Important information

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Key Features of the Prudential Premier Group Stakeholder Pension and Contribution Protection (Waiver Benefit)

PRUDENTIAL

Contents

About this booklet 4

About our Group Stakeholder Pension 4

Its aims 5

Your commitment 5

Risks 6

Questions and Answers

Your Group Stakeholder Plan 7

How much can I pay into my Group Stakeholder Pension? 7

Where do you invest my money? 7

Can I use my Group Stakeholder Plan to contract out of the State Second Pension? 7

Can I switch my money between funds? 7

Can I take money out of my plan? 8

Can I transfer my plan? 8

Can I transfer money from another pension arrangement into this one? 8

What are the tax advantages of investing in a Group Stakeholder Pension? 8

Annual Allowance 9

Lifetime Allowance 9

What are the charges ? 9

What happens if I move abroad? 10

How will I know how my plan is doing? 10

What is Contribution Protection (Waiver Benefit)? 10

Taking benefits from your plan 11

When can I start taking my benefits? 11

How do I turn the value of my pension plan into benefits? 11

Can I take any of the money invested in my pension plan as a lump sum? 11

How much will my income be? 11

What benefits are paid if I die? 12

Can I cancel my plan? 12

Other information 13

How to contact us 13

How to make a complaint 13

How we'll communicate with you 13

Your client category and why it matters 13

Conflict of interest 14

Terms and conditions 14

Law 14

FSA Registration 14

Compensation 14

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 Group Stakeholder Pension and Contribution Protection (Waiver Benefit).
- If you are thinking about whether our Group Stakeholder Pension and Contribution Protection (Waiver Benefit) 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 Group Stakeholder Pension 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 Group Stakeholder Pension and Contribution Benefit (Waiver Benefit) 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.

About our Group Stakeholder Pension and Contribution Protection (Waiver Benefit)

Our Group Stakeholder Pension 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. You can:

- make payments that are flexible, subject to minimum amounts.
- provide protection for your pension payments if you are unable to work due to illness or injury, subject to conditions. This is not available if you are joining the Prudential (SAL) Stakeholder Scheme for the first time on or after 17th January 2005.
- choose where to invest your money from a fund range that we offer.

You and/or your employer can make payments into your plan from when you are aged 16.

Its aims

Group Stakeholder Pension

- To help you save for retirement in a tax-efficient way.

Contribution Protection (Waiver Benefit)

- To provide protection to cover your contributions during illness or injury, subject to conditions. Please note this is not available if you are joining the Prudential (SAL) Stakeholder Scheme for the first time on or after 17th January 2005.

Your commitment

Group Stakeholder Pension

- To make at least one payment into your plan.
- To allow the money in your plan to grow until you take your benefits.

Contribution Protection (Waiver Benefit) and Life Cover

- To make us aware of any change in your health from the time you sign the application form to the start of your plan.

Risks

Group Stakeholder Pension

Risk factor	Where you can find more information
The value of the investments that make up your pension fund can go down as well as up. The value can even fall below the amount you invested.	We explain this in "Where do you invest my money?" on page 7.
There are different risks for different funds.	We explain this in "Where do you invest my money?" on page 7. You can find information about each fund in our "Fund Guide" that was issued along with your personal illustration and this document.
If you start your plan with a single payment and then cancel it within 30 days, you may get back less money than you paid in.	We explain this in "Can I cancel my plan?" on page 12.
Tax rules may change in the future.	We explain this in "What are the tax advantages of investing in a Group Stakeholder Pension" on page 8.
Inflation will reduce what you can buy in the future.	
If the total charges taken from your plan are more than any overall growth achieved, your plan will fall in value, possibly to even less than you have invested.	

Contribution Protection (Waiver Benefit)

Risk factor	Where you can find more information
We will not pay out a benefit on Contribution Protection (Waiver Benefit) if you have failed to disclose any information or if a claim arises from an excluded risk.	We explain this in "What is Contribution Protection (Waiver Benefit)?" on page 10.

› Questions and Answers
Your Group Stakeholder Pension

How much can I pay into my Group Stakeholder Pension?

There is no limit to the amount that you can pay into your Group Stakeholder Pension.

However, there are limits on the tax relief you receive. For more information about tax relief, please read "What are the tax advantages of investing in a Group Stakeholder Pension" on page 8.

