



PRUDENTIAL



Adviser Charges Guide

For Adviser use only - not approved for use with clients

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Welcome

This is the Adviser Charges Guide referred to in the Terms of Business as being the guide setting out the basis on which Prudential and the Prudential Group will make Adviser Payments or Consultancy Charges in relation to Product Contracts, as published on the Prudential Website and amended from time to time.

Defined terms used in this Adviser Charges Guide have the same meaning given to them in the Terms of Business.

The following maximum rates of Adviser Charges and subsequent Adviser Payments Prudential is able to facilitate apply to advised business commenced on or after 31 December 2012. Adviser Charges are not applicable to non-advised business. Details of the options available for those Product Contracts which are no longer available for new business are not included in this Adviser Charges Guide but are available on request.

Summary of Adviser Charges

Summary of how Prudential facilitates Adviser Charges

Adviser Charges are facilitated by Prudential in accordance with the Clients' instructions and the Adviser Payment are then credited to the FA's account with Prudential. The types of charges available are as follows:

Set-up (or Initial) Adviser Payments can be made at the commencement of a Product Contract or when an increment is made to a Product Contract. For bond and annuity products the Set-up Adviser Payments are deducted from the Client's payment prior to the investment being made. For pension products the Set-up Adviser Payments are deducted from the Product Contract following investment of the Client's payment.

Ongoing Adviser Payments can be made at regular intervals during the term of the Product Contract and can be set up at the commencement of the Product Contract and increased, reduced or stopped during the term of the Product Contract. For bond products the Ongoing Adviser Payments must be set at the same level for all segments (sub policies within a Product Contract) and all increments made by the Client. Different levels of Ongoing Adviser Payments can be set for separate increments on pension products. Ongoing Adviser Payments (including those expressed as a monetary amount) may reduce proportionally if withdrawals or partial surrenders are taken from the Product Contract.

Ad hoc Adviser Payments can be made during the term of the Product Contract.

Protected PruFund funds and the Distribution Cash Fund

Onshore Policies

The default option is that Ongoing and Ad hoc Adviser Payments are funded by unit deduction, taken proportionately across all funds (excluding the Distribution Cash Fund, where applicable).

However, the Client can choose to fund Adviser Charges by unit deductions taken proportionately across all funds excluding the Protected PruFund and its associated holding account. This protects the Client's Guaranteed Minimum Fund ("GMF") value.

Where the fund holding is selected as 100% Protected PruFund, the Adviser Payment will be taken from the Protected PruFund or its associated holding account and the GMF will reduce proportionately.

Where the Adviser Charge is expressed to be a percentage of fund value, the amount of the Adviser Charge will always be calculated including the Distribution Cash Fund and PruFund Protected Fund (regardless of the funds from which Client has elected the actual deduction to be made).

Prudential International Investment Bond

Where fund units are to be cancelled to fund Adviser Payments and the bond is linked to two or more funds, Prudential will normally cancel units from all funds in proportion to the value of units held under the bond in each fund, excluding the PruFund Protected Fund or the corresponding PruFund account.

Prudential will only cancel units in a PruFund Protected Fund or the corresponding PruFund account to fund an Ongoing Adviser Payment where the value of units held in all other funds linked to the bond is insufficient to meet the full amount of an Ongoing Adviser Payment. Prudential will not write to tell the Client if Prudential starts to cancel units from a PruFund Protected Fund or the corresponding PruFund Account but this will be reflected in the next valuation statement sent to the Client by Prudential. In these circumstances, the GMF will be reduced.

Capital Guarantee and Minimum Income Guarantee

Retirement Account

Where client has selected either a capital guarantee or a minimum income guarantee then they have the option to always exclude guarantee units when deducting units to generate adviser charge payments.

For the Retirement Account the default is for payments to come from the cash account, however if there is insufficient funds in the Cash Fund then assets will be disinvested in line with the disinvestment profile provided by client.

