

Key Features of the Premier Personal Transfer Plan (Stakeholder)

› The Financial Services Authority

The Financial Services Authority is the independent financial services regulator. It requires us, Prudential, to give you this important information to help you to decide whether our Prudential Premier Personal Transfer 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.

› Its aims

- › To allow you to arrange for transfer of the value of your existing retirement arrangement into a Premier Personal Transfer Plan (Stakeholder).
- › 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 Personal Transfer Plan (Stakeholder). You cannot normally take your benefits before age 55 unless you are in ill-health or you are in a special occupation where an earlier age has been approved by HM Revenue & Customs.

› 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. You should however bear in mind that should you wish to transfer back to your previous arrangements, the other scheme may not be prepared to take the transfer back.
- › As we no longer request a split of Pre and Post 1997 Protected Rights benefits, some pension providers may choose not to accept a transfer from this plan.
- › 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 will 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
 - annuity 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 (but they cannot currently exceed 1% per annum)
 - tax rules may change without notice
 - you may transfer your plan to another company.
- › The government provide a benefit called 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.
- › The value of an investment may go down as well as up and your fund value in future may be less than the payments you have made.
- › The plan may invest in a range of investment types, including stocks and shares, which carry different levels of risk.
- › 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 delay acting on your instructions to sell your investment. You should look upon your investment in property 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 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 in the case of funds invested in property and land and up to one month for all other funds.
- › Please bear in mind that inflation could also reduce the value of your plan and any growth from it.

› Questions and Answers

What does a Premier Personal Transfer Plan offer?

If you decide to transfer out of your existing retirement plan, the Premier Personal Transfer Plan (Stakeholder) gives you the option to invest the money in a Prudential Premier Personal Stakeholder Pension. It may also give you more flexibility than your existing arrangement to tailor the benefits to suit your personal circumstances in the future.

Where is my transfer value invested?

The choice of investment funds is up to you. Your options range from funds which invest in a spread of assets, to specialised investment-linked funds.

You can invest in more than one fund at a time, up to a maximum of six, and you can usually change funds in the future.

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.

If no fund selection is made, the plan will invest in the default fund, the Prudential Managed Pension Fund, with Cautious Strategy Lifetime Investment Option.

You can find further information on the funds that are available to you from your financial adviser or from your "Your investment with Prudential".

Can I transfer again?

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

We will not be able to give the new scheme details of any split between your pre and post April 97 Protected Rights benefits included in the transfer. Therefore, some pension providers may choose not to accept a transfer from this plan.

What can I expect 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. You can start taking your pension at any time between the ages of 55 and 75, even if you are still working.

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

- how much has been paid in
- how long the fund has had to grow
- our investment performance
- our charges

You will be able to take all of your fund in the form of a pension guaranteed for life. Alternatively, you may be able to take part of the fund as a tax-free lump sum, using the balance for your pension.

You can choose the format of your benefits which best suits your circumstances when you retire, subject only to legal requirements (for example on the format for benefits resulting from being contracted out of the State Scheme). You can arrange for your pension to continue for your spouse, civil partner or dependants after your death. You can also choose a pension which will increase during payment.

Your pension will depend on your age, sex and the interest rates at the time you convert your fund into a pension. To do this you'll need to buy another plan called an annuity.

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

As announced in the Emergency Budget on 22nd June 2010, the Government intend to review the requirement to use pension savings to buy an annuity by age 75. An interim increase to age 77 came into effect from 22nd June 2010 with further changes coming into effect from April 2011. There is currently no change to the requirement to take any tax free cash sum by age 75.

As a result the information set out in this document will be subject to change once the full detail of the new proposals is known.

What benefits are paid if I die?

If you die before you take your benefits, the value of your fund will be paid.

You can nominate beneficiaries to whom you would like these benefits paid.

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

Restrictions apply to death benefits arising from being contracted out of the State Scheme. Where we do not have any discretion over to whom the lump sum is paid i.e. any Protected Rights from being contracted out of the State Scheme, there may be an inheritance tax liability if it forms part of your estate.

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.

Can I pay more into my plan?

No, this plan can only accept transfers from existing pension plans.

Are there any Tax Benefits?

The funds in which your transfer value is invested are, like your existing arrangement, given important tax benefits. Investments in pension funds in which registered pension schemes are invested are given important tax benefits. They do not pay tax on investment income received or capital gains. Some underlying investment, such as dividends from company shares, will be paid out of taxed profits, and the tax is currently not reclaimable.

You are normally entitled to a tax free lump sum at the time you take your benefits. Pensions are, however, taxed as earned income. The impact of taxation and any tax relief depends on your individual circumstances. For more information about tax, please go to the HMRC website hmrc.gov.uk/rates.

What is the lifetime allowance?

The single overall limit called "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 Lifetime Allowance for the current tax year is:

Tax year	Lifetime Allowance
2010/2011	£1.8m

The level of Lifetime Allowance from 6 April 2011 is currently being reviewed by the government and may reduce. If you think you might be affected by the Lifetime Allowance, you should speak to a financial adviser as soon as possible.

What are the charges?

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. Please refer to the Further Information section of your illustration for details of any charges that will be applied.

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 further information on the funds and the charges please see your "Your investment with Prudential".

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.

Can I change my mind?

Once you have started your plan, you will receive a Notice of your right to cancel. If this is returned to us within 30 days of receipt, the plan will be cancelled. You should, however, bear in mind that the previous arrangement may not be prepared to take the transfer back. Where the value of the investment has fallen since the date of the investment, the amount of the refund will be reduced proportionately.

If you wish to cancel your plan, you should complete the cancellation notice and return it to the Customer Services Department.

› 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.

You can also contact us by:

Post: **Prudential Customer Service Centre
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: 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 your right to take legal action. We can help you find the appropriate organisation to handle your complaint.

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 retirement fund, your income will be reduced. If this happens we will write to you.

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 your financial adviser will normally depend on the size of the transfer value and the term of the plan and will be paid for from the deductions. Your financial adviser will give you written details about this cost.

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.

Compensation

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Further information is available from:

Financial Services Compensation Scheme,
7th Floor, Lloyds Chambers,
Portsoken Street,
London E1 8BN
Telephone 020 7892 7300

FSA Registration

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

The Financial Services Authority,
25 The North Colonnade,
Canary Wharf,
London E14 5HS

Terms and conditions

When you take out your plan, you become a member of the Prudential Premier Personal Transfer Plan (Stakeholder).

This Key Features summarises our Premier Personal Transfer Plan (Stakeholder). It doesn't include all the definitions, exclusions, terms and conditions. You can find our full terms and conditions in the Policy Document.

This information is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, as at September 2010. These tax rules could change in the future without notice.



www.pru.co.uk

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