Important information

keyfacts®

Key Features of the Flexible Retirement Transfer Plan (Personal Pension and Income Drawdown with SIPP options)

Contents

If you would like a Braille, large print or audio version of this Key Features, please contact us at:

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About this booklet

- This booklet is the Key Features of our Flexible Retirement Transfer Plan (Personal Pension and Income Drawdown with SIPP options).
- If you are considering whether our Flexible Retirement Transfer Plan may be right for you, this booklet will help you make that decision. You should read this with your personal illustration.
- If you still have questions about our Flexible Retirement Transfer Plan after reading this booklet, your financial adviser will be able to help. Alternatively you can call us on 0845 640 3000.

The Financial Services Authority

The Financial Services Authority is the independent financial services regulator. It requires us, Prudential, to give you this important information to help you decide whether our Flexible Retirement Transfer Plan (Personal Pension and Income Drawdown with SIPP options) is right for you. You should read this information carefully so that you understand what you are buying and then keep it safe for future reference.

› About our Flexible Retirement Transfer Plan

What's Prudential's Flexible Retirement Transfer Plan?

Our Flexible Retirement Plan (FRP) offers flexibility and choice as you save for retirement and take retirement income. When you transfer your existing retirement arrangement, you'll be able to choose from our plan's Personal Pension, Income Drawdown and Self-Invested Personal Pension (SIPP) options.

You can choose where to invest your money from a wide range of options and you have the flexibility to decide when and how to take an income as your needs change.

What's a SIPP?

A Self-Invested Personal Pension (SIPP) is a personal pension plan that allows you to invest pension savings in assets you choose, from an allowable range. These can include stocks, shares and commercial property. With a SIPP you have access to a much wider choice and type of investment than you do with other personal pension plans. You can switch easily between the investment options available, typically with the help of your financial adviser or an investment manager.

What's Income Drawdown?

Income Drawdown lets you take a retirement income from your pension fund – without buying an annuity – until age 75, and continue to benefit from any investment growth on the remaining fund.

You can normally enter Income Drawdown under our FRP between the ages of 50 (55 from 6 April 2010) and 74. You can invest all of your fund in Income Drawdown immediately or you can phase the movement of your fund from the Personal Pension option to the Income Drawdown option.

Your financial adviser can give you more detailed information about Income Drawdown and help you decide if it's right for you.

What's a Pension Annuity?

A pension annuity is a contract between you and an annuity provider. In return for some or all of your pension fund, the annuity provider agrees to pay you an income for the rest of your life.

You don't have to buy your annuity from the same company you have your pension with. You can buy it from another company if you want to.

What are Protected Rights?

Protected Rights are the part of your transfer value made up of the funds you built up by being contracted out of the State Second Pension or State Earnings Related Pensions Scheme (SERPS).

Your Financial Adviser can tell you more about Protected Rights.

Its aims

- To give you a wide choice of investment options to help you save for retirement in a tax efficient way
- To let you delay buying your annuity up to age 75 while taking a tax free lump sum and income payments from your fund using the Income Drawdown Option.

Your commitment

- To allow the money in your plan to grow until you take your pension benefits.

Risks

Risk factor	Where you can find more information
The value of your investment can go down as well as up. The value can even fall below the amount you invested.	We explain this in "How do you work out the value of my investment?" on page 8.
There are different risks for different funds.	We explain this in "Where's my money invested?" on page 7.
In Income Drawdown if you take more money out of your plan as income than your plan earns in investment growth, the overall value of your fund will fall.	We explain this in "What benefits can I take?" on page 11.
If your plan invests in our With-Profits Fund and you take money out of that fund, including to move from Personal Pension to Income Drawdown, we may reduce the value by applying a Market Value Reduction.	We explain this in "What's a Market Value Reduction?" on page 14.
Tax rules may change in the future.	We explain this in "What are the tax advantages of investing in a Personal Pension Plan?" and "What are the tax advantages of my Income Drawdown plan?" on page 10.
Inflation will reduce what you can buy in the future.	
If you cancel your plan within 30 days, the transfer value returned may be less than you paid in.	We explain this in "Can I change my mind?" on page 16.

Questions and Answers

How much can I transfer into my Personal Pension plan?

The minimum you can transfer into your pension plan is £5,000.