Cooling off

If a Client cancels a Product Contract during the specified cooling off period, the refund to the Client will exclude any Set-up Adviser Payments already deducted from the Client's payment or investment. Ad hoc Adviser Payments cannot be made during the cooling off period. Ongoing Adviser Payments already made may be due from the FA to Prudential depending on the type of Product Contract.

For pension transfer cases, all Adviser Payments already made will be reclaimed from the FA so that a full refund can be made to the ceding scheme. This includes pension transfers made into Prudential's annuity products.

Tax implications on bond products

Ongoing and Ad hoc Adviser Payments are deemed a withdrawal from the Client's Product Contract and will be included in the annual 5% tax deferred limit for bonds. If the total of any withdrawals taken by the Client and the Adviser Payments deducted in any given year exceeds the 5% limit, a liability to tax may be created for the Client.

Maximum limits on Adviser Charges

The maximum limits on Adviser Charges stated in this Adviser Charges Guide are not a comment on the value of advice nor a recommendation as to the amount a FA should be charging a Client for any services. They are merely a limit on the amount Prudential is prepared to facilitate through a particular product. If a Client agrees to pay a FA more for advice, the Client may do so through other means (e.g. directly by cheque).

Prudential shall check to ensure the maximum limits are not exceeded when an Adviser Charge is first established.

If the maximum limits are exceeded, Prudential may in its absolute discretion reduce or cancel the Adviser Payments.

For onshore bonds, the check as to whether the limits have been breached is made:

- when an Ongoing Adviser Payment is first requested;
- when an Ongoing Adviser Payment instruction is increased or the frequency is changed;
- when an Ad hoc Adviser Payment is first requested; and
- after a partial surrender.

For offshore bonds, the check as to whether the limits have been breached is made:

- when an Adviser Charge is first requested or changed;
- at the time of the first Ongoing Adviser Payment where the Ongoing Adviser Payments have been deferred under the Product Contract for two months or more;
- when an Ad hoc Adviser Payment is requested; and
- after a partial surrender.
- For pension products, the check is made:
 - when an Ongoing Adviser Payment is first requested;
 - when an Ongoing Adviser Payment instruction is increased or the frequency is changed;
 - when an Ad hoc Adviser Payment is requested; and
 - when a partial transfer is made and Ongoing Adviser Payments are being taken as a fixed monetary amount.

Who can give instructions relating to Adviser Charges?

Prudential will normally only accept instructions to set up or alter Adviser Charges from the Client. The only exception to this is where the Adviser Charges are to be reduced or stopped altogether in which case Prudential will accept instructions from the FA. Prudential will not inform the Client that Adviser Charges have been reduced or stopped and so this is the FA's responsibility.

Prudential Investment Plan

The following tables set out the Adviser Charges options currently available on the products Prudential offers.

Type of Adviser Charge	Frequencies Possible	Method of calculation	Maximum Level Facilitated	Position if insufficient funds to meet the Adviser Payments
Set-up Adviser Payments	Once on commencement and once on each increment.	If expressed as a percentage of the investment to 2 decimal places. If expressed as a monetary amount in whole £.	No maximum.	Instruction will not be accepted if the Adviser Payment brings the remaining amount below minimum premium requirements specified in the Product Contract.
Ongoing Adviser Payments	Monthly; Quarterly; Half yearly; or Annually.	If expressed as a percentage of the investment or fund, to 2 decimal places.	Ongoing Adviser Payments and Ad hoc Adviser Payments combined must not exceed 2% of the total investment remaining* in the Product Contract in any policy year.	Adviser Payments will cease and a new instruction will be required to restart.
Ad hoc Adviser Payments	When requested subject to maximum limits.	If expressed as a monetary amount in whole £.		No Adviser Payment would be made.
Notes	<p>* Total investment remaining = total amount invested, reduced proportionately for any withdrawals or adviser charges deducted</p> <p>Set-up Adviser Payments are deducted from the Client's payment prior to investment.</p> <p>Different Set-up Adviser Payments are allowed on each increment to a Product Contract.</p> <p>If expressed as a percentage of the investment, Ongoing Adviser Payments and Ad hoc Adviser Payments the percentage applies to all increments.</p> <p>Ongoing Adviser Payments and Ad hoc Adviser Payments could be subject to a market value reduction in accordance with the Product Contract if the Adviser Payments together with the income taken by the Client exceed the relevant market value adjustment free limits in the Product Contract.</p>			

