Important information

keyfacts®

Key Features of the Amicable Savings Plan Exercise of Option

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

- These Key Features Documents are for use when options are being exercised under existing plans. Our Amicable Savings Plan was withdrawn on 25 March 2002. This means that it is no longer possible to take out a new Amicable Savings Plan, except when a valid option is held.

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 Amicable Savings Plan Exercise of Option 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. Please also read "Policy Rules" and "Your investment with Prudential".

Its aims

- To provide you with a lump sum at the end of the term of your plan.
- To provide a lump sum should you die before your plan matures.
- To enable a guaranteed lump sum to be paid on surviving a specified critical illness by at least 14 days, if you choose this cover. Your plan would end if a lump sum was paid out on a successful Critical Illness claim.
- To allow you to build in Waiver of Premium Benefit, if you wish, so that your payments can be maintained if you are off work for a long time due to illness or injury. It is not possible to claim this benefit until the end of a period known as a deferred period.

Your commitment

- You agree to make a regular payment as specified in the enclosed illustration. The payments should continue for the agreed term.
- If you have selected the Investment Accelerator Option, your payments will increase for the first five years at the chosen rate.
- You must tell us of any change in your health between the time you sign the application form and the start of the plan, as this could affect your cover and payment level.

Risks

- Your investment may not grow at the rate you anticipate or at a rate detailed on the enclosed illustration. Therefore, benefits may be more, or less, than those shown.
- The value of an investment may fluctuate and is therefore not guaranteed. You may not get back the full amount of your investment.
- Our charges may vary in the future and may be higher than they are now. Further details can be found in the Policy Rules which are available on request.
- 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.
- For investments in the With-Profits Fund, the value of the plan depends on a number of factors, including:
  - the return on the investments of the 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, while 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.
- If your plan invests in our With-Profits Fund and you take money out of the Fund, we may reduce the value by applying a Market Value Reduction. Further details can be found in "Market Value Reduction (MVR)" on page 5.
- The effect of our charges is greater in the early years of this investment. This means that if you withdraw during this time you are more likely to lose money or get back less than you invested than would be the case if you withdraw later on.
- You may incur a tax liability if you cash-in the plan, assign (transfer) your plan for money or something of value or alter the plan within the first 10 years (or three quarters of the term if shorter). This time period can restart if the plan is subsequently altered.

  A tax liability may also apply if the plan ends because you have stopped paying premiums. For more details see "what happens if I stop making payments?" on Page 8.
- 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.
- We will not pay out a benefit if you do not disclose any requested information. We will not pay out if a claim arises from an excluded cause.
- The Amicable Savings Plan is intended as a long-term investment contract. If you stop making payments this could affect your cover. For further details please see the answer to "What happens if I stop making payments?" on page 8.

› Questions and Answers

How does the plan work?

Each month (or year) you make a payment to Prudential which is used to buy units in your choice of fund(s) from those available under the Amicable Savings Plan.

At the end of the chosen term we will pay out the lump sum maturity value, which is the bid value of the units held, after any charges.

Should you die before the end of the plan term a lump sum would be paid.

Your plan is issued as a cluster of 20 policies. Each cluster policy can be cashed in separately, increasing the flexibility of your plan.

Where are my payments invested?

Your financial adviser will help you select which fund(s) are best suited to your needs. Your options range from the With-Profits Fund through to a choice from our range of unit-linked funds. For full details of the funds available, please consult your financial adviser who may charge for this.

You can invest in more than one fund at a time, up to a maximum of six, and can normally change funds between the unit-linked funds at any time in the future. The first switch in any 12-month period is free. Subsequent switches are subject to a charge (currently £25) met from the fund. If this changes in the future we will let you know. You are unable to switch into or out of our With-Profits Fund.

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 the value of your plan fully reflect rises and falls in the stock market. 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.

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 maturity and death.
- **Final**, which we may pay when you take money out of your plan, although this is not guaranteed and can vary.

If any plan benefits are cashed in early the price of units in the With-Profits Fund may have to be reduced to reflect market conditions at that time. This is known as a Market Value Reduction, and is in addition to any Early Discontinuance Charge that may apply.

Further information on the With-Profits Fund is in "Your With-Profits Plan – A guide to how we manage the Fund" which is available on request.

Market Value Reduction (MVR)

If you take money out of the With-Profits Fund, we may make an adjustment to your fund value if the value of the underlying assets is less than the value of your plan including all bonuses.

This adjustment is known as a Market Value Reduction (MVR). It is 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 value including regular and final bonuses. If investment returns have been very poor, you may get back less than you have invested in your plan.

