

Key Features of the Altered Amicable Savings 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

- › 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 "Your investment with Prudential" and "Policy Rules" which are available on request.

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 Altered Amicable Savings Plan is right for you.

› 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. Once the lump sum is paid the plan will end.
- › To allow you to build in Waiver of Premium benefit, if you wish, so that your premiums 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. The deferred period for your policy is specified in the Policy Conditions Booklet.

› Your commitment

- › You agree to make an altered regular payment as specified in the enclosed alteration illustration. The premiums should continue for the agreed term.
- › If you have selected the Investment Accelerator Option, your premiums will increase for the first five years at the chosen rate.

› Risks

- › The value of an investment may fluctuate and is therefore not guaranteed. You may not get back the full amount of your investment.
- › 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.
- › 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, 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-profits 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 that fund, we may reduce the value by applying a Market Value Reduction. (Further details can be found in "Market Value Reduction" on page 4).
- › The value of investments in unit-linked funds may fall as well as rise.
- › 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 get back less than you invested than would be the case if you withdraw later on.
- › Some of the 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 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 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 six months for unit-linked funds that mainly invest in property and land, and up to one month for all other funds. This is in exceptional circumstances and if this applies to you, we will let you know.
- › If you cancel the plan within the cancellation period, we will return the altered premium to you, if this has been paid.
- › The Amicable Savings Plan is intended as a long term investment contract. If you stop paying premiums this could affect your cover. For further details please see the answer to "What happens if I stop making payments?" on page 7.
- › You may incur a tax liability if you surrender your plan or you assign your plan (in other words you transfer your ownership) fully or in part, in return for money or something of monetary value during the first 10 years, or in the first three-quarters of the term, whichever is the shorter. This may also apply if you ask us to make certain alterations. We will inform you separately if this applies to your plan at the time you request an alteration. If premiums stop and cannot be resumed after 13 months have elapsed, there may be circumstances where a tax liability may apply – for more details see "What happens if I stop making payments?" on page 7.
- › We will not pay out a benefit if you do not disclose the requested information. We will not pay out if a claim arises from an excluded cause.

› 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 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 surrendered separately, increasing the flexibility of your plan.

Where are my premiums invested?

The choice of investment areas is up to you. Your options range from the With-Profits Fund through to a choice from our range of Unit-Linked Funds. Full details of these funds can be obtained from your financial adviser.

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. 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 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.

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

If any plan benefits are surrendered 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

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.

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.

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) on 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.

› Questions and Answers – continued

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 10.

Can children have critical illness cover?

If this was an option when your plan first started and 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 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 returns to the original level. 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?

If you selected Waiver of Premium benefit, this will maintain your premiums in the longer term if you are off work due to illness or injury. If you are unable to work through illness (not redundancy) or injury, Prudential will pay the policy premiums, after a deferred period, until you are fit to return to work, the maturity date or the plan anniversary before your 60th birthday, whichever is earliest. The deferred period starts when you are first off work. No benefit is paid during this period.

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 the plan – for further details see "Deductions" opposite.

If less than three years' premiums have been paid, your protection benefits will cease. However, as long as there has been no change in your health, you will have 13 months in which to bring the plan up to date and restart your cover.

If premiums have been paid for three or more years, cover will normally continue for 13 months provided that your plan has a surrender value and continues to have a surrender value during those 13 months. 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 to you on request. If you reinstate your plan, we may apply charges – see under "Deductions" opposite.

If you stop your payments, this will affect the Management Charge rebate – see "Annual Management Charge" on page 8 for further details.

You can surrender the plan at any time though a charge may apply (see "Early Discontinuance Charge" on page 8). 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.

You may incur a tax liability if you surrender your plan during the first 10 years, or in the first three-quarters of the term, whichever is the shorter. This may also apply if you ask us to make certain alterations. We will inform you separately if this applies to your plan at the time you request an alteration.

If premiums cease in the period mentioned 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.

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?

When your alteration 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 lasts for 30 days. For cancellation within the 30-day cancellation period only, where a plan is held in joint names, we will accept cancellation by any one of the plan holders, whether acting alone or jointly on behalf of both plan holders. If you decide to cancel you'll get back the increase in premium that you have paid.

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 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 life.

What are the charges?

Deductions

Unit Allocation is the percentage of the payment which is used to buy units and is shown on 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 price of units and is approximately 5%.

Annual Management Charge

For Unit-Linked Funds, we deduct an Annual Management Charge from the funds. This varies according to the fund(s) selected, and the current levels are summarised in the table on page 9. 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 current value of your investment.

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

If the alteration to your plan affects the Rebate Period, it will be shown on the Alteration documentation.

For the With-Profits Funds, there are various costs involved with setting up and managing your plan. 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 plan. 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 for the With-Profits Fund 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.

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.

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

Plan Charge The plan charge is currently £2.57 per month. The plan charge may be reduced by one half during the Rebate Period, depending on the conditions shown in the original Plan Rules.

Early Discontinuance Charge An Early Discontinuance Charge will normally apply if you surrender your plan in the first five years. This charge will also normally apply if you stop paying premiums into the plan in the first five years. Where the plan is being surrendered 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. If your plan has been varied we will write to you confirming the basis of calculating the charge.

Reinstatement Charges If you stop making payments but then reinstate your plan within 13 months of the due date of the first non-payment, we may apply late payment and/or reinstatement charges. In this situation we will confirm the amount of charges that apply.

For further information on the available funds and their charges please see "Your investment with Prudential".

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.

Alterations

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

Prudential (ex SA) 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 Ethical [†]	0.75%	0.20%	0.95%
Prudential Equity Income [†]	0.90%	0.15%	1.05%
Prudential European	0.75%	0.05%	0.80%
Prudential Fixed Interest	0.75%	0.15%	0.90%
Prudential FTSE 100 Tracker [†]	0.65%	0.05%	0.70%
Prudential Index-Linked Gilt	0.75%	0.15%	0.90%
Prudential International	0.75%	0.15%	0.90%
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%

* 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 similarly named funds or unit trusts offered independently by these fund management groups.

† These funds are available for policies issued with commencement dates on or after 1 January 1999 and where the policy rules allow the Management Charge to be taken from the price, by unit deallocation or a combination of these methods. Where possible, we will alter the rules allowing the Management Charge to be taken in the appropriate way so that you can invest in these funds.

Where funds invest in underlying unit trusts/OEICs, additional expenses may be incurred. These are shown above where applicable. Our charges may vary in the future and they may be higher than they are now.

› 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 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 0 234 567

This is a free service. Using it won't affect your right to take legal action.

How we'll communicate with you

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

Law

The law and courts of Scotland will decide any dispute.

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 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, please call our Customer Service Team on **0800 000 000**. The opening hours are 8am to 6pm Monday to Friday. Calls may be monitored or recorded for quality and security purposes.

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**.

Tax

The information in this document is based on our understanding, as at January 2012, of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.

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

FSA registration

The Prudential Assurance Company Limited is entered on the 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

This document complies with the Association of British Insurers (ABI) Statement of Best Practice for Critical Illness Cover (2006). 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. The Terms and Conditions are contained within the Rules for The Amicable Savings Plan, you may request a copy of the Terms and Conditions from us at any time. Alternatively, consult your Financial Adviser.



www.pru.co.uk

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