Any additional transfers into your plan need to be at least £200.

If you choose to invest in a Self-Invested Fund under either of the SIPP options, you need to transfer at least £10,000 into that fund. More information about the SIPP options can be found on page 9.

The maximum you can transfer into your plan is £1,000,000. In some circumstances we may accept transfers larger than £1,000,000. If you would like to invest more than £1,000,000, please speak to your financial adviser.

If the pension plan you are transferring money from allows you to take more than 25% of its value as tax-free cash when you take your benefits, you may lose this entitlement and any protected early retirement age you are entitled to, when you make your transfer.

What size of fund do I need to use the Income Drawdown Option?

To access Income Drawdown you must have an FRP fund of at least £50,000.

If you're investing in our FRP for the first time and are transferring money from another pension arrangement into the Income Drawdown Option, the transfer value needs to be at least £50,000, with no less than £10,000 invested in Income Drawdown. If the transfer is coming from an existing Income Drawdown plan the minimum amount must be £37,500.

The maximum transfer value (after deduction of any tax free cash) is £1,000,000. In some circumstances we may accept transfers larger than £1,000,000. If you would like to invest more than £1,000,000, please speak to your financial adviser.

If you've already invested at least £50,000 in FRP (£37,500 if the original investment came from an existing Income Drawdown plan), the minimum amount that can be invested in the Income Drawdown option is £10,000 (£7,500 if coming from an existing Income Drawdown plan).

Where's my money invested?

With our FRP you have a number of investment choices for your pension fund, including:

- A range of over 130 investment funds from Prudential and other fund managers. This includes the Prudential With-Profits Fund (including our PruFund range), and Unit-Linked Funds from many leading fund managers.
- A ready-made Personal Pension lifestyle option which potentially reduces your exposure to risk as retirement approaches.
- Three ready-made Income Drawdown lifestyle strategies – Cautious, Balanced and Adventurous.
- Self-Invested Fund options that allow you to invest in a wide range of asset types other than our funds.

Choosing funds

You can invest in up to 20 funds at any time. Your money buys units in the funds you choose.

Different funds invest in different types of assets. For example, some only invest in property, others invest directly in the stock market, and others invest in a wide range of assets. Each fund has its own level of risk and potential for growth. Usually, funds with more potential for growth carry more risk.

Your adviser will give you our "Fund Guide – Flexible Retirement Plan" which provides more information on the funds available, including the objective of each fund and its risk profile. Alternatively, you can visit our website www.pru.co.uk. We can also send you a copy of this document on request.

For any fund, we may delay the buying, selling or switching of units. These delays will only apply in exceptional circumstances and if this applies to you, we will let you know. For more information please refer to your Technical Guide.

The following funds are invested in **Prudential's With-Profits Fund**:

- With-Profits Fund
- PruFund Cautious Fund
- PruFund Protected Cautious Fund
- PruFund Growth Fund

Although these funds are invested in the same underlying fund, there are significant differences in the way that returns are delivered. For more information please read "How do you work out the value of my investment?" on page 8.

Both the PruFund Cautious Fund and the PruFund Protected Cautious Fund have the same unit price and spread of investments, but the PruFund Protected Cautious Fund has the added benefit of a guarantee which has an extra charge.

The PruFund Protected Cautious Fund

If you invest in the PruFund Protected Cautious Fund, you benefit from a guarantee. This guarantee protects the value of your investment on the guarantee date. This is normally the 5th anniversary of your investment in the fund. If you are more than 5 years and less than

10 years from your selected retirement age or final conversion date (the final date at which units in an Income Drawdown plan must be sold and used to purchase an annuity), the guarantee date will be your selected retirement age or final conversion date. Alternatively, in these circumstances you can select the guarantee to apply at 5 years.

A Guaranteed Minimum Fund (GMF) will be set when you first invest in this fund. The GMF will be the initial amount you invest after allowing for any initial charges, commission or enhancements.

Your GMF will be reduced proportionately if you withdraw any money from your investment in the PruFund Protected Cautious Fund. This includes income payments, partial switches out of the fund and fund related commission payments to your adviser. We will show your GMF on your annual statement, so that you know how your withdrawals have affected it.

If you cash in your plan before the guarantee date, then the guarantee will not apply. If you fully switch out of the fund before the guarantee date then the guarantee will not apply and you cannot switch back in to this fund within twelve months.