Prudential Inheritance Bond

Type of Adviser Charge	Frequencies Possible	Method of calculation	Maximum Level Facilitated	Position if insufficient funds to meet the Adviser Payments
Set-up Adviser Payments	Once on commencement.	If expressed as a percentage of the investment to 2 decimal places. If expressed as a monetary amount in whole £.	No maximum.	Instruction will not be accepted if the Adviser Payment brings the remaining amount below minimum premium requirements specified in the Product Contract.
Ongoing Adviser Payments	Quarterly	If expressed as a percentage of the endowment premium to 2 decimal places. If expressed as a monetary amount in whole £.	2% of the endowment premium in any policy year.	Adviser Payments will cease and a new instruction will be required to restart.
Ad hoc Adviser Payments	Not applicable	Not applicable	Not applicable	Not applicable
Notes	Set-up Adviser Payments are deducted from the Client's payment prior to investment. Increments are not a feature of the Prudential Inheritance Bond.			

Prudential International Investment Bond

For clients resident in the UK. Other products are available for Clients resident outside the UK. Please see the Commission Guide.

Type of Adviser Charge	Frequencies Possible	Method of calculation	Maximum Level Facilitated	Position if insufficient funds to meet the Adviser Payments
Set-up Adviser Payments	Once at commencement or once at each top-up.	Expressed as a percentage of the initial or top-up payment to 2 decimal places or expressed as a monetary amount in whole £.	No maximum.	Instruction will not be accepted if the Adviser Payment brings the remaining amount below minimum premium requirements specified in the Product Contract.
Ongoing Adviser Payments	Monthly; Quarterly; Half yearly; or Annually, in each case in arrears.	Expressed as a percentage of the fund value or the premium to 2 decimal places or expressed as a monetary amount in whole £.	The combined Ongoing Adviser Payments and Ad hoc Advisers Payments must not exceed 2% of the total investment remaining in the Product Contract in any policy year.	Adviser Payments will cease but the instruction will remain in force so if the investment increases to the required level at a later stage Adviser Payments will recommence.
Ad hoc Adviser Payments	When requested subject to maximum limits.	Expressed as a percentage of the fund value to 2 decimal places or expressed as a monetary amount in whole £.		No payment would be made.
Notes	<p>Set-up Adviser Payments are deducted from the Client's payment prior to investment.</p> <p>Set-up Adviser Payments are in the currency in which the premium is paid.</p> <p>Different Set-up Adviser Payments are allowed on each increment to a Product Contract.</p> <p>Ongoing and Ad hoc Adviser Payments are in the currency of the investment benefit.</p> <p>If expressed as a percentage of the investment, Ongoing Adviser Payments and Ad hoc Adviser Payments the percentage applies to all increments.</p> <p>For bonds investing in the With Profits Fund, Ongoing Adviser Payments and Ad hoc Adviser Payments could be subject to a market value reduction in accordance with the Product Contract if the Adviser Payments together with the income taken by the Client exceed the relevant market value reduction free limits in the Product Contract.</p> <p>Prudential will not facilitate Adviser Charges in respect of increments to bonds that were written by Prudential prior to 31 December 2012.</p>			

Prudential International Investment Portfolio

For clients resident in the UK. Other products are available for Clients resident outside the UK. Please see our Commission Guide.

