

# Key Features of the Premier Group Transfer Plan (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 the Key Features for the Premier Group Transfer Plan (Group Personal Pension).
- › If you are thinking about whether the Premier Group Transfer Plan (Group 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 Policy Document and A Guide to Fund Options.
- › If you still have questions about the Premier Group Transfer Plan (Group Personal Pension) after reading this booklet, please call us on 0845 640 3000. 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. Prudential is required to give you this information to help you to decide whether our Premier Group Transfer Plan (Group Personal Pension) is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference. You should also read the accompanying document "Your With-Profits Plan – a guide to how we manage the Fund".

## › Its aims

- › To allow you to arrange for transfer of the value of your existing retirement arrangement into a Group Personal Pension.
- › To build up a fund, in a tax efficient way, to provide you with a regular income when you take your benefits.
- › To give you the choice when you take your benefits of:
  - either taking the whole fund as taxable income
  - or taking part of your fund as a tax-free cash sum and the balance as a smaller taxable income.

## › Your commitment

- › On transferring the fund, you give up all rights to the existing retirement provision in respect of the transfer value.
- › 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.

## › Risks

- › What you might get back is not guaranteed and will depend on our investment performance and interest rates when you take your benefits.
- › If you start the plan with a single payment and then cancel it within 30 days, you may get back less money than you paid in. Please see "Can I change my mind?" on page 8 for further information.
- › If you have a protected tax-free cash amount above 25% of your fund within your existing arrangement, you may lose this if you decide to transfer. Therefore you will only be able to take up to or a maximum of 25% of your fund as a tax-free cash amount when you take your benefits.
- › When you are ready to take your benefits they may be lower than illustrated because:
  - investment growth may be lower than illustrated
  - interest rates when you take your benefits may be lower than illustrated
  - the cost of buying your retirement benefits may be higher
  - you may start taking your benefits earlier than your selected retirement date
  - our charges may be higher than illustrated
  - tax rules may change without notice
  - you may transfer your plan to another company.
- › The state provides a benefit called Pension Credit. If you have little or no other retirement provision, the retirement benefits you receive from this plan could reduce the benefits you receive from the Pension Credit. The exact effect will depend on the rules in place when you take your benefits.
- › The value of an investment may go down as well as up and the fund value in future may be less than the payments you have made.
- › The plan may invest in a range of investment types, including stocks and shares, which carry different levels of risk.
- › If your plan invests in our With-Profits fund and you take money out of that fund, we may reduce the value by applying a Market Value Reduction. For further details please see the "Market Value Reduction" section.
- › Some of our funds invest in property and land. This can be difficult to sell – so you may not be able to sell/cash in this investment when you want to. We may have to delay acting on your instructions to sell your investment. You should look upon your investment in property as being long term. There are large costs when we buy and sell property. The allowance for these costs amongst other factors can lead to short-term falls in the price of units in such funds. The value of property is generally a matter of a valuer's opinion rather than fact. Under certain circumstances, in the interest of other investors, we reserve the right to defer any early encashment or switch between funds – this may be for a period of up to 6 months in the case of units held in funds which invest in property and land.
- › Under certain circumstances, in the interest of other investors, we reserve the right to defer any early encashment or switch between funds for up to 1 month. This is in exceptional circumstances and if this applies to you, we will let you know.
- › For investments in the With-Profits Funds, the value of this plan depends on a number of factors.
  - The return on investments in our underlying With-Profits Fund:
  - The way we distribute any profit on the Fund. The company's bonus policy aims to give each policyholder a return which reflects the earnings on the underlying investments, whilst smoothing the peaks and troughs of investment performance.
  - Expenses incurred by the fund and charges applied to your plan by us.
  - Profits and/or losses from non-profit plans which are also part of the With-Profits Fund.
  - The cost of meeting any guarantees including, for example, those under certain annuity plans which guarantee an income for life.
  - Factors beyond our control, such as tax, the effect of inflation and levels of mortality.
- › As we no longer request a split of pre and post April 1997 Protected Rights benefits, some pension providers may choose not to accept a transfer from this plan.

## › Questions and Answers

### Your Premier Group Transfer Plan

#### What does a group pension transfer plan offer?

If you decide to transfer out of your existing retirement plan, the Premier Group Transfer Plan (Group Personal Pension) gives you the option to invest the money in a Prudential Premier Group Personal Pension.

The Premier Group Transfer Plan (Group Personal Pension) may give you more flexibility than your existing arrangement to tailor the benefits to suit your personal circumstances in the future.

#### Is this a stakeholder pension?

No, stakeholder pensions are generally available and could meet your needs as well as this plan.

#### Where is my transfer value invested?

The choice of investment funds is up to you. Your options range from funds which invest in a spread of assets, to specialised investment-linked funds.

You can invest in more than one fund at a time, up to a maximum of six (please refer to terms and conditions booklet), and you can currently change funds at no cost. If this changes in the future we will let you know.

For investments in unit-linked funds, the value of your account is based on the total number of units held in each fund and the value of these units. If the unit prices rise or fall, so will the value of your account. Money in the various funds may be invested in a wide range of shares and other investments for more information please see "A Guide to Fund Options".

You can find further information on the funds that are available to you from your scheme's Financial Adviser.

A With-Profits investment is one that aims to smooth some of the short-term highs and lows of the fund over the period of time that you hold the plan. So, you should see a steadier return year on year, rather than watching the value of your plan fully reflect the rise and fall in stockmarkets.

