

Winding Up Your Prudential Money Purchase Scheme

This leaflet is intended as a guide for Scheme Trustees where your existing money purchase scheme is being wound up.

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| <p>What are the options?</p> | <p>These are explained over the page. Not all of the options will apply to everyone. The options are governed by pensions legislation and depend on several factors such as how long the member contributed.</p> |
| <p>How will Prudential help us?</p> | <p>Prudential can help you wind-up your scheme by assisting with the relevant administration forms and by liaising with the Pensions Regulator. We may also be able to help you set up an alternative retirement savings scheme for your members.</p> |
| <p>How do I know what options apply to individuals?</p> | <p>If you've decided the scheme is to be wound up we can send you individual leaver's packs for each member of the scheme. This includes past early leavers. Alternatively if benefits are to be secured in a similar way for groups of members we can send a bulk instruction form to simplify the wind up process.</p> |
| <p>If we secure members' benefits with Prudential can you help in the process?</p> | <p>We can give you a letter to send direct to members to explain what this means. You should refer to our Assignment Options leaflet for further information on this.</p> |
| <p>What if we've lost touch with some individuals?</p> | <p>This is possible particularly if the member left service some time ago (the member may not have told you about a change of address). As Trustees you are responsible for contacting members who have benefits in the scheme. DWP and a number of other companies offer a tracing service. If members don't reply you can transfer the benefits under the scheme directly to the individual without his/her consent (Prudential's securing members' benefits option).</p> |
| <p>Where do we get more information?</p> | <p>From your Financial Adviser or you can contact us direct on 0808 234 3030*. Lines are open from 8.30am-6pm Monday-Friday, to discuss any of the options in more detail and request any paperwork required.</p> |

* Calls may be monitored or recorded for quality and security purposes.

| Option | Description | Other Considerations |
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| Securing Members' benefits with Prudential | Benefits under the scheme are transferred directly to the member. Appropriate documentation is sent to the member after the transfer is complete and the member deals directly with Prudential going forward. | <ul style="list-style-type: none"> • The same plan number is kept. Market Value Reductions will not apply at the point of transfer to member. • On wind up the level of pre 6 April 2006 tax free cash and/or Protected Retirement Age is protected. (See notes 3 and 4.) <p>See attached Guide to Winding up a Prudential Money Purchase Scheme for further details.</p> |
| Transfer to a Section 32 Buy-Out | Allows members to transfer the surrender value of the benefits to a Buy-Out plan with an Insurance Company of their choice. (See note 2.) | <ul style="list-style-type: none"> • Market Value Reductions may apply. • On wind up the level of pre 6 April 2006 tax free cash and/or Protected Retirement Age is protected. (See notes 3 and 4.) |
| Transfer to a Personal Pension | Allows members to transfer the surrender value to a personal pension/ stakeholder plan with an Insurance Company of their choice. (See note 2.) | <ul style="list-style-type: none"> • Market Value Reductions may apply. • Level of pre 6 April 2006 tax-free cash and/or Protected Retirement Age can be protected if the transfer is part of a block transfer. (See notes 3, 4 and 5.) |
| Transfer to a SIPP | Allows members to transfer the surrender value to a personal pension, which has wider investment options than insured pension arrangements. (See note 2.) | (Same considerations apply as transfer to Personal Pension.) |
| Transfer to a GPP | Trustees may decide to set up a new GPP for the employees. (See note 2.) | (Same considerations apply as transfer to Personal Pension.) |
| Short Service Refund Lump Sum | Allows a non-qualifying contributing member to take cash payment. (See note 1.) | Market Value Reductions may apply. |
| Winding-up Commutation Lump Sum | Allows members with funds not exceeding £18,000 to take a cash payment. (See note 6.) | Market Value Reductions may apply. |
| Take benefits | Allows members to take their benefits. | Market Value Reductions may apply. |

| Who can it apply to? |
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| All members. |
| All members. |
| All members. |
| (Same as for transfer to Personal Pension.) |
| All current members. |
| Applies to non-qualifying members only. |
| Members with funds not exceeding £18,000. |
| Members over age 55 (or lower if they have a protected retirement age or are in ill health). |

Notes:

(1) A non qualifying member is broadly – A member who joined the scheme before 1 October 2015 and has less than two years service while a member of the scheme.

Or

A member who joined the scheme on, or after, 1 October 2015 and has less than 30 days service while a member of the scheme.

The cash payment is subject to tax which the Scheme Administrator must account for and pay to HMRC.

If available this option will be offered in the leavers pack for an individual member.

(2) If the member chooses any of the transfer options, they should

- seek financial advice on whether or not the transfer would be in his/her best interest
- check that the transfer payment can be accepted by the new arrangement
- check that it meets the minimum transfer value requirement
- establish what retirement benefits may be expected as a result of the transfer
- bear in mind that the total benefits must be transferred. It is not our standard practice to allow a partial transfer of funds.

NB. If guaranteed annuity rates apply to any of the member's plans, these are retained only if the option to secure members' benefits with Prudential is elected.

(3) Protected Tax Free Cash: where the member may be entitled to a higher tax free cash sum in respect of benefits relating to pensionable service before 6 April 2006.

(4) Protected Retirement Age: broadly applies if, before 6 April 2006, the member had an absolute right to a normal retirement age before 55.

(5) Block Transfer: The transfer in a single transaction of all the sums and assets representing accrued rights under the pension scheme from which the transfer is made which relate to the member and at least one other member of that pension scheme. Before the transfer, the member must not have already been a member of the registered pension scheme to which the transfer is made for longer than 12 months before the date of the transfer.

(6) A winding up commutation lump sum may be available if certain conditions are met. The lump sum is partly taxable.

Further information will be provided if this option is being considered.

How can Prudential help you with completion of the wind up?

- The Scheme Administrator will need to inform HMRC of the wind up.
- We will tell the Pensions Regulator when the scheme has been wound up and how the assets have been dispersed, after all of the benefits have been moved from the scheme.
- In the meantime, if the Trustees receive any routine correspondence from the Pensions Regulator, they should tell the Registrar that the scheme is in the process of being wound up and that Prudential will notify when the wind up is complete.

Information in this leaflet is based on our current understanding as at January 2019 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. This leaflet is not intended to provide legal advice and we recommend that readers obtain specific legal advice before taking any action.

Full written terms and conditions of all of our plans are available on request.