We check the value of your investment at the guarantee date. If its value has dropped below the GMF, we restore it to that value. We do this by adding units to your plan. We then switch your investment to the fund of your choice, or to the PruFund Cautious Fund.

What's the Personal Pension lifestyle option?

The Personal Pension lifestyle option is designed to move money from funds you choose into lower-risk funds as you get older.

If you invest in the Personal Pension lifestyle option, you can either:

- choose up to 18 funds to invest in initially, or
- invest all of your money in our default fund, the Prudential Managed Pension Fund.

Ten years before you are due to take your benefits, we'll start switching your money from the funds you've chosen into lower-risk funds. By the time you are due to take your benefits, all of your money will be in lower-risk funds.

You can find more information about this option in our "Fund Guide – Flexible Retirement Plan". Your adviser will give you a copy of this document, or you can get it from our website at www.pru.co.uk or contact us.

When you pick the funds you want to invest in the Personal Pension lifestyle option, you can't include the With-Profits Fund, the Self-Invested Fund or the PruFund Protected Cautious Fund.

What are the Income Drawdown lifestyle options?

The Income Drawdown lifestyle options automatically switch your money into funds with lower risk profiles as you approach age 75.

You can choose one of three Income Drawdown lifestyle options: the cautious, balanced or adventurous option.

These three "risk" based investment strategies are set by the mix of investment funds held. The mix is designed to change over time as you get older and perhaps want to take less risk with your investment.

We explain more about this in our "Fund Guide – Flexible Retirement Plan".

If you choose one of our lifestyle options, you must invest 100% of your contribution into your preferred option.

How do you work out the value of my investment?

For most funds the value of your investment is determined by the fund performance. If the underlying investment fund value grows we increase the price of your units. Equally, if the underlying investment fund value falls, we decrease the price of your units.

However, we calculate the growth on some funds differently.

The Prudential With-Profits fund invests in a wide range of assets designed to spread risk and provide smoothed returns.

For the **With-Profits Fund**, returns are delivered through the unit price which will reflect the addition of Regular Bonus and cannot go down. However, the unit price does not show the effect of any Final Bonus or Market Value Reduction that may apply.

For more information about how the With-Profits Fund works, please read "Your With-Profits Plan – a guide to how we manage the Fund (Prudential Unitised With-Profits Plans and Cash Accumulation Plans)".

For the **PruFund Funds**, we use a smoothing process which aims to give you a more stable rate of growth than you would get if you were directly exposed to the daily changes in the funds' performance. However the value of your investment can go down as well as up, and in certain circumstances we may suspend smoothing.

For more information about how the PruFund funds work, including detail on the smoothing process, please read

"Your With-Profits Plan – a guide to how we manage the fund (PruFund range of funds)", and refer to the Technical Guide which is available on request.

Can I switch money between funds?

You can switch your money between funds and we currently don't charge you for this. If this changes in the future we will let you know. However, you can only invest in 20 funds at a time.

There are a number of differences for switches involving the PruFund funds, more details can be found in the Technical Guide.

If you switch money out of one of the **PruFund funds** we will make your switch 28 days after we receive your request, using the unit price on the 28th day. Once a request has been made it cannot be cancelled. The 28 day delay does not apply to switches between PruFund Cautious and PruFund Protected Cautious funds.

Only one switch request involving the PruFund Funds is allowed each quarter, where the PruFund quarter dates are 25 February, 25 May, 25 August and 25 November, or the next working day if the quarter date is a weekend or a public holiday.

If you fully switch out of the PruFund Protected Cautious Fund before the guarantee date, you cannot switch back in within twelve months.

If you switch money out of the **With-Profits Fund**, we may apply a Market Value Reduction. For more information about Market Value Reductions, please read "What's a Market Value Reduction?" on page 14.

You cannot switch into the With-Profits Fund or the PruFund Protected Cautious Fund within five years of selected retirement age or after age 70.

You cannot switch money in to the PruFund Protected Cautious Fund if you are already invested in it.

What if I'm moving money from the Personal Pension option to the Income Drawdown option?

You may be moving all of your money to Income Drawdown or only some of it as part of Phased Drawdown, i.e. where you take your tax-free cash and income gradually over a period of time.

