Important information

keyfacts®

Key Features of the Prudential Premier Executive Pension Plan (For Schemes starting on or after 1 January 2003)

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 the Key Features for our Premier Executive Pension Plan.
- If you are thinking about whether our Premier Executive Pension Plan may be right for you, this booklet will help you make that decision.
- Please read it, and keep it in a safe place, along with any personal illustration.
- If you still have questions about our Premier Executive Pension Plan 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. It requires us, Prudential, to give you this information to help you to decide whether our Premier Executive Pension Plan 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", "Policy Document" and "Your investment with Prudential".

Its aims

- 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 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 enable your employer to provide extra life cover should you die before you take your benefits, if chosen.

Your commitment

- To make a regular monthly or yearly payment, or to make at least one single payment at the start of the plan.
- To let your pension fund grow until you take your benefits.
- To use your fund to provide for your retirement or death benefits. You cannot have access to your money in any other circumstances.
- To regularly review your payments if you want your pension to meet your income requirements when you take your benefits.
- If your employer is providing life cover, 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.

Risks

- What you might get back is not guaranteed and will depend on our investment performance and annuity rates 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,
  - annuity rates when you take your benefits may be lower than illustrated,
  - the cost of buying your pension may be higher,
  - you may start taking your benefits earlier than your normal retirement date,
  - our charges may be higher than illustrated,
  - tax rules may change without notice,
  - you or your employer may stop paying into your plan or may take payment breaks,
  - you may transfer to another plan.
- Your plan may invest in a range of investment types, including stocks and shares, which carry differing levels of risk.
- If your plan invests in our With-Profits Fund and you take money out of that fund, we may reduce its value by applying a Market Value Reduction. For further details please see the "Market Value Reduction" section on page 6.
- The Government provide a benefit called a 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 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.
- If payments stop, you may not meet any target benefits within your illustration and you will lose any life cover. For further details please see "What other benefits can I choose?" on page 7.
- If your employer has purchased life cover, we will not pay out if you have failed to disclose any information or if a claim arises from a cause not covered by the plan.
- 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.
- 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 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.
- For investments in the With-Profits Fund, 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 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.

Questions and Answers

What is the Prudential Premier Executive Pension Plan?

It provides a tax-efficient way to save for retirement and take out life cover. It is a company pension and is legally owned by the trustees of the plan, although operated for the benefit of you and your dependants.

Please note that there is no limit on the number of pension schemes you can join. We recommend that you seek financial advice before joining multiple schemes.

How flexible is it?

- You can change your regular payments at any time, subject to minimum amounts we may set from time to time and subject to your employer's agreement. Your employer would then confirm the details of any new payments to us.
- You and your employer can make regular payments or one-off lump sum payments into the plan.
- You can stop paying or take a payment break and restart later if your circumstances change. Please note that this may reduce your future benefits.
- Your employer can arrange for regular payments to your plan to increase automatically each year until your normal retirement date.

What might I get when I take my benefits?

- There is no guaranteed amount and the final fund value will depend on many factors such as:
  - 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.

Your pension will depend on your age and annuity rates at the time you convert your fund into a pension. To do this, the trustees will need to buy another plan called an annuity. The options are explained in "What choices will I have when I take my benefits?" below.

Can I contract out of the state second pension (S2P)?

It is not possible to contract out with this contract. If you require further info on contracting out please contact a financial adviser.

What choices will I have 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.
- On retirement your fund is used to buy a pension, also known as an annuity. This will pay you a regular income for the rest of your life. You can convert all of your plan into a pension or you can normally take up to 25% of the fund as a tax-free cash sum and the rest to pay you a smaller regular income. The trustees must use any fund left after your cash sum to pay you a regular income for the rest of your life. There is no minimum guaranteed amount for the pension.
- You can choose from different pension options, for example, a pension that increases each year or one that will provide an income for your husband, wife, civil partner or other dependants when you die. These options costs more, so your initial pension will be lower.
- You can ask the trustees to buy your pension from any authorised pension provider by using the Open Market Option at the time you take your benefits.
- Any additional life cover stops at your normal retirement date, or earlier if you leave your employer or payments into the plan are stopped.

How much can be paid into my plan each year?

- There is no limit on the amount you can contribute annually to your pension plan. However, there will be a tax charge on contributions made by you or on your behalf that exceed an Annual Allowance set by the government (see section below for more details).
- You and your employer can make regular payments or one-off lump sum payments into the plan. Your employer arranges for any regular payments to be paid to us from their bank account or from a separate account set up in the trustees' name. Single payments are payable by cheque, normally from your employer's or the trustees' bank account.

- You can also arrange for transfers from your previous pension plans if you want all benefits to be paid from the same plan and if the trustees agree. Transfer values are invested in the same way as single payments, but there is no new income tax relief for a transfer value (this is not a new payment for pension purposes). Please ask the trustees for more information on the process to arrange for a transfer of another plan if you are interested in this option. You may wish to seek financial advice before you transfer.

  Please note that if you are entitled to more than 25% of your fund, that is being transferred, as a tax-free lump sum, you may lose this entitlement when transferring into this plan, and any tax-free cash lump sum may be limited to 25%.

What are the tax advantages of investing in a Prudential Premier Executive Pension Plan?

Tax Relief

Tax relief will normally apply to your contributions, up to 100% of earnings. Your employer will deduct any member contributions from your earnings before calculating income tax.

Employer contributions qualify as a business expense for tax purposes and will not result in an additional tax liability for you.

The government limits the amount that can be contributed every year before suffering tax penalties. This is called your Annual Allowance. It also limits the total amount you can receive in pension benefits over your lifetime before suffering tax penalties. This is called your Lifetime 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 Prudential.

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.

