Important information

keyfacts®

Key Features of the Prudential Premier Group Money Purchase Pension

PRUDENTIAL

Contents

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 Money Purchase Pension.
- If you are thinking about whether our Premier Group Money Purchase Pension may be right for you, this booklet 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 Money Purchase 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. It requires us, Prudential, to give you this important information to help you to decide whether the Prudential Premier Group Money Purchase 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.

The member should also read the accompanying document, "Your With-Profits Plan – a guide to how we manage the Fund" and the "Pension Fund Guide".

This document is only a guide to Premier Group Money Purchase Pension. For more details consult the Scheme Financial Adviser.

Its aims

- To build up a fund, in a tax efficient way, to provide the member with regular income when they take their benefits.
- To give the member the choice when they take their benefits of:
  - either taking the whole fund as taxable income
  - or taking part of their fund as a tax-free cash sum and the balance as a smaller taxable income.
- To enable the employer, if applicable, to provide extra Life Cover for the member should he/she die before taking benefits.

Your commitment

- To make regular monthly or yearly payments. Or to make at least one single payment at the start of the plan.
- To let the member's pension fund grow until they take their benefits.
- To regularly review the member's payments if they want their pension to meet their income requirements when they take their benefits.
- If the employer is providing life cover, the member must tell us of any change in their health from the time they sign the application form through to the start of their plan, as this could affect their cover.

Risks

What the member might get back is not guaranteed. It will depend on our investment performance and interest rates when they take their benefits.

- When the member is ready to take benefits, they may be lower than illustrated because:
  - investment growth may be lower than illustrated
  - interest rates when the member takes their benefits may be lower than illustrated
  - the cost of buying the member's benefits may be higher
  - the member may start taking their benefits earlier than their normal retirement date
  - our charges may be higher than illustrated
  - tax rules may change without notice
  - the employer and/or the member may stop paying into their plan or take a payment break
  - the member may transfer their plan to another company.
- The plan may invest in a range of investment types, including stocks and shares, which carry different levels of risk.
- If the member's plan invests in our With-Profits Fund and they take money out of that fund, we may reduce the transfer value by applying a Market Value Reduction (further details can be found in "What is Market Value Reduction?" on page 6).
- If the member and/or employer stop payments, they may not meet any target benefits within their illustration and they will lose any extra life cover selected.
- If there is life cover we will not pay out if they have failed to disclose any information or if a claim arises from a cause not covered by the plan.
- The government provide a benefit known as Pension Credit. If the member has little or no other retirement provision, the retirement benefits they receive from this plan could reduce the benefits they receive from the Pension Credit. The exact effect will depend on the rules in place when the member retires. For further information about Pension Credit the member should contact their Financial Adviser.
- For investments in the With-Profits Funds, the value of this plan depends on a number of factors, including:
  - 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 the member's 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.
- The value of a member's investment may go down as well as up and the fund value at retirement may be less than payments made.
- Some of our funds invest in property and land. This can be difficult to sell – so the member may not be able to sell/cash in this investment when they want to. We may have to delay acting on your instructions to sell your investment. The member should look upon their investment in such funds 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 and land 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 for unit-linked funds that mainly invest in property and land, and up to 1 month for all other funds. This is in exceptional circumstances and if this applies to you, we will let you know.

› Questions and Answers

What is the Premier Group Money Purchase Pension?

The Premier Group Money Purchase Pension provides a tax-efficient way to save for retirement.

What is a Contracted-In Money Purchase Plan?

A Contracted-In Money Purchase Plan is a plan with tax advantages designed specifically to enable saving for retirement.

Contributions to the plan are normally eligible for tax relief. Investments in approved pension funds are given important tax benefits. They do not pay tax on investment income received or capital gains.

The Contracted-In Money Purchase Plan, set up under trust and run by the trustees on behalf of the members.

Can the member contract out of the State Second Pension (S2P)?

Members can contract out through the Prudential Flexible Retirement Plan. You can get more information by asking your financial adviser for the Key Features document of the Rebate Only Plan.

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 can members expect when they take their benefits?

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 the member's fund invested in the With-Profits Fund.

The member's pension will depend on their age and annuity rates at the time they convert their fund into a pension. To do this, the member will need to buy another plan called an annuity.

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 may need to do this by your 75th birthday – for further information please contact your scheme administrator.

What choices will members have when they take their benefits?

The plan is set up to show a normal retirement date – the date at which the employer normally expects members to retire. This is shown on the member's personal illustration.

The government currently allows people to start taking their benefits from the age of 55. You may be able to start taking your benefits earlier if you're in ill health. Under the terms of this contract you may be required to take your benefits by age 75 – for further information please contact your scheme administrator.