If you do this, you can either invest in the same funds or switch to different funds under Income Drawdown. When you move your money out of the Personal Pension option we sell the units in the funds you were investing in and buy new units for your Income Drawdown plan on the same day.

If you invested part of your Personal Pension plan in the With-Profits Fund, we may apply a Market Value Reduction when you convert it to the Income Drawdown option. We won't do this if you move money to the Income Drawdown option at your selected retirement age.

For all PruFund funds, units are sold in the Personal Pension Plan and new units bought in the Income Drawdown Plan when you convert. This means that any PruFund investments will start off in the relevant PruFund Account under the new Income Drawdown plan and will be switched to the appropriate fund on the next quarter date.

For more information on PruFund Accounts, please read "Your With-Profits Plan – a guide to how we manage the Fund (PruFund range of funds)".

You can carry over any guarantees from your investment in a PruFund Protected Fund to the Income Drawdown option but you must keep the same amount invested in that fund across both the Personal Pension and Income Drawdown plans. Full details can be found in the Technical Guide.

What if I bring more than one transfer value into the Flexible Retirement Plan?

If you are using Income Drawdown, we will hold all your transfers in our FRP Holding Account until we receive all the documents and payments we need to make the transfers. We pay interest equivalent to HSBC base rate less 0.75% on what we hold in this account.

If you are only using the Personal Pension option you have the choice to opt in to the FRP Holding Account as above. We explain more about this in our Technical Guides. You can ask us for a copy of these.

Can I invest in a SIPP?

You can invest part or all of your plan in a SIPP. You do this by investing in the Self-Invested Fund.

If you invest in the Self-Invested Fund, you have two SIPP options. These are the FundSIPP option, and the Full SIPP option.

The FundSIPP option lets you include investment in up to 20 funds from the fund supermarket offered by Cofunds in your Self-Invested Fund. The Cofunds fund supermarket has a range of over 1,300 funds.

The Full SIPP option allows you to include a much wider range of assets in your Self-Invested Fund, from an allowable range that includes shares, unit trusts and commercial property. See our "SIPP Allowable Investments" factsheet for more information on the allowable range. Your adviser can give you this document.

You can appoint your own investment manager or broker to carry out transactions for you. Alternatively, we can arrange for you to make transactions using our preferred third-party broker.

The SIPP option you choose affects the charges that we apply to your plan. For more information please see "What are the charges?" on page 12.

In some circumstances you may be able to invest in some of the funds we offer at a lower cost through the Cofunds fund supermarket. Your financial adviser can explain the possible options.

What if I already have a SIPP?

It may be possible to transfer your existing SIPP into your Personal Pension Plan without having to sell any of your existing assets. This is called an 'in specie' transfer. Your financial adviser can help you decide whether this is right for you.

What if I'm investing Protected Rights?

If some or all of the money you transfer into your Flexible Retirement Transfer Plan is Protected Rights, some of your options might be different to those we've described in this booklet. For example, you can't invest Protected Rights in the Self-Invested Fund. Please speak to your financial adviser for more information.

Can I take money out of my Personal Pension plan?

You can't withdraw money from your plan. It can only be used to provide you with pension benefits. If you die before retirement we'll pay the plan value as a lump sum unless part or the entire plan has to be paid as a pension for your beneficiaries.

What are the tax advantages of investing in a Personal Pension plan?

Investments in pension funds in which registered pension schemes are invested are given important tax benefits. They do not pay tax on investment income received or capital gains. Some underlying investments, such as dividends from company shares, will be paid out of taxed profits, and the tax is currently not reclaimable.

When you come to take your benefits, they are subject to income tax.

What are the tax advantages of my Income Drawdown plan?

You have the same tax advantages with the Income Drawdown plan as you do with the Personal Pension plan.

However, when you die, any lump sum we pay to your dependants is subject to 35% tax.

Lifetime Allowance

The Government limits the total amount you can receive in pension benefits over your lifetime before suffering tax penalties. This is called your Lifetime Allowance.

If the value across all your pension funds exceeds the Lifetime Allowance at the time you take your benefits, a tax penalty will be payable on the excess amount. The Lifetime Allowance for the next two tax years is:

Tax year	Lifetime Allowance
2009/2010	£1.75m
2010/2011	£1.80m

The Government will review the Lifetime Allowance on an ongoing basis, but have confirmed that it will stay at £1.8m for the five tax years starting from 2011/2012. If you think you might be affected by the Lifetime Allowance, you should speak to a financial adviser as soon as possible.

