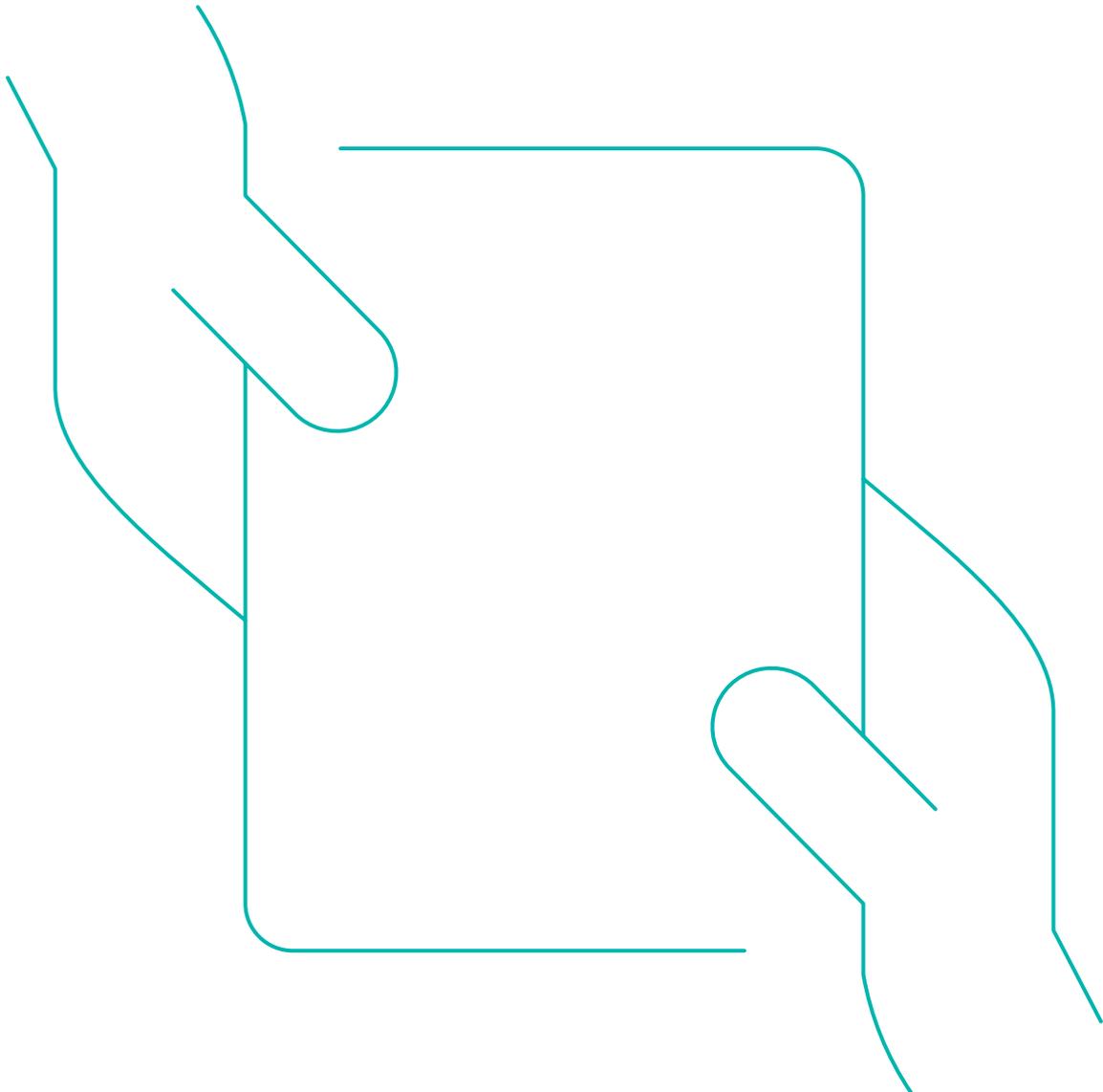


Key Features of the Prudential Free-Standing Additional Voluntary Contribution Scheme



Please read this document along with your personal illustration before you decide to top-up your existing plan. It's important you understand how the Prudential Free-Standing Additional Voluntary Contribution Scheme works, the benefits and associated risks.

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We'd like everyone to find it easy to deal with us. Please let us know if you need information about our plans and services in a different format.

All our literature is available in audio, large print or braille versions. If you would like one of these please contact us using the details on the last page.