Type of Adviser Charge	Frequencies Possible	Method of calculation	Maximum Level Facilitated	Position if insufficient funds to meet the Adviser Payments
Set-up Adviser Payments	Once on commencement and once on each increment.	Expressed as a percentage of the initial or top-up payment to 2 decimal places or expressed as a monetary amount in whole £.	No maximum.	Instruction will not be accepted if the Adviser Payment brings the remaining amount below minimum premium requirements specified in the Product Contract.
Ongoing Adviser Payments	Quarterly on the calendar quarter, in arrears.	Expressed as a percentage of fund value or premium to 2 decimal places or expressed as a monetary amount in whole £.	The combined Ongoing Adviser Payments and Ad hoc Adviser Payments must not exceed 2% of the total investment remaining in the Product Contract in any policy year.	Adviser Payments will cease but the instruction will remain in force so if the investment increases to the required level at a later stage Adviser Payments will recommence.
Ad hoc Adviser Payments	When requested subject to maximum limits.	Expressed as a percentage of fund value to 2 decimal places or expressed as a monetary amount in whole £.		No Adviser Payment would be made.
Notes	<p>Set-up Adviser Payments are deducted from the Client's payment prior to investment.</p> <p>Set-up Adviser Payments are in the currency in which the premium is paid.</p> <p>Different Set-up Adviser Payments are allowed on each increment to a Product Contract.</p> <p>Ongoing Adviser Payments and Ad hoc Adviser Payments are in the currency of the investment benefit.</p> <p>If expressed as a percentage of the investment, Ongoing Adviser Payments and Ad hoc Adviser Payments the percentage applies to all increments.</p> <p>In addition to the Adviser Payments made to the FA, Ongoing Adviser Payments can also be made simultaneously to an investment adviser (a financial adviser firm with appropriate FSMA permissions which is not the FA but is also advising the Client on its Product Contract) on instruction by the Client.</p> <p>After deduction of any Adviser Payments, the minimum residual value of the bond must be the higher of:</p> <p>(a) at least 15% of the investment(s) paid into the bond in the preceding five years; and</p> <p>(b) £7,500.</p> <p>If the bond value falls below this level due to Adviser Payments and withdrawals, Ongoing Adviser Payments will cease and new requests for Adviser Payments will be refused. If the Client fails to top up the bond to meet the minimum investment requirement within the time period set in the Product Contract, Prudential reserves the right to surrender the bond and pay the residual proceeds (after any early encashment charges and any outstanding product charges that apply have been deducted) to the Client.</p> <p>Prudential will not facilitate Adviser Charges in respect of increments to bonds that were written by Prudential prior to 31 December 2012.</p>			

Retirement Account

Regular/singles and Vesting Premiums

Type of Adviser Charge	Frequencies Possible	Method of calculation	Maximum Level Facilitated	Position if insufficient funds to meet the Adviser Payments
Initial	<p>For regular contributions (including increments):</p> <p>In line with frequency of contributions and for a number of payments as specified by client.</p> <p>Transfer payments and single contributions (including increments):</p> <p>Once on Commencement.</p> <p>Money being vested from the Pension Savings Account to the Pension Income Account</p>	<p>Defined as a % of the contribution (including any associated basic rate tax relief) and calculated to the penny.</p> <p>Defined as either a specific monetary amount or as a % of the Transfer payment or the single contribution (including any associated basic rate tax relief) and calculated to the penny.</p> <p>Defined as either a specific monetary amount or as a % of the Vesting amount (i.e. the amount prior to deduction of any Tax Free Cash payment) and calculated to the penny.</p>	<p>Generally, there will be no maximum adviser charges imposed on the contract, subject to funds being available. The exception to this is where a contribution attracts basic rate tax relief. In this situation the amount of any adviser charge cannot exceed the amount of the contribution excluding tax relief. For example, the maximum adviser charge on a regular gross contribution of £100pm from the account holder would be 80% (£80pm) assuming basic rate tax of 20%.</p>	<p>Payments only made upon receipt of sufficient premium.</p>
Ongoing Adviser Payments	<p>Monthly or annually in arrears.</p>	<p>Defined as either a specific monetary amount or as a % of the fund value and calculated to the penny.</p>	<p>No maximum.</p>	<p>No Payment made.</p>
Ad hoc Adviser Payments	<p>When requested.</p>	<p>Defined as a specific monetary amount.</p>		<p>If insufficient funds in the Cash Account, and there is a Charge for Ongoing Advice on the account, then that disinvestment instruction will be used. If there is not, the Adviser would have to create a disinvestment instruction for the Ad hoc.</p>
Notes	<p>All Adviser Charges will be paid out of the Cash. If insufficient funds in cash account other assets will be sold in line with disinvestment profile to generate cash.</p> <p>Where the policyholder has specifically selected funds for Adviser Charges to be taken from and those funds are exhausted, then any Adviser Charge instruction will cease, i.e. Adviser Charges will not be taken from the remaining funds without a further agreed instruction from the policyholder.</p>			