If you've invested in the Self-Invested Fund, you should talk to your financial adviser about how tax affects your investment.

The information in this booklet is based on our understanding as at December 2009 of current taxation, legislation and HM Revenue & Customs practice. All of these are liable to change without notice. The impact of taxation and any tax relief depends on individual circumstances.

When can I start taking my retirement benefits?

The government currently allows people to start taking their benefits from the age of 50 (55 from 6 April 2010), even if they are still working. You may be able to start taking your benefits earlier if you are in ill health.

While you must start taking your benefits by your 75th birthday, you can also opt for a phased approach. So you could transfer parts of your pension fund into Income Drawdown or an annuity over time and leave the rest in your pension plan.

You can only take Income Drawdown benefits up to age 75 and you must buy an annuity before age 75 or move to an Alternatively Secured Pension (ASP) at age 75. Speak to your financial adviser for information about ASPs.

For PruFund funds, we may delay any withdrawal by 28 days, using the unit price on the 28th day. This delay will never apply to withdrawals at your selected retirement age or at age 75. Please refer to the Technical Guide for more information. This is available on request.

What benefits can I take?

You can take benefits by buying a pension annuity or by moving into Income Drawdown.

When you buy your annuity, you can usually take up to 25% of your pension fund as a tax-free lump sum. The rest is used to buy your annuity.

You don't have to buy your annuity from the same provider you invested your pension fund with.

You don't have to buy an annuity to take your benefits. If you invest in the Income Drawdown plan, you can use the money in that plan to take a regular income without buying an annuity. That way you can delay buying an annuity until you're 75 if you wish.

You can usually take up to 25% of your Income Drawdown plan's value as a tax-free lump sum. This can only be taken at the start of your Income Drawdown plan – it can't be taken later.

You can take income as regular payments and/or one-off withdrawals directly from your plan. You choose how much income, if any, to take each year up to a maximum amount set by the Government Actuary's Department (GAD). We are required to review the maximum allowable income every five years.

You can make regular withdrawals monthly, every three months, every six months or yearly.

We limit the amount of money you can withdraw from the With-Profits Fund and the PruFund funds if you are not wholly invested in these funds. We explain these limits in our Technical Guide, which is available on request.

You should bear in mind that when you take money from your pension fund through Income Drawdown, you reduce the amount you'll have to convert to an annuity at 75. The income you get from any annuity you buy could be less than the income you took through Income Drawdown – depending on factors such as income taken, investment performance and annuity rates.

What might I expect to get back?

The personal illustration you received shows how much you could get back, based on example growth rates. However the actual fund value available to buy benefits will depend on:

- the amount you've paid in,
- the length of time your money has been invested,
- the funds you've invested in and their performance,
- any guarantees selected and when they apply,
- the age you choose to take your benefits,
- the charges,
- any income and tax free cash taken under the Income Drawdown option.

What happens to my money if I die before I start taking my benefits?

Personal Pension

If you die before you start taking your benefits, we'll normally pay the money in your Personal Pension plan as a lump sum to your next of kin or nominated beneficiary.

The rules require us, as the Scheme Administrator, to decide who'll receive the lump sum. This is because if you choose who is to receive it, it would be included in your estate when calculating if any Inheritance Tax is payable. We'll take into account your circumstances and any stated wishes before we decide who receives the lump sum.

If you invested in either of the SIPP options, we may take instructions from your beneficiaries on how and when to sell assets in the Self-Invested Fund.

For more information about inheritance tax rules, please contact your financial adviser.

If you have any Protected Rights, some or all of your pension fund may have to be used to buy a pension for your spouse, civil partner or other dependants. This will reduce the lump sum we pay.

In Income Drawdown

If you die before taking an annuity, the benefits paid from your plan will depend on who you have nominated as your beneficiary. This person could be:

- Your spouse or civil partner,
- Another dependant, or
- Someone named in your will or your estate.

Providing the person you've picked is your spouse, civil partner or financial dependant, they can:

- Take a lump sum (less 35% tax),
- Continue in Income Drawdown until they're 75,
- Use the money in the plan to buy an annuity, or
- Pay a dependant's income to a child, until the child is 23.