The Financial Conduct Authority is a financial services regulator. It requires us, Prudential, to give you this important information to help decide whether our Prudential Free-Standing Additional Voluntary Contribution Scheme is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

About the Prudential Free-Standing Additional Voluntary Contribution Scheme

The Prudential Free-Standing Additional Voluntary Contribution (AVC) Scheme is designed to allow you to make extra payments towards your retirement in a tax efficient way.

If you still have questions about the Prudential Free-Standing AVC after reading this booklet, please look at the 'Get in touch' section for our contact details. If you have a financial adviser, please speak to them in the first instance.

It's aims

What this plan is designed to do

- To help you save for your retirement in a flexible and tax-efficient way.
- To build up a pension pot to provide you with an extra income in your retirement.

Your commitment

What we ask you to do

- To make at least one payment into the plan – either regular monthly or a single payment.
- To allow your pension pot to potentially grow until you take your pension benefits.
- To regularly review your investments to make sure you're on track for retirement.

Risks

What you need to be aware of

- The value of your investment can go down as well as up so you might not get back the amount you put in.
- There are different risks for different funds.
- As the price of everyday goods and services goes up, your money won't stretch as far as the same amount would now. This is called inflation.
- If the total charges and costs are more than any overall growth achieved, your plan will fall in value, possibly to even less than you have invested.
- If you withdraw money from the With-Profits Fund we may reduce the value by applying a Market Value Reduction. We explain this in the section 'Where are my payments invested?'
- There may be a delay in buying, selling or switching to or from certain funds.

Other documents you should read

This document gives you key information about the Prudential Free-Standing Additional Voluntary Contribution Scheme. If you want more detail on specific points, please read the following documents. We have highlighted when this is relevant throughout this document.

They're all available from your adviser, or direct from us. Details on how to get in touch are on the last page.

- **Your With-Profits Plan – a guide to how we manage the Fund**

This provides information on how our With-Profits Fund works, and our current approach to managing it.

- **Market Value Reduction – a clear explanation**

This explains what a Market Value Reduction is, together with information about why and when these may apply.

Questions & answers

Is topping-up the Prudential Free-Standing Additional Voluntary Contribution Scheme right for me?

The Prudential Free-Standing AVC might be right for you if you're a member of your employer's pension plan and you want to build up an additional pot of money for your retirement.

If you are not sure whether the Prudential Free-Standing AVC is right for you, please speak to a financial adviser. If you don't have one, you can find an adviser at pru.co.uk/find-an-adviser.

The Government provide a benefit known as Pension Credit. If you have little or no other retirement provision, the pension you receive from this plan could result in a reduction in the benefit you receive from the Pension Credit when you start taking your pension because of your increased pension. The exact effect will depend on the rules for Pension Credit in place when you retire. You may wish to speak to a financial adviser about Pension Credit before deciding if you want to go ahead.

Is this a stakeholder pension?

No, the Government has set minimum requirements that companies must meet for a stakeholder pension. These cover things like payments, charges and terms and conditions.

Charges for the plan may be higher than for a stakeholder pension.

A stakeholder pension may meet your needs as well as this plan, and these are widely available.

How flexible is it?

You can pay in regular premiums by monthly direct debit, and one-off amounts by cheque until you reach age 75.

You can change your payments at any time, subject to minimum amounts that we may set. We explain more in the section 'How much can I pay into my plan?'.

You can stop paying or take a payment break and restart later if your circumstances change. Please note that this will reduce your future benefits. If your circumstances do change, please speak to a financial adviser or contact us using the details on the last page.

What happens if I move abroad?

If you move overseas and are no longer resident in the UK for tax purposes, you're unable to top up your pension. The only exception to this is if you're a Crown Servant (or the spouse/civil partner of a Crown Servant) serving overseas.

How much can I pay into my plan?

The minimum amount of top-up is £20.00 a month. This includes basic rate tax relief. The current basic rate of tax relief is 20%, so you'll pay £16.00 of this.

You can choose to have regular payments increased automatically each year by 5%.

You can also make additional one off (single) payments. The minimum single payment is £200.00. This includes basic rate tax relief. The current basic rate of tax relief is 20%, so you'll pay £160.00 of this.

You'll normally receive tax relief on your payments. To find out more information on tax relief, please refer to 'What about tax?' section.

Can I transfer money in?

No, it's not possible to transfer money into this plan.