You can change your regular payments or stop them at any time, subject to certain minimum contribution restrictions. Any extra life cover and Contribution Protection cover will cease when regular contributions stop. If your employer is deducting payments from your earnings, you should tell them of any changes you want to make.

If you do increase your regular contributions, you may also need to increase your Contribution Protection (Waiver Benefit).

The government's Pension Credit guarantees a minimum income if you're on a low income. If you have little or no other retirement provision, the income you receive when you take the benefits from this plan could reduce the amount you receive as a Pension Credit.

Where do you invest my money?

You choose which funds you would like to invest your money in, from a fund range that we offer. We use your money to buy units in those funds. For more information please refer to our "Fund Guide" which was supplied with your personal illustration and this Key Features Document.

The range of funds you can invest in may be limited by the requirement to remain within the current 1% per annum charge cap applicable to our Stakeholder Pensions.

For most funds the value of your investment is determined by the fund performance. If the underlying investment fund value grows we increase the price of your units. Equally, if the underlying investment fund value falls, we decrease the price of your units.

Different funds invest in different types of assets. For example, some only invest in property, others invest directly in the stock market, and others invest in a wide range of assets. Each fund has its own level of risk and potential for growth. Usually, funds with more potential for growth carry more risk.

Can I use my Group Stakeholder Plan to contract out of the State Second Pension?

If you're employed, you can normally use your plan to contract out of the State Second Pension.

When you contract out, HMRC sends us some of the National Insurance contributions made by you and your employer. We add this money to your plan. Contracting out reduces your State Second Pension benefit. There is also no guarantee that the benefits you get from contracting out will match the benefits you would have received if you had kept paying into the State Second Pension.

Contracting out is an important decision that should be reviewed regularly. We'll contact you to inform you of Prudential's view and provide information to help you make any decisions.

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.

Can I switch my money between funds?

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.

Can I take money out of my plan?

You can't withdraw money from your plan. It can only be used to provide you with pension or death benefits.

Can I transfer my plan?

You can transfer the money in your plan to another pension arrangement at any time before you start taking your pension benefits.

Transferring funds between pension providers is an important decision, so we recommend that you speak to a financial adviser first.

Can I transfer money from another pension arrangement into this one?

If you have another pension arrangement with another provider you can transfer the value of it to this plan.

You may lose important benefits from the arrangement you are transferring from e.g guaranteed annuity rates. If the pension arrangement you are transferring money from allows you to take more than 25% of its value as tax-free cash when you take your benefits, you may lose this entitlement when you make your transfer.

Transferring funds between pension arrangements is an important decision, so we recommend that you speak to a financial adviser first.

* For any fund we may delay any transfer by up to one month. For funds that mainly invest in property and land we may delay any transfer for up to 6 months. This is in exceptional circumstances and if this applies to your investment, we will let you know.

What are the tax advantages of investing in a Group Stakeholder Pension?

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 relief on up to the higher of £3,600 and 100% of your earnings. If you pay tax above the basic rate you'll be able to claim back the extra tax relief due through your tax return.

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

When you come to take your benefits they are subject to income tax.

Please note tax relief will not apply to the Contribution Protection (Waiver Benefit) aspect of your premium.

The scheme financial adviser can tell you about the taxation effect of any contributions you make.

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 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 scheme).

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".

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 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.

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

What are the charges?

We make charges for managing your plan, investments and paying commission (please see your Personal Illustration for further details).

We deduct an Annual Management Charge from the funds. This charge is already deducted when we work out the full value of your plan. The amount of charge we deduct depends on the funds you choose to invest in and the amount of your original investment and the cost of advice. For more information, please read the "Fund Guide". These charges will continue to be applied even if contributions cease being made to the plan.

Our charge may vary in the future and may be higher than they are now. Further details can be found in the Technical Guide.

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.

How will I know how my plan is doing?

We send you an annual statement, which shows how your plan is doing.

Alternatively, you can email us at contact.us@prudential.co.uk. Or you can phone our Customer Service Centre on 0845 640 3000 and a member of our team will give you an up-to-date valuation.

What is Contribution Protection (Waiver Benefit)?

Contribution Protection will pay the regular payments to your plan if you are off work due to illness or injury. The plan will pay out after a deferred period chosen by you at the start of the plan, if you satisfy the definition of incapacity (for further information please refer to the Terms and Conditions). You must make all payments for your contribution protection cover even if only your employer is contributing to your Pension Plan.