Flexible Retirement Plan

Regular Premiums

Type of Adviser Charge	Frequencies Possible	Method of calculation	Maximum Level Facilitated	Position if insufficient funds to meet the Adviser Payments
Set-up Adviser Payments	Once on commencement and once on each premium payment.	Percentage of premium to 2 decimal places.	<p>If the initial period is specified by the Client as 12 months or less, 50% of the premiums during the initial period and 10% of the premiums for the remaining term.</p> <p>If the initial period specified by the Client is over 12 months, 10% of the premiums during the initial period and 10% for the remaining term.</p> <p>If no initial period is specified by the Client, 10% of the premiums throughout the term.</p>	Adviser Payments are only made upon receipt of sufficient premiums.
Ongoing Adviser Payments	Monthly or annually in each case in arrears.	Percentage of the fund value (excluding any Self Invested Fund) to 2 decimal places	Combined amount of Ongoing Adviser Payments and Ad hoc Adviser Payments must not exceed 2% of the fund value (excluding any Self Invested Fund) in any plan year.	No payment would be made.
Ad hoc Adviser Payments	When requested subject to overall limits.	or a fixed monetary amount rounded down to the nearest penny.		No payment would be made.
Notes	<p>Set-up Adviser Payments are deducted from the Client's funds after the investment takes place.</p> <p>Each increment (excluding indexation increments) can have its own Set-up Adviser Payment and Ongoing Adviser Payment.</p> <p>Adviser Payments made from the With-Profits Fund are not subject to a market value reduction.</p> <p>Ongoing Adviser Payments cannot be paid from any Self Invested Funds.</p> <p>Ongoing Adviser Payments can be reduced or stopped during term of the Product Contract.</p>			

Flexible Retirement Plan

Single Premiums and Transfer Values Received Including Income Drawdown

Type of Adviser Charge	Frequencies Possible	Method of calculation	Maximum Level Facilitated	Position if insufficient funds to meet the Adviser Payments
Set-up Adviser Payments	Once on commencement and once on each increment.	Percentage of investment (net of any tax free cash) to 2 decimal places or a fixed monetary amount rounded down to the nearest penny.	10% of the single premium.	Adviser Payments are only made upon receipt of sufficient premiums.
Ongoing Adviser Payments	Monthly or annually, in each case in arrears.	Percentage of the fund value (excluding any Self Invested Fund) to 2 decimal places or a fixed monetary amount rounded down to the nearest penny.	Combined amount of Ongoing Adviser Payments and Ad hoc Adviser Payments must not exceed 2% of the fund value (excluding any Self Invested Fund) in any plan year.	No payment would be made.
Ad hoc Adviser Payments	When requested subject to overall limits.			No payment would be made.
Notes	Set-up Adviser Payments are deducted from the Client's funds after the investment takes place. Each increment can have its own Set-up Adviser Payment and Ongoing Adviser Payment. Adviser Charges deducted from With-Profits Fund are not subject to a market value reduction. Ongoing Adviser Payments cannot be made from any Self Invested Funds.			

