

# Lifetime Investment Option

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As the demand for adaptable pensions to suit the real needs of real people grows, so does the demand for more control in personal investment planning.

To meet this demand, we offer an additional option for Premier Pension Plans and Unit-Linked Series A Pension Plans. The Lifetime Investment Option (LIO) offers a choice of three investment strategies which have different levels of risk associated with them. This gives you the opportunity to pick the investment strategy\* that most closely matches your attitude to investment risk and security over the term of the pension plan.

The Lifetime Investment Option (LIO) has been designed to reflect the fact that peoples' investment decisions can change during retirement planning. It aims to achieve pension fund growth, without having to review investment choices on a regular basis.

Please note that the investment may go down as well as up and your fund value may be less than the payments you have made.

\* Please see next page

The Lifetime Investment Option gives:

- › The opportunity to invest in differing "ready-made" investment strategies
- › The choice of different strategies to match attitude to risk
- › Investment in a higher risk fund to start off with
- › A progressively more cautious investment approach so, as retirement approaches, the fund is exposed to a decreasing amount of risk
- › A degree of protection against fluctuations in investment values.

## A choice of strategies

With the Lifetime Investment Option, you have the option of three pre-planned investment strategies\* : **Cautious**, **Balanced** and **Opportunity** – depending on your attitude to investment risk.

Remember that you should consider the perceived fund risk that suits your life stage. Different risk profiles will suit different stages of the investment which is detailed on page four.

You should also consider that the effect of inflation would be to reduce what you could buy in the future with your pension. If investment returns are sufficiently low, inflation could cancel out returns that you make on your pension investment. Each strategy starts with investments in funds that provide a potential for real growth, although fund value may go up as well as down and you may not get back the full amount of your original investment. The funds are progressively switched to more secure investments as retirement approaches. This means that once you have chosen a strategy, you can rest

assured that funds will be switched automatically throughout the term of the plan.

The following tables demonstrate how the Lifetime Investment Option operates for each strategy.

\* These risk categories and strategies shown on the following two tables have been developed by Prudential. They should not be viewed as generic descriptions across the fund management industry and Prudential will review them regularly. Therefore they may change in the future.

### Fund Risk Ratings

This table highlights what risk level is associated with investing in corresponding funds.

Prudential Equity Fund	Higher
Prudential Managed Fund	Medium
Prudential Fixed Interest Fund	Lower
Prudential 95% Safeguard Fund	Lower
Prudential Cash Fund	Minimal

You can choose the funds your money is invested in at the beginning of the plan. If you do not specify any fund(s) we will invest your monies in the funds detailed in the first lines of the tables below.

### Cautious Strategy<sup>†</sup>

How many years left until retirement	Chosen manager(s) /fund(s)	No fund selection specified
10+	Chosen manager(s)/fund(s)	Pru Managed Pension Fund
10 – 5	Switch to Pru Fixed Interest Pension Fund	Switch to Pru Fixed Interest Pension Fund
5 – 0	Switch to Pru Fixed Interest Pension Fund/Cash Fund	Switch to Pru Fixed Interest Pension Fund/Cash Fund

### Balanced Strategy<sup>†</sup>

How many years left until retirement	Chosen manager(s) /fund(s)	No fund selection specified
10+	Chosen manager(s)/fund(s)	Pru Equity Pension Fund
10 – 5	Switch to managed fund of chosen fund manager(s)	Switch to Pru Managed Pension Fund
5 – 3	Switch to Pru 95% Safeguard Pension Fund	Switch to Pru 95% Safeguard Pension Fund
3 – 0	Switch to Pru Fixed Interest Pension Fund/Cash Fund	Switch to Pru Fixed Interest Pension Fund/Cash Fund

continued overleaf >

### Opportunity Strategy<sup>†</sup>

How many years left until retirement	Chosen manager(s) /fund(s)	No fund selection specified
8+	Chosen manager(s)/fund(s)	Pru Equity Pension Fund
8 – 3	Switch to managed fund of chosen fund manager(s)	Switch to Pru Managed Pension Fund
3 – 1	Managed fund of chosen fund manager(s)	Pru Managed Pension Fund
1 – 0	Switch to Pru Fixed Interest Pension Fund/Cash Fund	Switch to Pru Fixed Interest Pension Fund/Cash Fund

<sup>†</sup>For the Premier Stakeholder plans, the Annual Management Charge cannot currently exceed 1% each year. This may restrict the choice of funds available to you. Our charges may vary in the future and be higher than they are now.

If the benefits under the plan are Protected Rights only they will be invested 100% in the Fixed Interest Pension Fund for the final period of the strategy.

### Complete flexibility

The Lifetime Investment Option can be selected when the plan is first taken out, or at any time during its term, and can apply to both regular and single contributions. It can also be cancelled immediately on request, and can be resumed at any time.

Please note that any changes made to the plan could impact your pension fund.

This simple option is designed as a long-term investment strategy over the lifetime of the pension plan. For further details on this option please contact your financial adviser who will help you choose the strategy that is the most appropriate for you.

Full written terms and conditions of all Prudential's Pension Plans are available on request from Prudential or from your financial adviser.



[www.pru.co.uk](http://www.pru.co.uk)

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