Anyone other than your spouse, civil partner or financial dependant must take a lump sum, less tax.

Any nomination you make will be binding if the nominee is a dependant, other than through mutual dependence, at the date of your death. You should speak to your financial adviser about this if you think it might affect you.

If, when you die, you have a spouse or civil partner, the value of any protected rights Income Drawdown plan must be used either to set up a dependant's Income Drawdown plan or to buy an annuity or make a transfer to an Alternatively Secured Pension arrangement. An Alternatively Secured Pension is only available where a spouse or civil partner is aged 75 or over. If you don't have a spouse or civil partner, the value will be paid as a lump sum.

We'll treat any money in the FRP Holding Account as if you'd invested it in the Personal Pension Plan, rather than the Income Drawdown Plan.

What are the charges?

We make charges for managing your plan and your investments. The amount we charge depends on the funds you invest in.

How our charges could affect the plan is shown in your illustration.

Our charges may vary in the future and may be higher than they are now. Further details can be found in the Technical Guide which is available on request.

Annual Management Charges

Every year, we take an Annual Management Charge from each of the funds you invest in (except the Self Invested Fund).

The funds have different Annual Management Charges which are already taken into account when we work out the value of your plan. You can find information about how much we charge for each fund in the "Fund Guide – Flexible Retirement Plan", which your adviser will give you.

Annual Management Charge – With-Profits Fund

The management charge for the With-Profits Fund 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 would expect to increase the charges and if returns are lower, we would expect to reduce the charges. We currently expect this charge to be approximately 1.25% a year based on the assumption that future investment returns from the With-Profits Fund will be 7% a year.

Annual Management Charge – PruFund Funds

We take the Annual Management Charge for PruFund Funds by deducting a percentage of the units every month. If you have only invested in a PruFund Fund for part of a month, we still take a full month's charge.

Investment expenses

Underlying Unit Trusts/OEIC's (Open Ended Investment Companies) incur additional investment expenses, which include trustee fees, custodian charges and registrar fees. Whilst we do not currently charge for these, in addition to our Annual Management Charge, we reserve the right to explicitly charge for the additional Unit Trust/OEIC expenses. Some of the externally managed funds may also apply a "dilution levy". We do not currently apply this charge directly to your plan, however we reserve the right to explicitly charge for any dilution levy that applies. We will let you know if we plan to do this.

Charges for guarantees – With-Profits Fund

There is a charge to pay for all the guarantees the With-Profits Fund supports. We guarantee not to apply a Market Value Reduction (MVR) when payments are made because of death or at your selected retirement age, or in respect of income payments under Income Drawdown. Please see "What's a Market Value Reduction?" on page 14 for more details.

You won't see this charge on your annual statement because we take it by making a small adjustment to regular and final bonuses.

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 will 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.

PruFund Protected Cautious Fund – Guarantee Charge

If you invest in the PruFund Protected Cautious Fund, the fund includes a guarantee which has an annual charge. We take this charge by cancelling units. Details of the charge can be found in your illustration.

The cost of advice

There may also be charges directly related to any commission you agreed with your financial adviser. Your financial adviser can take:

- Initial Commission (reduced allocation)
- Funded Initial Commission (100% allocation with Establishment Charge)
- Fund-Related Commission

Your financial adviser will explain these options to you.

You can find details of all your charges and the effect of the commission you've agreed with your adviser in your personal illustration.

Allocation rate

The allocation rate is the percentage of your transfer we actually invest in your plan.

If you agree that your financial adviser is to receive Initial Commission, this is expressed as a percentage of your investment and deducted from the amount invested in your plan. For example, if your adviser is paid 4% Initial Commission, your allocation rate would be 96%.

If you've chosen either of the SIPP options and you make an 'in specie' transfer, your allocation rate must be 100% and no initial commission will be paid to your adviser.

When you move from the Personal Pension option to the Income Drawdown option the allocation rate is applied to the value used to calculate the maximum income allowable, adjusted for any outstanding Establishment Charges under the Personal Pension.

Establishment charge

If you agree that your financial adviser is to receive Funded Initial Commission, we apply an establishment charge to your plan. We set this charge when we set up your plan and we apply it monthly for the first five years. The amount of the establishment charge will depend on the level of Funded Initial commission you have agreed with your adviser.