We do not apply an MVR at the maturity date or on any claims due to death.

If an MVR was applied, this would reduce your fund, and therefore the benefits provided to you.

We reserve the right to amend or review the approach used to determine Market Value Reductions over the term of the plan, in particular, in light of a significant increase in the level of surrenders or a significant move in the investment market.

Any change we make in current practices would be applied without notice and would apply to plans existing at the time the change was made, as well as to subsequent new plans.

Questions and Answers – continued

What is included in critical illness cover?

Critical Illness Cover provides valuable protection by paying out the level of cover selected (normally the amount of your death benefit) if you live for 14 days after you are diagnosed and your illness qualifies as one of the specified critical illnesses. Once the Critical Illness benefit has been paid, the plan will cease.

If you have a joint life plan, the cover will be paid out on the first life to be diagnosed as having a specified illness. The complete list of conditions we cover is as follows:

- Aorta graft surgery
- Blindness
- Cancer
- Coma
- Coronary artery bypass surgery
- Creutzfeldt-Jakob Disease
- Heart attack
- Heart valve replacement or repair and structural surgery
- HIV/AIDS as a result of a blood transfusion
- HIV in certain occupations
- Kidney failure
- Loss of limbs
- Loss of speech
- Major organ transplant
- Motor neurone disease
- Multiple sclerosis
- Paralysis/paraplegia
- Stroke
- Terminal illness
- Third degree burns
- Total permanent disability (before age 60).

Please remember that this is just a guide to what is covered. For example, some types of cancer are not covered. You can get further details about how we consider your claim, including the full definitions we will use and the evidence we will need, from your financial adviser or from us. See "How to contact us" on page 12.

Can children have critical illness cover?

If you select Critical Illness Cover, your children are also covered for these conditions from their first birthday until they are 18 years old, as long as the plan is in force. The most we will pay for a child claim is 50% of your own Critical Illness Cover, up to a maximum of £15,000 and we will only pay one claim for each child. Claims for children do not affect your cover.

What will stop the critical illness cover paying out?

We will not pay out a Critical Illness claim:

- If you do not tell us about your claim within six months of the event.
- On death within 14 days of the diagnosis of the condition.
- If the cause of the claim results directly or indirectly from any one of the following:
  - Criminal acts (taking part in)
  - Drug abuse
  - Failure to follow medical advice
  - HIV/AIDS (except in certain circumstances)
  - Self-inflicted injury
  - War and civil commotion.
- If the claim is for Children's Critical Illness Cover and the medical condition existed before the start of the cover for the child.
- If you are diagnosed with an illness that we have specifically excluded from your cover. If this applies to you, it will be stated in both your acceptance letter and your policy schedule. You will receive both your acceptance letter and your policy schedule when we accept your application.

Can I change the level of my payment?

When you start the plan, you have two options:

- Investment Accelerator Option – this means that the amount you pay will increase each year for the first five years of your plan and then level out.
  - Each increase will be 10% or 20% of your initial payment.
- Level payment option – if you have selected level payments, the Career Break Option allows you to reduce your payments by half (subject to our current minimum premium) any time after the third year of your plan (although not in the last 10 years).

  The payment then increases for each of the following five years until it reaches twice the reduced amount. Each increase will be 20% of the reduced payment during the Career Break Option. Selecting this option may reduce the maturity value at the end of the term.

Can payments continue if I am off work due to illness or injury?

When you start the plan, you can select Waiver of Premium Benefit which will maintain your payments in the longer term if you are off work due to illness or injury. Waiver of Premium Benefit is available on an individual or a joint life basis.

Waiver of Premium Benefit

If you are off work as a direct result of an illness or injury, Waiver of Premium Benefit keeps your Amicable Savings Plan going by making your payments for you.

This benefit may be selected up to age 55 for any life to be covered.

If you have selected this cover and make a valid claim, you will not need to make your Amicable Savings Plan payments after your chosen deferred period of three, six or 12 months. On a joint life plan, if both lives are to be covered for this benefit, they must select the same deferred period. The deferred period starts when you are first off work.
No benefit is paid during the deferred period. This benefit will continue until you return to work or your 60th birthday, whichever is earlier. We will treat a claim as valid if we consider your circumstances satisfy the relevant definition of incapacity, as specified in your acceptance letter and policy schedule.

If you are not working when you become ill or are injured, we will assess any claim under this cover by considering whether you are unable to carry out certain activities of daily living such as washing and dressing.

We will not pay a claim if the illness or injury which results in time off work was caused directly or indirectly or worsened by HIV/AIDS.

