

Key Features of the Prudential Premier Personal Pension 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 for the Prudential Premier Personal Pension Plan.
- › If you are thinking about whether the Prudential Premier Personal Pension Plan may be right for you, this booklet, together with your illustration, will help you make that decision.
- › Please read it, and keep it in a safe place. Please also read the Policy Document and A Guide to Fund Options.
- › If you still have questions about the Prudential Premier Personal Pension 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. It requires us, Prudential, to give you this important information to help you decide whether our Prudential Premier Personal Pension Plan is right for you. You should read this information carefully so that you understand what you are buying and then keep it safely for future reference.

› 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 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.
- › If you purchase waiver benefit, to make your pension payments for you if you are off work for a long time due to illness or injury.

› Your commitment

- › To make regular monthly or yearly payments.
- › To let your pension fund grow until you start taking your benefits.
- › To regularly review your payments if you want your pension to meet your income requirements when you take your benefits.
- › If you have purchased waiver benefit, 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.
- › If you cancel your plan within 30 days of receiving your cancellation notice, you may get less than you paid in if the value of your fund has fallen. For further details please see "Can I change my mind?" on page 9.
- › 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 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 in the future without notice
 - you may stop paying into your plan or take a payment break
 - 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.
- › If your plan invests in our With-Profits fund and you take money out of that fund, we may reduce the value by applying a Market Value Reduction. For further details please see "Market Value Reduction" section on page 8.
- › The government provide a benefit known as 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 the 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.
- › If you stop your payments, you may not meet any target benefits within your illustration and you will lose any attaching waiver benefits. Please note our charges will continue to be deducted. For further details please see "What other benefits can I choose?" on page 9.
- › If you have purchased waiver benefit, 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 your investment may go down as well as up and the fund value in the 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 Personal Pension Plan?

A Personal Pension is a tax-efficient way to save for retirement. There is no limit on the number of pension schemes you can join. We recommend that you seek financial advice before joining multiple schemes.

Is this a stakeholder pension?

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

How flexible is it?

You can change your payments at any time, subject to minimum amounts that we may set from time to time.

You and your employer, if any, can make regular payments into the plan.

You can stop paying or take a payment break and restart later if your circumstances change. Please note our charges will continue to be deducted. Please note that this may reduce your future benefits.

You can arrange for your payments to be automatically increased each year.

What might I get when I take my 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 your fund invested in the With-Profits fund

Your pension will depend on factors such as 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?" below.

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

You cannot contract out through this contract. If you have any questions on contracting out you can get more information by asking your 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 are 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.

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 or civil partner or your dependants when you die. These options cost more, so your initial pension would be lower.

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?

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.

You can arrange for your payments to be collected from your bank or you can ask your employer to deduct the payments from payroll and pay them directly to Prudential.

What are the tax advantages of investing in a Personal Pension Plan?

Tax Relief

You'll normally receive tax relief on your contributions. For every £100 you pay into your plan, HM Revenue & Customs (HMRC) will pay in another £25. You'll get this tax relief on up to the higher of £3,600 or 100% of your earnings. If you are a higher rate taxpayer you will be able to claim back the extra tax you pay through your tax return.

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 currently is £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 (up to £50,000 per year) 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 (except statutory increases relating to early leavers) in the value of benefits under 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 Input Period"

A Pension Input Period is the period of time over which you measure the pension savings made for or by you against the Annual Allowance. Your pension inputs are assessed against the Annual Allowance for the tax year in which the 'Pension Input Period' ends. If you think you are affected by the Annual Allowance you may wish to contact a Financial Adviser, for which you may be charged.

For information on your Pension Input Period, or to nominate a different Pension Input Period please contact Prudential.

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 Lifetime Allowance for the next two tax years is:

Tax year	Lifetime Allowance
2011/2012	£1.8m
2012/2013	£1.5m

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.

Important

Any pension income will be taxed as earned income.

Employees do not have to pay tax or national insurance on payments from employers.

The funds into which pension payments are invested do not pay tax on investment income received or capital gains.

Any cash sum selected on retirement is normally tax-free. For further details see "What choices will I have when I take my benefits?" on page 6.

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

Tax rules may change in the future without notice.

This information is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, on June 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 HRMC's website: <http://www.hmrc.gov.uk/incometax>

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 the With-Profits and 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. 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). 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 "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 steadier performance year on year, rather than watching the value of your plan fully reflect the rise and fall in stockmarkets. Your payments 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 selected retirement date,
- **Final**, may vary and is not guaranteed.

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

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 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% a year if the investment return in the With-Profits Fund is 7% a year (net of tax).

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 selected pension age and to only apply a Market Value Reduction in certain circumstances (see above for more details).

This charge will be taken by making a small deduction each year when deciding Regular and Final Bonuses, so you will not see it on any yearly statement. The total deduction over the lifetime of the plan is not currently more than 2% of any payment made from the Fund. Our charges may vary in the future and may be higher than they are now. Charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

What other benefits can I choose?

If you're making regular payments you may be able to buy waiver benefit depending on eligibility. Waiver benefit will maintain the regular payments into your pension fund until your selected retirement date if you are off work due to illness or injury.

If your claim for waiver benefit is valid, we will cover your payments after an initial waiting period chosen by you at the start of the plan.

Waiver benefit cannot be added to your plan after you have joined.

Please note, you will not be eligible for waiver benefit if you are joining the Prudential (SAL) Scheme for the first time on or after 17 January 2005.

This benefit will stop if you stop making payments to the plan.

Please ask your financial adviser for further details on waiver benefit.

What happens if I die before I take my benefits?

We will pay the value of your fund.

As trustees, we will decide who should receive the lump sum. We take into account your circumstances when you die and anyone you've previously nominated to receive any lump sum.

Benefits payable on death are not subject to income tax, but if they form part of your estate they may be subject to inheritance tax.

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" on page 8). 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.

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 change my mind?

You can change your mind within 30 days from when you get your plan documents. If you decide, for any reason, within this period that you don't want the plan, we'll give you your money back.

If you start the plan with a single payment, and you cancel your plan within 30 days of receiving your cancellation notice, the value of your fund may have fallen. We will value your fund on the date we receive your cancellation instruction and if the market has fallen you may get less than you paid in.

If you wish to cancel your plan, then you should complete the cancellation notice and return it to the Customer Services Department at the address in "How to Contact Us?" on page 10.

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.

› 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 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:

You 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 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 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.

Terms and conditions

This Key Features document gives only a summary of the Prudential Premier Personal Pension 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 pension plan, your retirement fund will be reduced. If this happens we will write to you.

Law

In legal disputes the Law of Scotland will apply.

How we will communicate with you

This contract is supplied in English. We will communicate with you in English in writing, by phone or email.

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
Portsooken Street
London
E1 8BN
Telephone: 0207 741 4100
www.fscs.org.uk

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**.

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



www.pru.co.uk

Prudential is a trading name of The Prudential Assurance Company Limited, which is registered in England and Wales. This name is also used by other companies within the Prudential Group, which between them provide a range of financial products including life assurance, pensions, savings and investment products. Registered Office at Laurence Pountney Hill, London EC4R 0HH. Registered number 15454. Authorised and regulated by the Financial Services Authority.