

SIPP Bank Accounts and Valuation Principles

Pru Flexible Retirement Plan – SIPP Options (FRPT10383)

This leaflet contains information on the interest rates payable on the **SIF bank account**. It also sets out details of the valuation principles used under both the “full SIPP” option and the “FundSIPP” option for valuing the **SIF**. A copy of this leaflet is issued with the **SIPP Supplement**. The leaflet does not however form part of the terms and conditions contained in the **SIPP Supplement**. The details in this leaflet are subject to change from time to time as set out in section C of this leaflet and the **member** can obtain the most up to date version from us on request. The words and expressions shown in bold italics have special meanings, and are, for the sake of convenience, the same as the special words and expressions used in the **SIPP Supplement**. These terms and expressions are explained in the **SIPP Supplement**.

Note: if the “FundSIPP” Option has been selected, **investments** under the **SIF** are limited to a maximum of 20 funds from the Cofunds platform alongside the **bank account**. See the **Key Features document** for further details. Investment in the full range of Cofunds is allowed under the “full SIPP” Option.

A – Interest on the SIF Bank Account

As set out in section C3.2 of the **SIPP Supplement**, Suffolk Life set up pooled **bank accounts** for the **member’s SIF** to which the interest rate shown below applies. The interest rate is subject to change from time to time (further information is set out in the **SIPP Supplement**).

The current interest rate is published on Suffolk Life’s website www.suffolklife.co.uk. Any changes to this interest rate will be published at least 30 days in advance. Interest will be paid gross and credited monthly. Any additional interest earned on the pooled bank accounts will be retained by Suffolk Life.

On the closure of the **SIF**, any accrued interest will be credited to the **SIF bank account**.

Note: The interest rate also applies to each property bank account (see section C7.2 of the **SIPP Supplement**).

B – Valuation principles

This section sets out the valuation principles in use for valuing the **SIF** as at January 2019. These principles do not form part of the terms and conditions of the **Pru Flexible Retirement Plan SIPP Options**. They can be changed at any time and without notice.

1. Valuation statements

Each **SIF** is valued daily on the basis of the valuation principles set out in the following paragraphs.

Section C10 of the **SIPP Supplement** explains that the **member** will be provided with a formal valuation statement each year, and at other times on request (see section C10.2). A formal valuation may also be necessary when an **HMRC valuation** is needed for the purposes described in the **Pru FRP Drawdown Technical Guide**.

Formal valuations are prepared using the same principles as the daily valuations, except that where formal valuations are concerned:

- all **investment** holdings will be fully reconciled;
- **investments** will be revalued, where appropriate; and
- so long as the relevant bona fide tax voucher has been received by Suffolk Life before the valuation date, any entitlement to tax reclaims on investment income will be calculated and included in the valuation. The amount will be included in the valuation irrespective of whether or not Suffolk Life have actually received the reclaimed tax at that date.

The annual valuation statement and other formal valuations may therefore be a more accurate reflection of the **SIF’s** value than the daily valuation.

Note: As stated in section C10.1 and subject to the limitation on our liability in section C18.3 of the **SIPP Supplement**, the actual value of the **member's SIF** is the proceeds of that part of the reinsurance agreement between Suffolk Life and Prudential which specifically relates to that particular **SIF**. The value of those proceeds for the purposes of paying out benefits or a transfer-out, is normally the cash value of **investments** following realisation (or in the case of an "in specie payment", the value of the asset so paid), plus the value of the **bank account**, less the value of any **costs** and **liabilities**.

2. Valuation – general

Individual assets are valued according to the following general principles:

- For the majority of quoted investments and unitised funds Suffolk Life use the closing prices for the previous **working day** provided by Interactive Data (Europe) Limited or other external sources. Suffolk Life endeavour to update prices each **working day** but cannot guarantee this. In addition, Suffolk Life cannot guarantee that the prices received from external sources are correct. The values shown are normally based on the latest available prices.
- Shares or securities listed on the Main Market of the London Stock Exchange are valued in line with legislation. This is normally the average bid and offer prices.
- Funds and shares and securities assigned a SEDOL (a unique identifier used in the UK and Ireland for clearing purposes and assigned by the London Stock Exchange) are valued at bid prices.
- Foreign currencies are translated to sterling in line with exchange rates received from Interactive Data (Europe) Limited.

3. Valuation of property, property cash accounts and mortgages loan accounts

- The value of a property will be the most recent independent valuation carried out for the purposes of the **SIF**, or the original purchase cost.
- Where the property is "co-owned" or is an investment of more than one **member's SIF**, the value shown in a valuation report is based on the relevant **SIF's** percentage interest in that property.
- Similarly, where a separate property bank account or accounts are held (see section C7.2 of the **SIPP Supplement**), the value shown for each such bank account is based on that **SIF's** percentage interest in the property to which the bank account relates.
- Where a mortgage exists on the property, the balance shown for the mortgage loan account is the amount owed as at the date of the last available statement and adjusted for payments recorded since then.

Where the property is "co-owned" or is an investment of more than one **member's SIF**, the balance shown reflects the relevant **SIF's** percentage share of the mortgage loan.

4. Sundry debtors and creditors

- Debtors and creditors are normally shown in a valuation, where known. For example, known creditors may include fees due, which have not yet been paid from the **bank account**.
- For all sundry debtors and creditors, the cumulative value is calculated at the close of business on the last **working day** before the valuation.

5. Other information about valuation statements

SIF valuations are also subject to the following:

- The figures show the quantity of each stock held according to Suffolk Life's records. The amounts shown may be subject to adjustment for purchases, sales, dividend reinvestment or corporate actions that have not yet been processed. Adjustments are particularly likely where information is awaited from an **investment manager**, unit trust provider, managed funds providers and saving plan providers. Suffolk Life aim to fully reconcile all investment holdings with **investment managers** at least once every year.

- The value of each asset is shown in the valuation with a valuation date. Whilst most “quoted” holdings are valued daily, property and certain other investments may be valued less frequently. In this case, the actual current value may be significantly different from that shown in the valuation statement.
- In respect of valuations viewed online, cash balances shown in the valuation statement may not reflect transactions which have been traded but not yet settled. The balance of the **bank account** does not necessarily represent cleared funds available for immediate investment. The valuation date shown in any valuation statement is the date on which the **bank account** was last reconciled.
- There may be debtors or creditors that are not yet recorded (such as dividends declared but not yet paid, **investment manager** or **adviser** fees which have not yet been invoiced to the **SIF**, rent or bank/loan interest accruals).

C – Changes to this leaflet

The contents of this leaflet may be updated from time to time and do not form part of the terms and conditions of the **Pru Flexible Retirement Plan** SIPP Options, as set out in the **SIPP Supplement**.

Changes to the rates of interest applicable to the **bank account** are subject to notification requirements set out in the **SIPP Supplement**.

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