For Adviser use only – not approved for use with clients

Suitability Report paragraphs for the Prudential Retirement Account

For clients saving for retirement or taking an income from drawdown.

We appreciate that you'll have carefully considered their personal and financial circumstances, financial needs, priorities and risk profile when giving your clients a personal recommendation.

These paragraphs are designed to help you prepare your suitability report for your client. They're not intended to form the full content of the suitability report. It is your responsibility to ensure that the report includes your client's demands and needs, why you consider the product is suitable on the basis of the information that they have provided to you and makes clear any disadvantages that the product has.

Please note that if you use these paragraphs, or similar text for any reason, you are responsible for ensuring that they are compliant. Whilst every care has been taken to ensure that accuracy of the following information, Prudential can accept no liability if you decide to use it.

Please ensure that you are using the latest version of this document available at: https://www.pruadviser.co.uk/pdf/RACS439901.pdf

<table>
<tr><th colspan="2">Product information</th></tr>
<tr><td>What is the Prudential Retirement Account?</td><td>
The Prudential Retirement Account is a flexible personal pension that offers a wide range of investment options, allowing your clients to: make contributions, invest and transfer money in from other pensions, including those already in drawdown.
It lets your clients withdraw lump sums and/or income from the normal minimum pension age. Employers and third parties can also make contributions into this pension.
The personal pension is split into two parts:
<u>Pension Savings Account</u>
- This is where client contributions are paid in and invested.
- From age 55, cash lump sums (Uncrystallised Pension Lump Sums) can be withdrawn from here.
<u>Pension Income Account</u>
- Investments from your client's Pension Savings Account are moved here to access drawdown and tax-free cash.
- Your client can usually take 25% of the amount tax-free, before taking the remainder as taxed income.
- Transfers from other drawdown plans are paid in and invested here.
</td></tr>
</table>

Eligibility	Pension Savings Account There are no minimum age requirements for potential investors contributing/transferring in to the Retirement Account-Pension Savings Account, and is available for all investors up to: - the age of 75 for contributions - the age of 99 for transfers Pension Income Account For clients who wish to access the Pension Income Account, this is accessible from age 55 until their 99th birthday. If the client has a protected pension age, or they are in ill health, they may be able to take their benefits before this age. There is no maximum age at exit of the Retirement Account for both the Pension Savings and Pension Income Account.
Risks associated with the Prudential Retirement Account.	- Th e value of the investment can go down as well as up. Your client could get back less than they have paid in. - Investment returns may be lower than illustrated. - Different investments have different levels of risk. The PruFund Fund Guide and Key Investor Information documents will give more information on this. - If the total charges and costs taken from the Retirement Account are more than any overall growth achieved, the plan will fall in value, possibly to less than has been invested. - Charges and costs will reduce the value of the Retirement Account and they may increase in the future. - If your client decides to exercise their cancellation rights and their investment has fallen in value, the amount returned may be less than the amount paid in. Any adviser charges paid may not be refunded. - If your client changes their mind about making a pension transfer, they may not be able to return the transfer to their original provider. - There may be a delay in the buying, switching or selling of any investment. Your client will be told if this applies. - Inflation will affect the buying power of the money your client gets back. - Tax rules may change. - Withdrawals can exhaust the Retirement Account. Your client needs to make sure their money lasts for as long as they intend.

	- If your client chooses to purchase an annuity in the future, annuity rates may be lower than they are now. - If your client takes all their pension pot in one go the amount of future pension contributions that they can pay without a tax charge could be less. - When we pay your clients cash lump sum we have to use an emergency tax rate. It means they could end up paying too much tax, and they'll need to claim it back from HM Revenue & Customs. - 25% of your clients cash lump sum will be tax free and the rest counts as income for that tax year, on top of things like salary, state benefit and pensions. So your client could end up paying a higher rate of tax. - By your client taking their cash lump sum they could lose some or all of their state benefits. Take a look at gov.uk/browse/benefits to find out more. - Th e money in your client's cash account will count towards their Financial Services Compensation Scheme (FSCS) limit with the bank Prudential use. - If your client has savings with that bank, including in the cash account, that exceed the FSCS limit then this will result in not all of your client's money being protected by the FSCS in the event of that bank defaulting. - Any money invested in non PruFund funds are covered by the FSCS . For external fund investments (OEICs) itis £85,000 per person, per authorised fund. - Any money invested in PruFund funds is protected up to 100% by the FSCS.
How are my clients contributions paid in?	Your client, their employer, or a third party, can all pay in regular or one-off amounts. Prudential accept bank transfers, direct debit payments and cheques. Regular contributions can be increased, decreased, stopped and re-started at any time. Decreasing or stopping these contributions will reduce the future value of your Retirement Account.
Where can my client invest their money? The PruFund range of funds	There are many investment choices for your clients to choose from within the Retirement Account: An extensive range of investment funds, including the PruFund range of funds and collective funds from Prudential as well as ESG funds from M&G and many other external fund managers. Prudential's PruFund range of funds which invest in Prudential's With-Profits Fund. PruFund funds are multi-asset funds and invest in a wide range of assets, across different asset types and countries. Other types of investment, for example direct share holdings, investment trusts and other exchange traded investments are available. **PruFund Guarantee options** Prudential's PruFund Cautious and PruFund Growth funds previously offered guarantee options. However due to current market conditions, new guarantees are currently suspended to new and existing clients from 25.11.2019.