Where are my payments invested?

If you originally chose a payment term of five years or more your payments will be invested in the Prudential With-Profits Fund.

If you originally chose a payment term of less than five years or you switched to the Deposit Fund at your selected retirement date, your payments will be invested in the Deposit Fund.

The value of your investment can go down as well as up so you might get back less than you put in.

Deposit Fund

The Prudential Deposit Fund earns a variable rate of interest. The current practice, which we can review at any time, is to set the interest rate in line with the Bank of England base rate at the time.

The Deposit Fund is backed by the assets held within Prudential's With-Profits Fund. Any interest is declared monthly and there are no explicit charges. Interest once added is guaranteed and withdrawals from this fund are not subject to a Market Value Reduction (MVR).

With-Profits Fund

A With-Profits investment is one that aims to smooth some of the short term highs and lows of the fund over the period of time that you hold the plan. So, in theory you should see a steadier return year on year, rather than watching the value of your Plan fully reflect the rise and fall in investment markets. 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, company bonds and cash deposits. This is not guaranteed and you must consider that the value of your investment can go down as well as up so you might get back less than you put in.

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, although once added these bonuses are guaranteed on death and at your selected retirement age,
- **final**, which we may pay when you take money out of the With-Profits Fund, although this may vary and is not guaranteed.

You can get further information about this from **Your With-Profits Plan – a guide to how we manage the Fund**.

What's a Market Value Reduction?

If you take money out of the With-Profits Fund, we may reduce the value of your fund if the value of the underlying assets is less than the value of your plan including all bonuses. This reduction 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 any MVR to your plan's value including regular and final bonuses. Please read **Your With-Profits Plan – a guide to how we manage the Fund** for more information on bonuses. An MVR will reduce the value of your plan and if investment returns have been low, you may even get back less than you have invested in your plan.

We guarantee not to apply an MVR at your selected retirement date or on any claims in the event of your death.

Our current practice on applying a Market Value Reduction

We may apply a Market Value Reduction to full or partial withdrawals, including as a result of switches or transfers out of the With-Profits Fund on all investments that have been running for less than five years.

For investments that have been running for longer periods, we would consider applying a Market Value Reduction when the withdrawal results in the total amount paid out, including any other payments in the previous 12 months, exceeding £25,000. We would only apply a Market Value Reduction to the withdrawal amount in excess of £25,000 in these circumstances. As plans approach the selected retirement date, the size of any Market Value Reduction that would apply could be expected to reduce gradually.

We reserve the right to change our current practice on Market Value Reductions at any time, without prior notice, and this would apply to existing plans and any new plans or top-ups. Examples of reasons for a change would include significant changes in the investment market or because the number of people moving out of the fund increases substantially.

For more information on our current practice, and on when we may apply an MVR please see **Market Value Reduction – a clear explanation**.

Can I change my investments?

On reaching your selected retirement date, if your payments have been invested in the With-Profits Fund you can switch the value of your plan (including any final bonus) into the Deposit Fund until you take your benefits. We currently don't charge for this. If this changes in the future we will let you know.

We may delay the buying, selling and switching to or from certain funds. These delays will only apply in certain circumstances and if this applies to you, we'll let you know.

What if I stop making payments?

Your Free-Standing AVC pension pot will continue as 'paid up' and bonuses will still be added to the With-Profits Fund. Interest will continue to be added to the Deposit Fund.

We'll continue to deduct charges. When you retire the accumulated pension pot value will be used to provide your pension.

If you change jobs you can still continue payments to your plan even if you join your new employer's pension scheme.

Can I transfer money out?

You can transfer your pension pot to another pension scheme at any time. We do not charge you for transferring to a new arrangement.

We may apply a Market Value Reduction if you transfer money out of our With-Profits Fund. For more information about this, please read the section 'Where are the payments invested?'

To find more information on this subject, we recommend you speak to a Financial Adviser.

What are the charges and costs?

Charges and costs are deducted for managing your plan and the underlying investments. The amount we charge depends on the funds you invest in.

Please remember we'll keep taking our charges, even if you stop regular payments.

Charges and costs may vary in future and may be higher than they are now.

Deposit Fund

In the Deposit Fund, the interest rate described earlier is after the effect of charges. There are no explicit charges.

With-Profits annual charge

For With-Profits Funds, there are various costs involved with setting up and managing your policy. We deduct a charge from the With-Profits Fund each year to cover these costs.