Important

Your employer's payments qualify as a business expense for tax purposes. Employees do not have to pay tax or national insurance on payments from employers.

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 your individual circumstances. For more information about tax, please go to HMRC's website: www.hmrc.gov.uk/incometax/

Where are the payments invested?

- We will invest all the payments to the plan in up to six funds from a wide range of investment options available to the trustees. Options include the With-Profits and Unit-Linked Prudential funds, and funds from managers outside the Prudential group.

- The trustees have control over the choice of investment funds, although they can allow you to choose.
- Investment switches are free although a Market Value Reduction may be applied on switches out of the With-Profits Fund. The investment strategy can be altered by switching existing investments into different funds, or by allocating new payments to another fund(s). The trustees must confirm (to us in writing) before any changes to the investment strategy are applied and there may be some restrictions on changes that can be made, but we would confirm these at the time. Different fund management charges will apply to new choices of investment fund in some instances.
- Lifestyle switching is also available. This investment option aims to provide long-term growth with automatic switching into funds with lower risk profiles as retirement approaches.
- Payments into Unit-Linked Funds will buy units in the chosen funds. The price of each unit depends on the value of the investments in the fund. We work out the value of your plan based on the total number of units you have in each fund. If the unit prices rise or fall, so will your plan value. Money in the various funds may be invested in a wide range of shares and other investments in the UK and abroad. Please refer to "Your investment with Prudential" for further information.
- A With-Profits investment is one that aims to smooth the return on your money over the time you have the plan. So you should see a steadier performance year on year, rather than watching the value of your plan fully reflect the rise and fall in stockmarkets. Your payments invested in the With-Profits Fund are pooled with those of other Prudential With-Profits investors to form a fund. We invest this fund in a wide range of investments including company shares, property, government bonds and deposits. You can get further information from the "Your With-Profits Plan – a guide to how we manage the Fund" document.
- 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. 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 you take money out of your plan, although this may vary and is not guaranteed.

Market Value Reduction (MVR)

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 would also apply if the trustees of your 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 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 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.

What are the charges?

- For Unit-Linked Funds we deduct an Annual Management Charge that covers the costs of setting up your plan, managing the investments and paying commission. This charge is taken as a percentage of the fund value and this varies according to the funds chosen.
- 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 will depend on the investment returns achieved and the expenses incurred by the fund (higher investment returns will be associated with a higher charge and lower investment returns will be associated with a lower charge). The charge is currently expected to be approximately 1% per year if the investment return in the With-Profits Fund is 7% per year.

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

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 normal retirement date and to only apply a Market Value Reduction in certain circumstances (see "Market Value Reduction" section).

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.

- If you or your employer stop making payments to your plan before your normal retirement date, we continue to deduct charges from the plan.
- Please refer to your illustration for further information.
- Our charges may vary in the future and may be higher than they are now. Further details can be found in the Policy Document.
- For more information about bonuses and charges, please read "Your With - Profits Plan – a guide to how we manage the Fund".

What other benefits can I choose?

Life cover can be taken out as part of your plan if your employer is making regular payments. The extra cover would be paid on top of the value of your pension plan if you die before your normal retirement date. The extra cover can be paid as a lump sum and used to buy dependants' benefits. The cost of any life cover will depend on the level of cover, your age, hobbies and health. The extra cover will stop if you stop making payments into the plan.

What happens if I die before I take my benefits?

- We will pay the value of your fund, plus any additional life cover you may have added to your plan.
- The trustees will decide who should get the benefits. They will take into account your circumstances when you die and anyone you've previously nominated to receive any benefits.
- Benefits payable on death are not subject to income tax and are not normally 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. For further details please read the section on "Lifetime Allowance" on page 5.

What happens if I move overseas?

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 on your ability to top up this product.

Can I transfer my plan?

You can transfer your plan to another pension provider at any time before you start taking your pension. We do not charge you for taking your money out. However, we may apply a Market Value Reduction (see "Market Value Reduction" section on page 6).

It may not always be in your interest to transfer and you may wish to discuss this with a financial adviser.

If you are entitled to more than 25% of your fund as a tax-free cash lump sum you may lose this additional entitlement when transferring out.

Can I change my mind?

- The trustee has a right to cancel the plan only if it is the first plan for the scheme. Therefore, there will not be an opportunity to cancel once this plan has started.

How will I know how my plan is doing?

- We'll send you a yearly statement to show how your plan is doing.
- You can also ask the trustees to get an up-to-date valuation from our Customer Services Department, by phoning or writing to us.

› Other information

How to contact us

The member should continue to use the scheme's financial adviser as their first point of contact, or call our Customer Service Centre on **0845 272 0404**. The opening hours are 8.30am to 6pm Monday to Friday. Calls may be monitored or recorded for quality and security purposes.

The Scheme Administrator can also contact us by:

The Scheme Administrator 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 your complaint is advice related please contact the scheme's 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 your complaint to:

Prudential
Customer Relations Unit
Stirling
FK9 4UE

Copies of our complaint handling procedures are available from this address. If you would rather phone, they can call us on 0845 272 0404. To make sure we have an accurate record of what they tell us, we may monitor or record the call.

We hope that we'll be able to handle your 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 you find the appropriate organisation to handle your complaint.

Terms and Conditions

This Key Features document gives only a summary of the Prudential Premier Executive Pension Plan (EPP) and should be read with your 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 you get divorced or there is a dissolution of a civil partnership and a pension credit is awarded against your annuity, your income will be reduced. If this happens we will write to you.

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**.

Law

In legal disputes the Law of Scotland will apply.

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
Portsoken Street
London
E1 8BN
Telephone: 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

How we will communicate with you

We will communicate with you in English in writing, by phone or e-mail.

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