For further explanation of the technical details, please refer to the Policy Rules which are available on request.

We will not pay a claim for any period when the life assured is resident outside the United Kingdom.

What happens if I change my occupation?

You do not need to tell us if you change your occupation after the plan starts.

› Questions and Answers – continued

What happens if I stop making payments?

An Early Discontinuance Charge will normally apply if you stop making payments in the first five years of your plan. For further details see "Deductions" on page 10.

If less than three years' payments have been made, your protection benefits would cease. However, as long as there has been no change in your health, you would have 13 months in which to bring the plan up to date and restart your cover. If payments have been made for three or more years, cover will normally continue for 13 months provided your plan has a surrender value and continues to have a surrender value during the 13-month period. In either case, after 13 months your plan would come to an end and any surrender value (after taking all appropriate charges) would be available on request. If you reinstate your plan within 13 months we may apply charges – see "Deductions" on page 10 for details.

You can cash in your plan at any time, however an Early Discontinuance Charge may apply – see "Deductions" on page 10 for further details. However, as the plan is designed for long-term savings, the amount you get back can be less than the total amount you have paid in.

If you stop your payments, this will affect the Management Charge rebate – see "What are the charges?" on page 10.

You may incur a tax liability if you cash-in your plan within the first 10 years (or three quarters of the term if shorter). This charge may also apply if you stop making payments in this period and they cannot be resumed after 13 months.

Can I extend the term of my plan?

At maturity, the term of your plan may be extended by no less than 10 years and no more than the original term of the plan. The payments will continue at the level payable immediately prior to maturity.

What benefits are paid if I die?

In the event of your death during the term of your plan, a lump sum will be paid. If the plan is taken out on two lives, the benefits will be paid on the death of the first person. At the outset, you can elect to double the cover under your plan to provide extra financial security for your family.

How does tax affect me?

The funds in which your payments are invested pay tax on their income and gains under the rules covering life assurance companies. As long as you keep paying your premiums, there will be no income tax charge on maturity or on the payment of death benefits.

You may incur a tax liability if, in the first 10 years, or in the first three-quarters of the term, whatever is the shorter, the policy is cashed in or if you assign (transfer over) the ownership of your plan either fully or in part for money or something of value, or on alteration. This period can restart if a policy is subsequently altered.

If premiums cease in same period as mentioned in the paragraph above, and cannot be resumed after 13 months have elapsed, a tax liability may also apply immediately and at any time subsequently to benefits paid from the plan or if you assign (transfer over) the ownership of the plan either fully or in part for money or something of value.

Under current legislation, the payment of a critical illness claim will not result in an income tax charge.

What are the fund charges?

For with-profits funds, there are various costs involved with setting up and managing your policy. For the With-Profits Fund, we deduct a charge through the bonus mechanism. This is currently 0.75% a year.

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

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 we deduct depends on the funds you choose to invest in and the amount of your original investment.

We may deduct a sum from policyholders' funds if a charge is imposed under the Financial Services Compensation Scheme, the Policyholders' Protection Act 1975 (as amended) or an investor compensation scheme. We will aim to be fair and responsible in apportioning the charge between policyholders.

Please refer to your illustration for further information.

Prudential Funds	Annual Management Charge	Unit Trust/OEIC Expense	Total Management Charge
Prudential American	0.75%	0.05%	0.80%
Prudential Asia-Pacific	0.75%	0.10%	0.85%
Prudential Cash	0.75%	0.00%	0.75%
Prudential Corporate Bond	0.75%	0.30%	1.05%
Prudential Equity	0.75%	0.00%	0.75%
Prudential Equity Income	0.90%	0.15%	1.05%
Prudential Ethical	0.75%	0.20%	0.95%
Prudential European	0.75%	0.05%	0.80%
Prudential FTSE 100 Tracker	0.65%	0.05%	0.70%
Prudential Fixed Interest	0.75%	0.15%	0.90%
Prudential Index-linked Gilt	0.75%	0.15%	0.90%
Prudential International	0.75%	0.05%	0.80%
Prudential Invesco Perpetual Managed**	1.10%	0.25%	1.35%
Prudential Japanese	0.75%	0.05%	0.80%
Prudential Managed	0.75%	0.05%	0.80%
Prudential Newton Managed*	0.95%	0.05%	1.00%
Prudential Newton UK Equity Income*	0.95%	0.05%	1.00%
Prudential Property	0.75%	0.10%	0.85%
Prudential With-Profits	0.75%	0.00%	0.75%

Where funds invest in underlying unit trusts/OEICS additional expenses may be incurred. These are shown above where applicable. These may change in time.