	The PruFund range of funds aim to grow your client's money over the medium to long term (5 to 10 years or more), while protecting them from some of the extreme short-term ups and downs of direct stockmarket investments by using an established smoothing process. This means that while your clients won't benefit from the full upside of any potential stockmarket rises they won't suffer from the full effects of any downfalls either. The PruFund range of funds all invest in Prudential's With-Profits Fund, which is one of the largest with-profits funds in the UK. However, there are differences across the range of PruFund funds in their objectives and mix of assets, and how PruFund delivers returns to your clients when compared to other With-Profits business, which means the returns received by your clients will vary by fund choice. Please refer to "Your With-Profits Plan – a guide to how we manage the fund (PruFund range of funds)" reference WPGB0031 for more information. For more information take a look at the PruFund client brochure. https://www.pruadviser.co.uk/pdf/PFBS10000.pdf
What Guarantees are available for my client, once they're no longer suspended?	**<u>Optional Guarantees Suspension</u>** Due to current market conditions new guarantees on PruFunds are currently suspended for new and existing customers. <u>Capital Guarantee</u> Selected funds from the PruFund range of funds come with the option of purchasing a capital guarantee. This guarantee ensures that no matter how markets have performed, a guaranteed minimum fund value is available at a specific date in the future: this is the guarantee date. The available guarantee dates depend on the minimum and maximum terms available at the time account holders takeout the guarantee. Additional charges will be applied. <u>Minimum Income Guarantee</u> Minimum Income Guarantees are available for investments held in selected funds from the PruFund range of funds in the Pension Income Account. At any time from 55, your clients can guarantee a minimum income from these investments. This gives them a way of ensuring a dependable income for life, although it could still deplete their original investment, but without the commitment of taking out an annuity. - Th e guarantee can be switched off if their needs change. - A new guarantee can be applied at a future date subject to some restrictions. - Additional charges will be applied. Full details are shown in guarantees available on PruFund investments.
How can my client access their pension benefits?	There are three ways your client can use their Retirement Account to take benefits. They can use some or all of their savings to: - Take cash lump sums (known as Uncrystallised Funds Pension Lump Sums of UFPLS) on a regular or one-off basis from their Pension Savings Account. - Take drawdown payments, where their money stays invested and they take as much or as little income as they need from their Pension Income Account. If they're in capped drawdown, there's a maximum amount they can take that is set by the government.

- Purchase an annuity with some or all of the value of their Retirement Account.

Your clients can also take a combination of the above. Each time they take a cash lump sum, move money into drawdown, or buy an annuity from an insurance company, they can usually take out 25% of the money tax-free.

The above is based on Prudential's understanding, as at September 2020 current taxation, legislation and HMRC practice, all of which are liable to change without notice. The impact of taxation and any tax reliefs depends on individual circumstances.

<table>
<tr><td>What charges and costs are applicable to my clients account?</td><td>There are different types or levels of charges and costs that may be deducted from your client's Prudential Retirement Account.

Your client's personal illustrationsshows what charges andcosts they will pay. These are described below and may vary in the future and be higher than they are now.</td></tr>
<tr><td>Product charge

Investment charges and costs

Further costs

Additional information</td><td>Monthly charges are taken on their 'charge date', usually the same date in the month that their Retirement Account was opened.

This is an annual charge calculated as a percentage of your client's total Retirement Account value and Prudential deduct 1/12th of the yearly charge each month on the charge date*. Prudential apply a discount to their product charge which varies according to the value of their Retirement Account. The yearly Product Charge before any discounts is 0.45% and the impact of the discounts are shown in the table below.