The charge isn't explicit so you'll not see it being taken from your policy. It's deducted from the underlying With-Profits Fund and is already taken into account when we calculate bonus rates for our With-Profits Fund. The With-Profits Fund's annual charge depends on the performance of the With-Profits Fund, in particular the investment return and our expenses. If, for example, over time investment returns are higher then we'd expect to increase the charges and if investment returns are lower we'd expect to reduce the charges.

The charge will depend on the investment returns achieved and the expenses incurred by the Fund (higher investment returns will be associated with a higher charge and lower investment returns will be associated with a lower charge). The charge is currently expected to be approximately 0.91% a year if the investment return in the With-Profits Fund is 5% a year (gross of tax).

We deduct this charge through the bonus mechanism.

More information on the operation of the With-Profits Funds is explained in **Your With-Profits Plan – a guide to how we manage the Fund**.

Further costs

In addition to our charges, there may be further costs incurred, which can vary over time. Where these are applicable, they are paid for by the relevant fund and will impact on its overall performance.

For more information on these further costs, please look at your illustration for this product.

With-Profits charges for guarantees

There's a charge to pay for all the guarantees the With-Profits Fund supports and we take this charge by adjusting regular and final bonuses each year. We guarantee not to apply a Market Value Reduction (MVR) e.g. when payments are made because of death or at your selected retirement age. Our current practice (which isn't guaranteed) may include additional circumstances when an MVR isn't applied. Please see 'Where are the payments invested?' for more information.

The total deduction for guarantee charges over the lifetime of your plan is not currently more than 2% of any payment made from the fund. We'll review the amount of the charge from time to time. Charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

Our current practice (which is not guaranteed) may include additional circumstances when an MVR is not applied. Please see 'Where are my payments invested?' for more details.

You won't see this charge on your annual statement because we take it by adjusting regular and final bonuses.

We'll review the amount of our With-Profits guarantee charge from time to time. The above charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

For more information about bonuses and charges, please read **Your With-Profits Plan – a guide to how we manage the Fund**.

What might I get back?

The size of your pension pot will depend on many factors such as:

- the amount that has been paid into the plan
- how long the payments have been invested
- the performance of the fund(s) you have invested in
- the age you choose to take your benefits
- the amount of charges you've paid
- the amount of any Market Value Reduction

For an example of the income you could receive, please see your illustration.

When can I take my benefits?

You can start taking your benefits from the age of 55, even if you're still working. You might be able to take your benefits earlier than that if you're in ill health.

Regardless of your age, if you have a life expectancy of less than one year due to ill health, you may be able to take your pension pot tax-free.

For more information, please contact us using the details on the last page.

The minimum age from which you can access your personal or occupational pension will increase from 55 to 57 on 6 April 2028, unless you have a protected pension age. State Pension age will increase from age 66 to age 67 for males and females between 6 April 2026 and 5 April 2028. These ages may change in future.

Under the terms of this contract you are currently required to take your benefits by age 75.

What choices will I have when I want to take my benefits?

You've got different options to choose from when it comes to taking your benefits. We'll contact you as you approach retirement to let you know which of these options we may be able to offer you.

Depending on your choices, you might need to move your pot to another pension to access some of these options or to access them when you prefer.

Flexible cash or income (also known as drawdown)

You can take out up to 25% of the money moved into your flexible cash or income plan, in cash, tax-free. You'll need to do this at the start. You can then dip into the rest as and when you like. You can also set up a regular income with this option. Any money you take after the first 25% may be subject to income tax.

A guaranteed income for life (also known as an annuity)

You can use your plan to buy an income for life. It pays you an income (a bit like a salary) and is guaranteed for life. These payments may be subject to income tax. In most cases you can take up to 25% of the money you move into your guaranteed income for life, in cash, tax-free. You'll need to do this at the start and you need to take the rest as an income.

Cash in your plan all at once

You can take your whole plan in one go, as a lump sum. Normally the first 25% is tax-free, but on the remainder, you could lose 20%, 40% or even 45% to income tax, if it pushes you into a higher tax bracket (especially if you're still earning). You'll need to plan how you provide an income for the rest of your life.

Take cash in stages

You can leave your money in your plan and take out cash lump sums whenever you need to – until it's all gone, or you decide to do something else with what's left. You decide when and how much to take out. Every time you take money from your plan, the first 25% is usually tax free and the remainder may be subject to income tax.

