regular and final bonuses.

The total deduction for guarantee charges over the lifetime of your 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. Charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

What is 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 plan 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 plan'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.

A MVR will reduce the value of your plan and if investment returns have been very poor, you may get back less than you have invested in your plan.

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

Our current practice on applying a MVR

We may apply a Market Value Reduction to full or partial withdrawals as a result of switches or transfers out of the With-Profits Fund.

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. This might be because of significant changes in the investment market or because the number of people moving out of the fund increases substantially.

Can I use the Premier Group Personal Pension Plan to contract out of the State Second Pension?

If you're employed, you can use your plan to contract out of the State Second Pension.

When you contract out, HMRC sends us some of the National Insurance contributions made by you and your employer. We add this money to your plan.

There are special rules about the benefits you can get from contracting out and who can receive an income from the benefits when you die.

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.

Contracting out is an important decision that should be reviewed on an annual basis, so we recommend that you speak to a financial adviser first.

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.

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.

How will I know how my plan is doing?

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

Alternatively, you can phone our Customer Service Centre on 0808 234 3030 and a member of our team will give you an up-to-date valuation.

Is this plan a stakeholder pension?

No, this is not a stakeholder. Stakeholder pensions are generally available and could meet your needs as well as this plan.

What if I want to cancel my Plan?

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

To cancel it, please complete and return the Cancellation Notice that we send you with your plan 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 plan with a one-off payment, we will 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 will not return any money to you except in the form of a benefit payable in accordance with the rules.

› Questions and Answers – continued

Taking benefits from your plan

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.

For any fund we may delay any withdrawals by up to one month. For unit-linked funds that mainly invest in property and land we may delay payment for up to 6 months. This is in exceptional circumstances and if this applies to your investment, we will let you know.

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

The value of your pension plan includes money you've invested, less charges plus any growth. This value is known as your pension fund. You can use your fund to buy an income known as an annuity. In return for some or all of the money invested in your plan, you'll be paid a regular income for the rest of your life. Pension income is taxable as earned income.

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 plan 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 this 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 Premier Group Personal Pension Plan 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 plan
- › 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:

- › the size of your pension fund
- › the type of annuity you buy
- › your age when 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?

We will pay the value of your fund as a lump sum. If you have chosen extra life cover this will also be paid. As trustees, Prudential will decide who should receive the lump sum. We take into account your circumstances when you die and anyone you've previously nominated to receive any lump sum.

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.

Benefits payable on death are not subject to income tax, but if they form part of your estate they may be subject to inheritance tax. If the value of all death benefits paid as a lump sum from this and any other scheme are more than the Lifetime Allowance, there will normally be a special tax charge.

› 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 **0808 234 3030**. The opening hours are 8.30am to 6pm Monday to Friday. Calls are charged at local rates and may be monitored or recorded for quality and security purposes.

You can also write to us at:

**Prudential
Stirling
FK9 4UE**

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 3000**. To make sure we have an accurate record of what you tell us, we may monitor or record your call.

We hope that we will 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 will communicate with you in English by post, by phone or by email.

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.

Law

The law and courts of Scotland 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

Terms and Conditions

When you take out your plan, you become a member of our Premier Group Personal Pension Plan.

This Key Features summarises our Premier Group Personal Pension Plan. It doesn't include all the definitions, exclusions, terms and conditions. You can find our full terms and conditions in your Member Brochure included in your pack.



www.pru.co.uk

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