

# Key Features of the Prudential Premier Stakeholder Pension Rebate Only Plan

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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 of the Prudential Premier Stakeholder Pension Rebate Only Plan.
- › Please read in conjunction with any "Policy Document" and "A Guide to Fund Options".
- › If you still have questions about our plan 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 Personal Pension Plan Top-Ups 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.

## › About our Prudential Premier Personal Pension Rebate only Plan

This Plan gives you the chance to save for your retirement in a tax-efficient way. It gives you a range of options to help you do this.

## › Important Information

The Government has confirmed that contracting out of the State Second Pension for this type of pension arrangement will cease with effect from 6 April 2012. If you remain contracted out until then, at this date you will be automatically contracted back in.

The government has announced with effect from 6 April 2012 the rules on the type of annuity you can purchase with protected rights funds will no longer apply.

## › Its aims

- › To build up a fund, in a tax-efficient way, to provide you with a regular income when you take your benefits instead of the benefits you would have been entitled to under the State Second Pension (S2P).
- › To give you the choice at retirement 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

- › You give up the right to benefit from S2P for the period that you are contracted out and therefore your S2P will reduce.
- › To let your pension fund grow until you start taking your benefits.

## › Risks

- › The plan may not give you a higher pension than you would have received if you had stayed in S2P.
- › The value of an investment may go down as well as up and the fund value at retirement may be less than the payments made.
- › When you are ready to take your benefits they may be lower than illustrated because:
  - you may rejoin the S2P,
  - 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.
- › Your plan may invest in a range of investment types, including stocks and shares, which carry differing levels of risk.
- › The government provides a benefit known as 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 retire. For further information about Pension Credit please see your Financial Adviser.
- › Your circumstances may change and the government may no longer make payments into this plan. For example, you may join an employer's pension plan, which is contracted out, or you may become self-employed.
- › 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.
- › Inflation could reduce the value of your plan and any growth from it.

## › Questions and Answers

### Your Prudential Premier Stakeholder Pension Rebate Only Plan

#### **What is the Prudential Premier Stakeholder Pension Rebate Only Plan?**

It is a plan that only allows you to contract out of the S2P.

It meets the minimum standards set by the government on payment levels, costs, and terms and conditions.

This plan can only accept rebates.

#### **How flexible is it?**

You cannot change past tax years but for future ones, you can contract out of the S2P for whichever tax years you choose.

You can contract back into the S2P for whichever tax years you choose. Please note that with effect from 6 April 2012 you will no longer be able to contract out of S2P for any future years but any benefits built up prior to then will remain invested in your plan

#### **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.

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

#### **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. There is no minimum guaranteed amount. You can normally convert all of your plan into a pension or you can take up to 25% of the fund as a tax-free cash sum and the rest to pay you a smaller regular income. Under the terms of the current contract you will need to do this by your 75th birthday.

You can choose from different pension options, for example a pension that increases each year or one that will provide an income for your spouse, civil partner or other dependants when you die. These options cost more, so your initial pension would be lower. If you are married or in a civil partnership when you take benefits, you must provide a pension, payable on your death, for your spouse or civil partner. From 6 April 2012, the government has announced this rule will no longer apply.

You do not need to retire to start taking your benefit.

You can buy your pension from any authorised pension provider by using the Open Market Option at the time you take your benefits.

#### **How much can be paid into my plan each year?**

If you are employed and a member of the S2P you will be eligible to contract out and have the related National Insurance payments paid into this plan.

If you contract out of the S2P, the government will refund part of your own and your employer's National Insurance payments. We invest these payments into your 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 about tax?

There are two main advantages:

- › Firstly, part of each payment that the government pays into your plan will be increased by the basic tax rate, currently 20%.
- › Secondly, they do not pay tax on investment income received or capital gains.

The pension that you receive when you take your benefits will be taxable as earned income.

If you die before you take your benefits, there is normally no inheritance tax payable on the value of your plan. Where, however, you do not leave a spouse or civil partner then any lump sum payable may be subject to inheritance tax if it forms part of your estate.

Tax rules may change in the future without notice.

## Where are the payments invested?

We will invest all your payments to your plan in up to six funds from a wide range of investment options available to you. Options include Unit-Linked Prudential Funds and funds from managers outside the Prudential Group.

You can switch your money between funds at any time. We currently don't charge you for this. If this changes in the future we will let you know. The investment strategy can be altered by switching existing investments into different funds, or by allocating new payments to another fund(s). However, different fund management charges will apply to your 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 funds you choose. 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 the "Fund Guide" for further information.

The plan will automatically invest in the default fund, the Managed Tracker Fund (Cautious Lifetime Investment Option), if you do not make a fund selection.

Your Financial Adviser will help you select which investments are most suited to you.

## What are the charges?

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, currently up to a maximum of 1% a year.

If payments to your plan stop before your selected 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 Technical Guide.

For further information about the funds and charges please see your "Fund Guide".

## What happens if I die before I take my benefits?

If you die before your fund is used to buy a pension, it will usually be used to buy a pension for your spouse/civil partner or other dependants.

If you do not leave a spouse/civil partner then the value will be paid as a lump sum to any beneficiaries you nominated in writing or to your estate. The benefit in this circumstance may be subject to inheritance tax.

From 6 April 2012, the government has announced this rule will no longer apply.

## 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. 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 the tax years 2011/2012 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 February 2011. These tax rules could change in the future without notice.

## 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.

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

## Can I change my mind?

You can change your mind within 30 days from when you get your plan documents.

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.**

## 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 get an up-to-date valuation from our Customer Services Department, by phoning or writing to us – see "How to contact us" below.

## › 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 0800 640 3000. The opening hours are 8am – 6pm Monday to Friday. Calls may be monitored or recorded for quality and security purposes.

Post: **Prudential  
Customer Service  
Stirling  
FK9 4UE**

Or via our website: [www.pru.co.uk](http://www.pru.co.uk)

### How to make a complaint

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 0800 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: 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.

### 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 by email.

## Terms and Conditions

This Key Features document gives only a summary of the Prudential Premier Stakeholder Pension Rebate Only Plan and should be read with your illustration.

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 benefits, they will be reduced. If this happens we will write to you.

## 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  
Portoken Street  
London  
E1 8BN

**Telephone: 0207 741 4100**  
**[www.fscs.org.uk](http://www.fscs.org.uk)**

## FSA Registration

The Prudential Assurance Company Limited is entered on the FSA Register, FSA Account Number 139793.

The Financial Services Authority can be contacted at:

**The Financial Services Authority**  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
**Telephone: 020 7066 1000**

## Important

**The information in this guide is based on our understanding, as at February 2011, of current taxation, legislation and HM Revenue and Customs practice, all of which are liable to change without notice. The effect of taxation (and any tax reliefs) depends on individual circumstances.**





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

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