Take more than one option

You don't have to choose one option – you can take a combination of some or all of them over time, even if you've only got one pension pot.

Whatever you decide to do with your pension savings – you don't have to stay with us. You should shop around and depending on the choices you make, you may find something more appropriate elsewhere, with alternative features, investment options or charges.

Where can I get guidance about what to do with my pension?

General guidance and information on all aspects of pensions is available from MoneyHelper.

MoneyHelper Pensions Guidance

Money and Pensions Service

120 Holborn

London

EC1N 2TD

Telephone: 0800 011 3797

Website:

[Moneyhelper.org.uk/en/pensions-and-retirement](https://moneyhelper.org.uk/en/pensions-and-retirement)

For people over 50, Pension Wise is also available. This Government service from MoneyHelper offers guidance to people with personal or workplace pensions on all the options available for their pension savings. You can have a free consultation online, over the phone and face to face.

Telephone: 0800 280 8880

Website: **moneyhelper.org.uk/pensionwise**

These services are free and impartial and using them won't affect your legal rights.

What about tax?

Tax relief

You'll normally receive tax relief on your contributions. For every £100 you pay into your plan, HM Revenue & Customs (HMRC) will pay in another £25. You'll get this tax relief up to the higher of £3,600 gross (including tax relief) or 100% of your earnings.

If you earn above the basic rate you will be able to claim back the extra tax you pay through your tax return.

Annual Allowance

The Annual Allowance is a limit to the total amount of payments that can be paid to defined contribution pension schemes and the total amount of benefits that you can build up in defined benefit pension schemes each year, for tax relief purposes.

Money Purchase Annual Allowance

Taking money out of your pension will sometimes lower the amount you can pay into all the pensions you may have while still benefitting from tax relief. This limit is called the Money Purchase Annual Allowance (MPAA). Your pension scheme administrator or provider will have told you if you are subject to the MPAA at the time they started to pay you.

Lump Sum Allowances

From 6 April 2024 the lifetime allowance was replaced by two new allowances.

The Lump Sum Allowance (LSA)

This is a limit on the amount of tax free lump sums that can be taken from pension schemes.

Lump Sum and Death Benefit Allowance (LSDBA)

This is a limit on the amount of lump sum death benefits and serious ill health lump sums that can be paid without tax.

Where the amount exceeds either of these allowances, income tax may be payable on the excess.

Capital Gains Tax

You don't pay capital gains tax on your pension funds.

Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances. Before you make a decision you might want to speak to a financial adviser. They can help you understand the tax rules and how they might affect you.

For more information visit pru.co.uk/tax or the HMRC website at hmrc.gov.uk.

How will I know how my Prudential Free-Standing AVC Scheme is doing?

We'll send you a yearly statement, which shows how your plan is doing.

Keep track of your plan online, at a time that suits you.

With your online service you can check the value of your plan, contact us securely, change personal details and view your documents.

If you're not registered, it's easy and only takes five minutes. You'll need your policy number, postcode and date of birth. Go to pru.co.uk/registeronline to find out more.

You can also phone our Customer Service Team on **0345 640 3000** and a member of our team will give you an up-to-date valuation.

What happens to the Prudential Free-Standing AVC Scheme if I die?

If you die before you start taking your benefits, we will normally pay the value of your pension pot as a lump sum.

We decide who to pay your money to, which means that your pension doesn't normally form part of your estate for Inheritance Tax purposes.

We decide who to pay your money to, but we ask you to help us make the decision by completing a Nomination of Beneficiary form and keeping it up to date. This is a common way of helping pension schemes choose who benefits from your pension after you die and means your pension doesn't normally form part of your estate for Inheritance Tax purposes.

For more information about inheritance tax rules, please go to HMRC's website hmrc.gov.uk/inheritance-tax

What if topping-up the Prudential Free-Standing AVC Scheme isn't right for me?

You have 30 days from the date you receive your plan documents to cancel your top up. This is called a cooling-off period.

To cancel it, please complete and return the Cancellation Notice that we send you with your plan documents, or write to us at:

Prudential Customer Services

Prudential
Lancing
BN15 8GB

Please include your plan number.

If you do not exercise your right to cancel within the 30 day statutory period, the contract will become binding. We will not return any money to you except in the form of a benefit payable in accordance with the rules.

Other information

Client category

We classify you as a 'retail client' under Financial Conduct Authority (FCA) rules. This means you'll receive the highest level of protection for complaints and compensation and receive information in a straight forward way.