Contribution Protection cover will cease when regular contributions stop.

Should you decide to stop your Contribution Protection cover, your pension plan contributions will no longer be protected if you suffer from long-term illness.

Please note Contribution Protection (Waiver Benefit) is not available if you are joining the Prudential (SAL) Stakeholder Scheme for the first time on or after 17th January 2005.

Questions and Answers
Taking benefits from your Plan

When can I start taking my benefits?

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.

How do I turn the value of my pension plan into benefits?

The value of your pension plan includes money you've invested, less charges plus any growth. This value is known as your pension fund. You can use your pension fund to buy an income known as an annuity. In return for some or all of the money invested in your plan, you'll be paid a regular income for the rest of your life.

You don't have to buy your annuity from the same provider you invested your pension fund with.

There are also other options that may be available to you. For information about all your options, please speak to a financial adviser.

Can I take any of the money invested in my pension plan as a lump sum?

You can usually take up to 25% of your pension fund as a tax-free lump sum when you are buying your annuity. You must do this by your 75th birthday.

These tax rules could change in the future without notice.

How much will my income be?

Your Group Stakeholder Pension doesn't pay you an income. You use your pension fund to buy an annuity, which will pay you an income. The size of your pension fund will depend on many factors such as:

- the amount that has been paid into the plan
- how long you have been making payments
- the performance of the fund(s) you have invested in
- the age you choose to take benefits
- the amount of charges you've paid.

The size of your income will depend on many factors such as:

- the size of your pension fund
- the type of annuity you buy
- your age when you buy your annuity
- your sex
- the annuity rate at the time you take your benefits.

For an example of the income you could receive, please see your illustration.

What benefits are paid if I die?

If you die before you start taking your benefits, we'll pay the value of your pension fund as a lump sum, or as an income, or as a mixture of both. If you have extra life cover this will also be paid.

The rules however require us, as the Scheme Administrator, to decide who will receive the lump sum death benefit. We have discretion to choose, rather than you because if you control the benefit it may be liable to inheritance tax. As we choose who to pay the benefit to the payment will usually be free of inheritance tax. We will take your circumstances and any stated wishes into account before we decide who receives the lump sum. You can let us know your wishes by completing a "nomination of beneficiaries form". Please call us on 0845 640 3000 to request one if you have not completed one previously or if your wishes change in the future.

If you die before taking benefits any protected rights fund i.e fund built up by contracting out of the State Second pension, must be used to provide a pension for any spouse or civil partner when you die. If you are not married when you die it will be paid as a lump sum to your nominated beneficiary or your estate. As we cannot decide who to make payment to the value will be included in your estate for inheritance tax purposes.

For more information about inheritance tax rules, please go to HMRC's website: www.hmrc.gov.uk/inheritancetax

Can I cancel my plan?

Group Stakeholder Pension

You have 30 days from the date you receive your plan documents to cancel your plan. This is normally called a cooling-off period.

To cancel it, please complete and return the Cancellation Notice that we send you with your plan documents, or write to us at:

Prudential Customer Services
Prudential
Stirling
FK9 4UE

Please include your reference number.

Once we receive your cancellation instruction, we'll give you all your money back. However, if you start your plan with a one-off payment, we'll value your units on the date we receive your cancellation instruction. If the value of your units has fallen, you will get back less than you paid in.

Contribution Protection (Waiver Benefit)

Your Contribution Protection will be cancelled when you cancel your pension plan. You have a statutory right to cancel within 30 days. You are also able to cancel your Contribution Protection separately from your pension plan. To do this you must use the notice of right and return this to us within 30 days of receipt.

If you do not exercise your right to cancel within the 30 day statutory period, the contract will become binding. We'll not return any money to you except in the form of a benefit payable in accordance with the rules.

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:

Email: **contact.us@prudential.co.uk**

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.

How we'll communicate with you

We'll communicate with you in English by post, by phone or by email.

Your client category and why it matters

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.

Terms and conditions

When you take out your plan, you become a member of the Prudential (SAL) Stakeholder Scheme.

This Key Features summarises our Group Stakeholder Plan. It doesn't include all the definitions, exclusions, terms and conditions. You can find our full terms and conditions in the "Technical Guide" which is available on request.

Law

The law of Scotland will apply.

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

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: 0800 678 1100 or
0207 741 4100

www.fscs.org.uk

PRUDENTIAL

www.pru.co.uk

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P563A 10/2011