Trustee Investment Plan

Type of Adviser Charge	Frequencies Possible	Method of calculation	Maximum Level Facilitated	Position if insufficient funds to meet the Adviser Payments
Set-up Adviser Payments	Once on commencement and once on each increment.	Percentage of the investment to 2 decimal places or as a monetary amount rounded down to the nearest penny.	10% of the premium.	Adviser Payments are only made upon receipt of sufficient premiums.
Ongoing Adviser Payments	Monthly or quarterly, in each case in arrears	Percentage of the fund value to 2 decimal places.	1.25% of fund value in any plan year.	Not applicable.
Ad hoc Adviser Payments	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Notes	Set-up Adviser Payments are deducted from the Client's premium prior to investment. Each increment can have its own Set-up and Ongoing Adviser Payments. Adviser Payments are not subject to any market value reduction in accordance with the Product Contract.			

Conventional Pension Annuities

Single Premiums and Transfer Values Received Including Income Drawdown

Type of Adviser Charge	Frequencies Possible	Method of calculation	Maximum Level Facilitated	Position if insufficient funds to meet the Adviser Payments
Set-up Adviser Payments	Once on commencement and once on each increment.	Expressed as a percentage of the investment to 2 decimal places or expressed as a monetary amount rounded down to the nearest penny.	5% of the amount used to purchase the income after the tax free cash sum has been deducted.	Not applicable.
Ongoing Adviser Payments	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Ad hoc Adviser Payments	Not applicable.	Not applicable.	Not applicable.	Not applicable.

Income Choice Annuity

Single Premiums and Transfer Values Received Including Income Drawdown

Type of Adviser Charge	Frequencies Possible	Method of calculation	Maximum Level Facilitated	Position if insufficient funds to meet the Adviser Payments
Set-up Adviser Payments	Once on commencement.	Expressed as a percentage of the investment to 2 decimal places or expressed as a monetary amount rounded to the nearest penny.	5% of the amount used to purchase the income after the tax free cash sum has been deducted.	Not applicable.
Ongoing Adviser Payments	Must be paid at the same frequency as the Client's income.		1% of the amount used to purchase the income after the tax free cash sum and any set-up adviser charge has been deducted.	Not applicable.
Ad hoc Adviser Payments	Not applicable.		Not applicable.	Not applicable.
Notes	Adviser Payments are not subject to any market value reduction in accordance with the Product Contract. Increments are not available on the Income Choice Annuity.			

Important notes

Consultancy Charges

Prudential do not currently offer new Grouped Personal Pension Schemes and as such do not offer the facility for Consultancy Payments to be deducted from Members' Product Contracts.

Administration

Prudential shall provide illustrations to show the impact of Adviser Charges on Clients' Product Contracts upon request by the FA or the Client.

Stand alone Adviser Charge instruction forms are available on request or on the Prudential website.

If an application is put on hold any Adviser Payments that are requested in the application will not be put into force until the documentation is complete.

Ongoing Adviser Payments can be altered during the term of the Product Contract but will remain subject to the maximum limits.

Change of Servicing FA

In the event of a change in Servicing FA in accordance with the Terms of Business, the instruction must be in a form acceptable to Prudential, specifically requesting the transfer of any ongoing Adviser Payments.

Settlement of Adviser Payments

Once the Adviser Charges have been deducted from the Product Contract, the Adviser Payments will be credited to the account held by the FA with Prudential.

The amounts held in credit in the account will be paid to the FA at intervals agreed with the FA, which can be daily, weekly or monthly.

It may be necessary for a minimum balance to be in the account for settlement to be made at the agreed frequency. This will depend on the products involved and the frequency agreed.

Any Adviser Payments that are due to be repaid to Prudential will in the first instance be deducted from the amounts in credit in the FA's account with Prudential. It should be noted that should the amount in credit in the FA's account includes commission and so this may be used to repay Adviser Payments due back to Prudential.

Miscellaneous

Full written terms and conditions of all Prudential and Prudential International products are available on request.



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