Compensation

The products Prudential Assurance Company Limited (PACL) offers are covered by the Financial Services Compensation Scheme (FSCS). If we get into financial difficulties, you may be able to make a claim. The FSCS is an independent body set up by Government to provide compensation for people where their authorised financial services provider gets into financial difficulties and becomes unable, or unlikely to be able, to pay claims against it. This circumstance is referred to as being 'in default'.

Losses, which may result from poor investment performance, are not covered by the FSCS.

Where does FSCS protection apply?

There is full FSCS coverage if PACL is 'in default'.

- Your pension is protected up to 100% of the value of your claim.
- When you hold the Prudential With-Profits fund or Deposit fund in your pension, they are protected 100% in the event of the default of PACL.

You can find out more information on the FSCS at pru.co.uk/fscs, or you can call us.

Information is also available from the FSCS.

Visit their website: fscs.org.uk

Or write to:

**The Financial Services Compensation Scheme
PO Box 300
Mitcheldean
GL17 1DY**

Or call the FSCS: **0800 678 1100**

Financial strength

Prudential meets regulatory standards for meeting its financial obligations. You can read our solvency and financial conditions reports at pru.co.uk/about_us, or if you contact us using the details on the last page, we can post some information to you.

Terms and conditions

This Key Features Document gives a summary of your plan. For further details please contact us using our contact information on the last page.

Conflict of interest

We want to make sure that we uphold our reputation for conducting business with integrity. If we become aware that our interests may conflict with yours, we will take all reasonable steps to manage it in an appropriate manner.

We have drawn up a policy to deal with any conflicts of interest. If you would like to know the full details, please contact us using our details on the last page.

Law

The law of England and Wales applies to your contract.

Our regulators

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Prudential Assurance Company Limited is entered on the Financial Conduct Authority (FCA) Register, FCA Reference Number 139793. The FCA Register is a public record of all the organisations that the FCA regulates.

You can contact the FCA at:

**The Financial Conduct Authority
12 Endeavour Square
London
E20 1JN**

Email: consumer.queries@fca.org.uk

Prudential Regulation Authority details:

The Prudential Regulation Authority
Bank of England
Threadneedle St
London
EC2R 8AH

Email: enquiries@bankofengland.co.uk

Communicating with you

Our documents and terms and conditions, as well as all other communications, will be in English.

How to make a complaint

If you have a complaint, please get in touch with us and we will do everything we can to resolve it. You can also ask us for details of our complaints handling process. Our contact details are in the 'Get in touch' section at the back of this document.

If you're not satisfied with our response, you can take your complaint to the Financial Ombudsman Service who help settle individual disputes between consumers and businesses providing financial services:

Financial Ombudsman Service
Exchange Tower
Harbour Exchange
London
E14 9SR

Telephone: **0800 023 4567** or **0300 123 9123**

Or visit the website: financial-ombudsman.org.uk

Help is also available from The Pensions Ombudsman who deal with complaints and disputes about the administration and management of occupational and personal pension schemes.

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone: **0800 917 4487**

Email: enquiries@pensions-ombudsman.org.uk

Website: pensions-ombudsman.org.uk

You can also submit a complaint form online:
pensions-ombudsman.org.uk/making-complaint

These services are free and using them won't affect your legal rights.

Get in touch

If you want to contact us, you can do so in the following ways:



With your online service you can check the value of your plan, contact us securely, change personal details and view your documents.

If you're not registered, it's easy and only takes five minutes. You'll need your policy number, postcode and date of birth. Go to pru.co.uk/registeronline to find out more.



Write to: **Prudential Lancing BN15 8GB UK**



Phone: **0345 640 3000** Monday to Friday, 8am to 6pm (we're not open on public holidays). We might record your call for training and quality purposes. To find out more about how we use your personal data, please visit pru.co.uk/mydata



If you're a deaf customer, who is also a British Sign Language (BSL) user, you can contact us using a Video Relay service. The service, provided by SignVideo, connects customers to fully qualified, registered NRCPD interpreters who will relay your conversation with a member of our customer service team.

pru.co.uk/contact-us/signvideo

There's no cost for using this service to call Prudential and we're available to help you Monday to Friday, 8am to 6pm.

Keep in touch

It's important that we keep in touch so, if you change your address or any of your contact details, please let us know.

pru.co.uk

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