<table>
<tr><th>Retirement Account value</th><th>Product charge after</th></tr>
<tr><td><£25,000</td><td>0.45%</td></tr>
<tr><td>£25,000-£49,999</td><td>0.45%</td></tr>
<tr><td>£50,000-£99,999</td><td>0.45%</td></tr>
<tr><td>£100,000-£249,999</td><td>0.40%</td></tr>
<tr><td>£250,000-£499,999</td><td>0.35%</td></tr>
<tr><td>£500,000-£749,999</td><td>0.30%f</td></tr>
<tr><td>£750,000-£999,999</td><td>0.275%</td></tr>
<tr><td>£1,000,000+</td><td>0.25%</td></tr>
</table>

The charge is taken as follows:

- For the part of your clients Retirement Account held in PruFunds, Prudential deduct units to the value of the charge.

- For holdings in the cash account, external funds and those managed by Stocktrade, the charge will be deducted first from the cash account, and if there isn't enough money there, by cashing in units and assets proportionately across external funds. If there are insufficient external funds, Prudential will use Stocktrade holdings, using any cash held first.

- *Your client's Retirement Account may have more than one Pension Savings and/or Pension Income Account. The product charge is applied to each of these as described above, but all will receive a discount based on the aggregate value of the Retirement Account.

- There is a charge for looking after your investment.

- This may vary between funds and may change throughout the lifetime of your Prudential Retirement Account.

- Where you have invested in PruFund, this charge can also be referred to as an Annual Management Charge.

• There are other costs that aren't covered by the yearly charge.
• These can include, for example, maintenance costs for property investments and costs associated with investingin infrastructure, such as utilities, transport and renewable energy.
• These costs can vary over time.

For further information on charges and costs, please refer to the relevant fund guide.</td></tr>
</table>

	Where you have invested with Stocktrade there may be some charges not displayed in this illustration. Please contact Stocktrade or your Financial Adviser for more information. There are no investment charges and costs applied to your Cash Account.
PruFund Guarantee charge [if applicable]	This is a percentage rate agreed at the start of your client's guarantee, which is applied to the value of the guarantee units held, and is taken by monthly deduction from those guarantee units. New guarantees on PruFund are currently suspended as, under current market conditions, the cost of guarantees on PruFund means they would not offer value for money.
Stocktrade charges [if applicable]	Dealing on recognised stock exchange trades is by separate agreement with Stocktrade who will charge on a per trade and custody basis. Any such charges for this are not included in the investment charges and yearly costs as mentioned above. You can find more information on the Stocktrade charges online at www.pru.co.uk/retirement-account
Adviser charges	<Adviser to insert appropriate copy>
Should your client die before 75	Prudential offer flexible death benefits on the Retirement Account. There are 3 main ways account holders' pensions can be passed onto their beneficiaries: - Lump sum – account holders 'pensions are paid out into the beneficiaries bank account - Drawdown – the beneficiary "takes over" the pension and can take out as much or as little as they wish. - Annuity – the beneficiary can buy a secure income for life from an insurance company. The account holder's expression of wish is important and should be kept up to date as this will be used by Prudential in deciding the beneficiaries and to whom Prudential may pay income benefits. The beneficiary of the account holder will normally receive the proceeds of the Account tax-free when taken either as a lump sum or by withdrawing income.

Should your client die after 75	If the account holder dies at or after age 75 the beneficiary will be taxed on any payments at their marginal rate. Where the benefit is paid to a non-individual e.g. to a trust or estate then Prudential will deduct 45% tax before payment. The ultimate beneficiary of the payments may be able to claim some or all of this tax back depending on their circumstances.
About Prudential	
Financial Strength	Prudential is one of the companies in the UK savings market with an established track record and well respected brand. Prudential is a Financially strong company, demonstrated by the A- (stable) rating from Standard & Poor's, an independent rating company for financial strength. (Source: Standard & Poor's as at June 2020).
Company Size	M&G plc is an international financial services group with significant operations in Asia, the US and the UK. Serving customers across 28 countries with £339 billion of asset under management. (As at August 2020).
Award Winning Service	As well as offering a comprehensive suite of pension and retirement income products, Prudential offers an award-winning service and was awarded '5 Stars' for service in 2019 as a Life and Pensions provider at the Financial Adviser Awards.

The above is based on our understanding, as at September 2020 of current taxation, legislation and HMRC practice, all of which are liable to change without notice. The impact of taxation and any tax reliefs depends on individual circumstances.
Full Terms and Conditions on the Retirement Account are available on request.