* These funds are Prudential Funds that are managed on our behalf by the fund management group stated. They should not be confused with the same or similar named funds or unit trusts offered independently by these fund management groups.

** The Prudential Invesco Perpetual Managed Fund invest in Invesco Perpetual's own underlying unit trust.

› Questions and Answers – continued

An annual charge is made on the value of unit-linked funds. This charge varies according to the fund(s) selected, and the current levels are summarised in "Your investment with Prudential."

As long as you keep paying premiums, the plan receives a Management Charge Rebate in the later years (called the Rebate Period) which reduces the Management Charge by 0.625% per year. This does not apply to the With-Profits Fund.

Examples of the Rebate Period are:

Plan Term	Rebate Period
10 years	Last 8 years
25 years	Last 19 years

Our charges may vary in the future and may be higher than they are now. Further details can be found in the Policy Rules which are available on request.

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

Deductions

Unit Allocation The percentage of the payment which is used to buy units is shown in the enclosed illustration.

Initial Charge Units are bought at the offer price and sold at the bid price. The initial charge is the difference between the bid and offer prices of units and is approximately 5%.

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 is currently 0.75% a year.

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

Charge for guarantees 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 and to only apply a Market Value Reduction in certain circumstances (see section on page 5 for more details).
We will take this charge 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.

Protection Benefit Charges Units are cancelled on a monthly basis to meet the cost of providing the protection benefits.

Policy Charge The policy charge is currently £2.57 per month. If, at the start of the plan the payment is £40 or more per month, or the term is more than 20 years, the policy charge will be reduced by one half during the rebate period. Our charges may vary in the future and may be higher than they are now.

Early Discontinuance Charge An Early Discontinuance Charge will normally apply if you cash in your plan in the first five years. This charge will also apply if you stop making payments into the plan in the first five years. Where the plan is being cashed in, we will take the charge into account in the amount we pay out. Where the plan is to continue in force, we cancel a sufficient number of units to meet the charge.

Reinstatement Charge If you stop making payments but then reinstate your plan within 13 months of the due date of the first payment not made, we may apply late payment and reinstatement charges. In this situation we will confirm the amount of charges that apply.

Cashing in your plan

Should you wish to stop your plan at any time other than during the Cancellation Period, please write to us. We will let you know what information we will need. The surrender value, which is not guaranteed, may be more or less than the total of the payments made.

Can I change my mind?

When your application has been accepted, we'll send you a Cancellation Notice. 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:

Prudential Customer Services
Stirling
FK9 4UE

Your right to cancel is 30 days. For cancellation within the 30-day cancellation period only, where a policy is held in joint names, we will accept cancellation by any one of the policyholders, whether acting alone or jointly on behalf of both policyholders. If you decide to cancel you'll get all your money back.

If you decide to cancel your investment at any time after the 30-day cancellation period has ended, you may not get back all your money. What you will get back depends on the performance of the investment and our charges. Please bear in mind that inflation could also reduce the value of your plan and any growth from it.

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.

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**
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 Response 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 the following organisation:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

Telephone: 0800 0234 567

This is a 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.

Tax

Information in this document is based on our understanding of current legislation as at January 2012. Legislation, particularly relating to taxation, may be subject to change in the future without notice. Any tax reliefs referred to are those currently available and the value of tax reliefs depends on individual circumstances.

How we'll communicate with you

We will communicate with you in English in writing, by phone or email.

Law

The law and courts of Scotland will decide any dispute.

Cost of advice

The cost of advice given by your financial adviser will normally depend on the size of the payments you make 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.

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

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 are categorised as a "retail client". This means that we make sure the information we give you is clear, balanced and indicates any relevant risks. Your category does not affect your right to lodge a complaint

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're 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. For more information, please contact:

The Financial Services
Compensation Scheme
7th floor, Lloyds Chambers
Portsoken Street
London
E1 8BN

Telephone: 0207 741 4100 or
0800 678 1100

www.fscs.org.uk

Alterations

Terms and charges may change if you alter the contract or take up an option. We will detail these and any alteration charge before any changes are finalised.

This document complies with the Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover (2002).

A copy of the ABI's Guide to Critical Illness Cover is available on request from Prudential. Alternatively, you can get a copy by writing to the ABI at 51 Gresham Street, London EC2V 7HQ. Information contained in this document is only a guide to the Amicable Savings Plan. Full written terms and conditions of the Amicable Savings Plan are available on request from Prudential.

www.pru.co.uk

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