On retirement the fund is used to buy a pension, also known as an annuity. This will pay the member a regular income for the rest of their life. The member can convert all of their plan into a pension or they can take up to 25% of the fund as a tax-free cash sum and use the rest to pay a smaller regular income. The trustees must use any fund left after taking the cash sum to pay a regular income for the rest of the member's life. There is no minimum guaranteed amount for the pension.

The member can choose from different pension options. For example, a pension that increases each year or one that will provide an income for their husband, wife, civil partner or other dependants when they die. If you add different options this will affect the amount of your initial pension income.

The member can ask the trustees to buy their pension from any authorised pension provider by using the Open Market Option at the time they take their benefits.

Any additional life cover stops at the member's normal retirement date, or earlier if they leave their employer or payments into the plan are stopped.

What benefits are paid if the member dies?

We will pay the value of the fund, plus any additional life cover added to their plan.

Benefits payable on death are not subject to income tax and are not normally subject to Inheritance Tax. However, where the value of total death benefits from all pension arrangements exceeds the member's Lifetime Allowance there may be a special tax charge. See "Lifetime Allowance?" on page 7.

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 impact your ability to top up this product.

Where are contributions invested?

The Scheme Trustees usually choose the funds and Fund Managers. The options range from the With-Profits Fund to specialised investment-linked funds to a range of managed funds which invest in a spread of some or all of the funds.

For investments in unit-linked funds, the value of the member's 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 their account. Money in the various funds may be invested in a wide range of shares and other investments.

The trustees would normally select a range of funds from which individual members can select for their payments. Individuals can invest in up to six funds at any time and can switch into different funds. We currently don't charge you for this. If this changes in the future we will let you know. The Trustees can also change, without charge, the funds in which future contributions are invested. A Market Value Reduction may be applied on switches out of the With-Profits Fund.

A with-profits investment is one that invests in a portfolio of stocks and shares and other investments such as fixed interest and property. Any investment growth in the fund would enable bonuses to be added to investor's plans.

We allocate the member's 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 any time without telling the member beforehand. It is not guaranteed that a regular bonus will be added each year although once added these bonuses are guaranteed on death and at normal retirement date
- Final, which we may pay when the member takes money out of their plan.

However, because it is largely dependent on prevailing financial conditions, final bonus cannot be guaranteed and can be varied or discontinued at any time.

If any plan benefits are cashed in early, the amount payable 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 "Your With-Profits Plan – a guide to how we manage the Fund", which is enclosed.

What is a Market Value Reduction?

If you take money out of the With-Profits Fund, we may adjust the value of the member's fund if the value of the underlying assets is less than the value of their plan including all bonuses. This would also apply if the trustees of the plan transferred part, or all, of the scheme. This adjustment is known as a Market Value Reduction (MVR). It's 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 the payments have been invested.

We apply the MVR to the member's 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 the member's plan and if investment returns have been very poor, you may get back less than the member has invested in the plan.

We guarantee not to apply an MVR at the member's normal retirement date or on any claims due to death.

Our current practice on applying a MVR

We may apply a Market Value Reduction to any 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.

Can the member pay extra contributions?

Yes. There is no limit on the amount the member can contribute annually to their pension plan. However, there will be a tax charge on the contributions made by the member or on their behalf that exceed an annual allowance set by the government. Please note that there is no limit on the number of pension schemes the member can join. We recommend that members seek financial advice before joining multiple schemes.

Can contributions be stopped?

Depending on the terms of the scheme, contributions can be temporarily or permanently stopped or reduced.

If contributions are stopped altogether the plan will be altered to a paid-up basis. In this case, the fund will remain invested, continuing to benefit from any growth. Please note that charges will continue to be deducted. Any extra life cover will cease when regular contributions stop. The Scheme Financial Adviser can provide the member with further details of the consequences of stopping contributions to the plan.

Can a member take out money from the plan?

The member cannot take any money from the plan other than when they take their benefits.

The fund can also be transferred to another registered pension scheme (see illustration for possible values).

If the member is entitled to more than 25% of their fund as a tax-free cash lump sum when they take their benefits, they may lose this additional entitlement when transferring out of the plan.

What are the tax advantages of investing in a Premier Group Money Purchase Pension?

Tax Relief

The employer will deduct member contributions from the member's earnings before calculating Income Tax.

Employer contributions qualify as a business expense for tax purposes and do not result in an additional tax expense for the member.

The government limits the amount that can be contributed every year before suffering tax penalties. This is called Annual Allowance. It also limits the total amount the member can receive in pension benefits over their lifetime before suffering tax penalties. This is called 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. 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. Please speak to your main scheme administrator if you require further information. 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 your main scheme administrator. If you are affected by this limit you may wish to 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.

