

Key Features of the Premier Group Money Purchase Transfer Plan (GMPP)

› About this booklet

- › This booklet is for people who already have an Premier Group Money Purchase Plan (GMPP) with us, and would like to transfer other pensions to it.
- › It gives you information about the Premier Group Money Purchase Transfer Plan (GMPP), and what happens to your money when you turn your plan into benefits on retirement.
- › You should read the accompanying document "Your With-Profits Plan – a guide to how we manage the Fund" and "Pension Fund Guide".
- › If you still have questions about topping up after reading this booklet, please call us on 0845 272 0404. 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 Money Purchase Transfer Plan is right for you. You should read this document carefully, with your personal illustration, so that you understand what you are buying, and then keep it safe for future reference.

› Its aim

- › To allow you to arrange for transfer of the value of your existing retirement arrangement into a Group Money Purchase plan GMPP.
- › 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.
- › To give you:
 - access to a wide range of fund managers
 - possibly greater flexibility in the format of benefits and in when, and how, they are taken.

› Your commitment

- › On transferring the fund, you give up all rights to the existing retirement provision in respect of the transfer value.
- › You cannot cash in the Premier Group Money Purchase Transfer Plan unless HM Revenue and Customs rules allow this. The plan is designed for retirement planning and HM Revenue and Customs regulations normally prevent taking benefits until you reach the statutory minimum retirement age.
- › On joining the scheme you will have told us the age at which you wish to take your benefits. This is the age that should also be used for your Premier Group Money Purchase Transfer Plan, and which will, therefore, be shown on your illustration.
- › You can start taking your retirement benefits from age 55 or earlier if you are in ill-health or if you have a protected earlier retirement age.

› Risks

- › What you might get back is not guaranteed and will depend on our investment performance and annuity rates when you take your benefits.
- › The trustees received cancellation rights when the scheme was first set up. There are no further cancellation rights for subsequent transactions. Therefore, you have no right to cancel once this transfer has taken place.
- › 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 may only be able to take 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 without notice to another plan.
- › Our charges may vary in the future and may be higher than they are now. Further details can be found by referring to your pension scheme trustees.
- › 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. Further details can be found on page 6.
- › The value of unit-linked funds may go down as well as up and the fund value at retirement may be less than the transfer payment.
- › The plan may invest in a range of investment types, including stocks and shares, which carry different levels of risk.
- › Once you have transferred the value of your existing retirement arrangement, your existing provider may refuse to accept it back.
- › 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 these 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 these 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 for unit linked funds that mainly invest in property and land, and for a period of up to 1 month for investment in any other funds.
- › The government provides a benefit known as a 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. For further information about Pension Credit please see your financial adviser.
- › You may not get back the full amount of your investment.
- › For investments in the With-Profits Fund, the value of the plan depends on a number of factors, including:
 - the return on the investments of the 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 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.
- › Please bear in mind that inflation could also reduce the value of your Plan and any growth from it.

› Questions and Answers

Your Premier Group Money Purchase Transfer Plan (GMPP)

What does a Pension Transfer Plan offer?

If you decide to transfer out of your existing retirement plan, the Premier Group Money Purchase Transfer Plan (GMPP) is available for investment of the money, provided you are already a member of a company pension scheme with us operated by your current employer. The Premier Group Money Purchase Transfer Plan (GMPP) cannot accept the value of any funds built up as a result of contracting out of the State Earnings Related/State Second Pension Scheme.

You can only transfer into this scheme if you and/or your employer are already making contributions, and the trustees agree to it.

Please note the Government has confirmed that contracting out for this type of pension arrangement will cease with effect from 6 April 2012.

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

How is the transfer value calculated?

The transfer value is determined by the trustees or administrators of the existing retirement provision. It is the amount they consider to be the current value of benefits.

If the existing arrangement is a defined benefit (final salary) scheme, the transfer value will also include the value of any guaranteed annual increases on the pension and on any spouse's, civil partner's or dependants' pension payable in the event of death. There may, at the trustees' discretion, also be an allowance for possible future discretionary increases to pension in payment.