We allocate your share of the profits of the fund by adding bonuses. There are currently two types of bonus:

- › regular, which we add throughout each year. We can change the rate of regular bonus at anytime without telling you beforehand, although once added these bonuses are guaranteed on death and at your selected retirement age,
- › final, which we may pay when you take money out of your plan, although this may vary and is not guaranteed. The final bonus can be reduced or removed at any time, without warning.

If any plan benefits are cashed in early, the price of units in the With-Profits Fund may have to be reduced to reflect market conditions at that time. This is known as a Market Value Reduction.

Further information on the With-Profits Fund is in the "Your With-Profits Plan – a guide to how we manage the Fund" document.

#### 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. An 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 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 any full or partial withdrawals, 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. 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.

## What can I expect when I take my benefits?

On joining the plan you tell us the age at which you wish to take your benefits and this is shown on your illustration. 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.

There is no guaranteed amount and the final fund value will depend on:

- how much has been paid in
- how long the fund has had to grow
- our investment performance
- our charges
- any Market Value Reduction that we may apply to the value of your fund invested in the With-Profits Fund.

You can choose to use your whole plan to buy a pension or 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. You must use any fund left after you take your cash sum to pay you a regular income for the rest of your life. There is no minimum guaranteed amount for the pension. Pension income is taxed as earned income.

You can choose the format of your benefits which best suits your circumstances when you take your benefits subject only to legal requirements (for example on the format for benefits resulting from contracting-out of the State Scheme). You can arrange for your pension to continue for your spouse, civil partner or dependants after your death. You can also choose a pension, which will increase during payment.

## What benefits are paid if I die?

If you die before you take your benefits, the value of your fund will be paid subject to any legal requirements arising from contracted-out benefits within your plan. You can nominate beneficiaries to whom you would like these benefits paid.

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 you take your benefits, there is normally no inheritance tax payable on the value of your plan.

## Can I take my money out?

You can transfer your fund to another scheme at any time before you start taking the benefits. We do not charge you for taking the money out. However, we may apply a Market Value Reduction (see "Market Value Reduction") to investments in the With-Profits Fund. It may not always be in your best interest to transfer your fund and you may wish to discuss this with a financial adviser.

We will not be able to give the new provider details of any split between your pre and post April 1997 Protected Rights benefits, if you have any, included in the transfer. Therefore, some pension providers may choose not to accept a transfer from the plan.

## What are the tax advantages of investing in a Group Transfer Plan?

Investments in pension funds in which registered pension schemes are invested are given important tax benefits. They do not pay tax on investment income received or capital gains. Some underlying investments, such as dividends from company shares, will be paid out of taxed profits, and the tax is currently not reclaimable.

If you are eligible for a tax-free lump sum at retirement, this will be paid to you completely free of tax. Pensions are, however, taxed as earned income.

## What is the 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.

This information is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, on August 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/](http://www.hmrc.gov.uk/rates/)

## What are the charges and how will they affect investment growth?

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".

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.

There is a charge to pay for all the guarantees the With-Profits Fund supports. We guarantee to not take away regular bonuses already added when a payment is made because of death and at your selected retirement age and to only apply a Market Value Reduction in certain circumstances (see section on page 6 for more details).

This charge will be taken by making a small deduction each year when deciding Regular and Final Bonuses, so you will not see it on any yearly statement. The total deduction over the lifetime of the plan 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.

## 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.

## Can I change my mind?

You can change your mind within 30 days from when you get your plan documents. If you decide, for any reason, within this period, that you don't want the plan, we'll refund the value of your fund to the original provider. You should, however, bear in mind that the previous provider may not be willing to take back the transfer fund.

If you cancel your plan within 30 days, the value may be less if the fund has fallen.

If you do not exercise your right to cancel within the 30 day statutory cancellation period, the contract will become binding.

If you wish to exercise your right to cancel, you should complete and return the Cancellation Notice you will receive or write to us at:

**Customer Services Department,  
Prudential,  
Stirling,  
FK9 4UE.**

## › Other information

### How to contact us

You can call our Customer Service Centre on 0845 640 3000. The opening hours are 8am-6pm Monday to Friday. Calls may be monitored or recorded for quality and security purposes.

You can also contact us by:

**Post: Prudential  
Stirling  
FK9 4UE**

**Via our website: [www.pru.co.uk](http://www.pru.co.uk)**

### How to complain

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'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: 0800 0 234 567**

**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.

### Your client category

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.

## How we will communicate with you

We will communicate with you in English in writing, by phone or email.

## Deductions

The investment funds are subject to an annual management charge. The charges which will be applied to your plan are detailed in the Further Information section of the enclosed illustration.

## Law

The law of Scotland will apply.

## Cost of Advice

The cost of advice given by the Scheme's Financial Adviser will normally depend on the size of the transfer value and the term of the plan and will be paid for from the deductions. The Scheme's Financial Adviser will give you written details about this cost.

## Divorce and dissolution of a civil partnership legislation

In line with government legislation pension funds and pension annuities are classed as assets and may be taken into account in a divorce settlement or dissolution of a civil partnership. If you get divorced or there is a dissolution of a civil partnership and a pension credit is awarded against your retirement benefits, they will be reduced. If this happens we will write to you.

## Compensation

We're covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if we can not 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  
Portoken Street  
London  
E1 8BN**

**Telephone: 0207 741 4100**

**[www.fscs.org.uk](http://www.fscs.org.uk)**

## FSA regulation

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**

\*Calls may be monitored or recorded for quality and security purposes.





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

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