The fund will grow largely tax free.

This information is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, on February 2011. These tax rules could change in the future without notice.

The impact of taxation and any tax relief depends on the member's individual circumstances. For more information about tax, please go to HMRC's website: www.hmrc.gov.uk/incometax/

How will members know how their plan is doing?

We'll send the member a yearly statement to show how the plan is doing.

The member can also ask the trustees to get an up-to-date valuation from our Customer Services Department by phoning or writing to us at:

Prudential
Stirling
FK9 4UE
Tel: 0845 640 3000

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

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 the member's policy. The amount of charge we deduct depends on the funds they choose to invest in and the amount of the member's original investment.

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

The charge is not explicit so the member will not see it being taken from their 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."

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 the member's normal retirement date and to only apply a Market Value Reduction in certain circumstances.

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.

The table below shows the Annual Management Charges that apply to each of our funds before adjustment for contribution size and any cost of advice. The member's personal illustration shows how the member's investment could grow at 5%, 7% and 9%.

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

Funds	Annual Management Charge
Prudential Newton International Growth	1.40%
Prudential Invesco Perpetual Income	1.35%
Prudential Invesco Perpetual Managed	1.35%
Prudential M&G Gilt and Fixed Interest Income	1.25%
Prudential M&G High Yield Corporate Bond	1.25%
Prudential Newton Balanced	1.25%
Prudential M&G Corporate Bond	1.15%
Prudential M&G Managed Growth	1.15%
Prudential Newton Higher Income	1.15%
Prudential Newton Managed	1.15%
Prudential FTSE 100 Tracker*	0.90%
With-Profits	1.00%
All others	1.00%

* This fund is only available for additional payments to plans taken out before 17 January 2005.

Deductions

The investment funds are subject to an annual management charge. Details of the charges applicable to the plan are shown in the Further Information section of the enclosed illustration. The contract terms are based on the expected average contributions for the scheme. If this average is not met, for whatever reason, it may

Other information

How to contact us

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

The member can also contact us by:

Post:	**Prudential Customer Services** **Stirling** **FK9 4UE**
Or via our website:	**www.pru.co.uk**

How to make a complaint

If the member's complaint is advice related they should contact their financial adviser. If we do anything that the member is 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 the complaint to:

Prudential
Customer Relations Unit
Stirling
FK9 4UE

Copies of our complaint handling procedures are available from this address. If the member would rather phone, they can call us on 0845 640 3000. To make sure we have an accurate record of what the member tells us, we may monitor or record your call.

We hope that we'll be able to handle the complaint in a way that satisfies the member. But if we can't, the member 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 the member's right to take legal action. We can help the member find the appropriate organisation to handle their complaint.

Stopping the plan

If contributions are to be stopped at any time other than during the cancellation period (see below), the member should ask the Trustees to write to us outlining the requirements. Payment of any benefits will be subject to applicable legislation. The amount of any benefit, which is not guaranteed, may be more or less than the total of contributions paid.

Cancellation rights

The Trustee has a right to cancel the plan only if it is the first plan for the scheme. There will not be an opportunity to cancel once the plan has started.

Law

The law of Scotland will apply.

How we will communicate with you

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

Cost of advice

The cost of advice given by the Scheme Financial Adviser will normally depend on the size of the contribution payable and the term of the plan. This cost will be paid for from the deductions.

The Scheme's Financial Adviser will give the Trustees written details about this cost.

The member's 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.

The member is categorised as a "retail client". This means they get the highest level of protection by getting the clearest explanation of what they're buying and more detail about the risks. This means the information we send the member is clear, balanced and indicates any relevant risks. The member's category does not affect their right to lodge a complaint with the Financial Ombudsman Service.

If the member has any questions about their client category, or think their 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 the member would like to know the full details of our Conflict of Interest Policy, please contact our Customer Service Team on **0800 000 000**.

Terms and conditions

This Key Features document gives only a summary of the Prudential Premier Group Money Purchase Pension and the member should read this document in conjunction with their illustration.

Terms and Conditions are held in the Policy Document. If you would like a copy of the full terms and conditions, please contact us.

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 the member gets divorced or there is a dissolution of a civil partnership and a pension credit is awarded against the member's benefits, they will be reduced. If this happens we will write to the member.

Compensation

We're covered by the Financial Services Compensation Scheme. The trustee (on behalf of members) 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
Portsoken Street
London
E1 8BN
Telephone: 0207 741 4100
www.fscs.org.uk

FSA registration

The Prudential Assurance Company Limited is entered on the 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

The Information in this document is based on our understanding, as at February 2011, 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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