A transfer to Premier Group Money Purchase Transfer Plan (GMPP) is subject to a minimum of £1000.

Where is the transfer value invested?

The trustees have control over the choice of investment funds although they can allow you to choose. Options range from funds that invest in a spread of assets, to specialised investment-linked funds where the investment is largely self explanatory (the Property Fund invests in UK commercial property).

You can invest in up to six funds at a time, and you can switch your money between funds at any time. We currently don't charge for this and if this changes in the future we will let you know. An MVR may be applied on switches out of the With-Profits Fund.

Lifestyle switching is also available. This investment option aims to provide long term growth with automatic switching into funds with lower risk as the selected pension age approaches.

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.

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 investors' plans.

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 any time 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.

For information on any other funds please see "Pension Fund Guide".

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 age or on any claims due to death.

Our current practice on applying an MVR

We may apply a Market Value Reduction to 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 scheme you tell us the age at which you wish to take your benefits and this is shown on your Transfer Pension 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 or a protected early retirement age. 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 will be able to take all of your fund in the form of a pension, guaranteed for life. Alternatively, you can take up to 25% of the fund as a tax-free cash sum and the rest to pay you a smaller taxable pension. Under the terms of the contract you will need to do this by your 75th birthday.
- › You can choose the format of your benefits which best suits your circumstances when you take benefits, subject only to legal requirements. You can arrange for your pension to continue for your spouse, civil partner or dependants after your death. You can also choose a pension that will increase during payment.

What benefits are paid if I die?

- › If you die before retirement, the value of your fund will be paid as a cash sum. The trustees will decide who should get the benefits. They will take into account the circumstances when you die and anyone you have previously nominated to receive any benefits. You can nominate beneficiaries for these benefits.
- › If you die before you take your benefits, there is normally no inheritance tax payable on the value of your plan.
- › If the value of all death benefits paid as a lump sum from this and any other scheme is more than the Lifetime Allowance, there will normally be a special tax charge on the excess.

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, although a Market Value Reduction may apply to any with-profits investment. It may not always be in your best interest to transfer your fund. You should consult your financial adviser before making your decision.

Are there any tax benefits?

- › The funds in which the transfer value is invested are, like the existing arrangement, given important tax benefits. Investment income and capital gains are largely tax free. This means the fund can grow faster than similar investment which is subject to tax.
- › If you are eligible for a lump sum at retirement, this may be paid to you completely free of tax. Pensions are, however, taxed as earned income.

What is the Lifetime Allowance?

The single overall limit called the Lifetime Allowance applies to all types of pensions regardless of how many you have and was introduced on 6 April 2006.

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 your benefits are taken. If you are affected by this limit you may wish to contact a Financial Adviser, for which you may be charged.

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 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. This charge may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

Please see "Pension Fund Guide" for more information on funds available and the charges.

Our charges may vary in the future and may be higher than they are now. Further details can be found by referring to your pension scheme trustees and by reading the illustration accompanying this booklet.

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.

› 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 0845 272 0404. 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 Customer Services
Stirling
FK9 4UE

Or via our website: www.pru.co.uk

Deductions

The charges which will be applied to the plan are detailed in the Further Information section of the enclosed illustration.

Stopping the plan

When you want to take benefits, or stop the plan, you should write to us outlining your 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 original investment in the Premier Group Money Purchase Transfer Plan (GMPP).

Can I change my mind?

The trustees received cancellation rights when the scheme was first set up. There are no further cancellation rights for subsequent transactions. Therefore, you have no right to cancel once this transfer has taken place.

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

Tax

This information is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, as at July 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

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 to complain

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 272 0404. 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: 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.

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
Portsocken Street
London
E1 8BN**

**Telephone: 0800 678 1100 or
0207 741 4100**

www.fscs.org.uk

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

Terms and conditions

This Key Features summarises our Group Money Purchase Transfer Plan. It doesn't include all the definitions, exclusions, terms and conditions.

For more details please refer to your Member Booklet.



www.pru.co.uk

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