A surrender charge equal to the amount of any outstanding establishment charges will be deducted from the plan value when money is taken out of the plan within the five-year establishment charge period. This includes money taken out for transfer payments and annuity purchases.

Where your funds are converted to Income Drawdown and there are outstanding establishment charges under the Personal Pension, these will be carried over to the Income Drawdown plan.
A proportion of these outstanding charges will be deducted from any tax-free cash payment made under the Income Drawdown plan.

Do I receive any discounts?

You may benefit from discounts on the annual management charge. We may give you a Fund Size Discount depending on the size of your fund. Any final bonus or MVR applicable to investments in our With- Profits Fund will be excluded from this calculation of the fund value. We also give you a Loyalty Discount depending on how long you've invested in the plan.

Fund Size Discounts don't apply to investments held under the Self-Invested Fund or the FRP Holding Account.

We apply any Fund Size or Loyalty Discount monthly.

Loyalty Discount

Investment period	Loyalty Discount from Annual Management Charge
Less than 5 years	nil
5-9.99 years	0.05%
10-14.99 years	0.10%
15-19.99 years	0.20%
20 years or more	0.25%

Fund Size Discount

The discount to the Annual Management Charge will apply to the whole of your investment, not just the portion above the threshold levels shown above.

Fund Size	Fund Size Discount from Annual Management Charge
Less than £25,000	nil
£25,000-£49,999	0.10%
£50,000-£99,999	0.20%
£100,000-£249,999	0.25%
£250,000 and over	0.30%

If both discounts apply to your plan, we add them together.

While the Loyalty and Fund Size discounts don't apply to investments in the Self-Invested Fund or FRP Holding Account, if investments are transferred out of the Self-Invested Fund and the money reinvested in other funds within your plan, the period of continuous investment includes the period you were in the Self-Invested Fund.

What if I've invested in either of the SIPP options?

There are fixed establishment and administration charges to pay on investments in the Self-Invested Fund.

The charges for investing in the SIPP options depend on:

- The SIPP option you choose,
- The assets you invest in, and
- Whether you buy or sell any assets in the Self-Invested Fund.

SIPP options – Establishment and Administration Fees

If you choose the FundSIPP option, we apply an Establishment Fee of £150 and an Annual Administration Fee of £200. If you choose the Full SIPP option, we apply an Establishment Fee of £300 and an Annual Administration Fee of £425. If you choose the Income Drawdown option whilst invested in a SIPP, we apply an Annual Fee of £100.

SIPP options – transaction charges

If you choose the FundSIPP option, you don't have to pay fees for buying and selling assets in the Cofunds fund range. If you choose the Full SIPP option, you may have to pay transaction fees depending on the type of assets you buy and sell. More information can be found in "A schedule of fees – Self Invested Fund", which is available on request.

The charges you will incur depend on your actual investment activity. As we do not know which assets you will choose to buy and sell in your Self-Invested Fund, your illustration has been produced as if your transfer value is invested in a fund with an Annual Management Charge (AMC) of 1% each year.

The important point you should note is that whilst self investment offers more flexibility than a traditional insurance fund, charges can have a greater impact on smaller funds. In particular, for Self-Invested Funds less than £50,000, it is anticipated that the impact of the Establishment Fee and the Annual Administration Fee is likely to be more than 1% of the Self-Invested Fund each year.

To help you understand the possible impact of the Establishment Fee and the Annual Administration Fee, we have set out some sample illustrations on page 15.

These show the estimated value of some example SIPPs assuming an investment growth rate of 7% each year before charges. The table also shows the reduction in growth figure after taking account of charges. The values are shown after 5, 10, 20 and 30 year terms for the contribution detailed under the following four scenarios:

- using no AMC, and inclusion of the Establishment Fee of £300 and Annual Administration Fee of £425
- using a notional AMC of 1% only
- using a notional AMC of 1% and inclusion of the Establishment Fee of £300 and Annual Administration Fee of £425
- using a notional AMC of 1.5% and inclusion of the Establishment Fee of £300 and Annual Administration Fee of £425.

These fees are assumed to change each year in line with the Retail Price Index.

What's a Market Value Reduction?

If you take money out of the With-Profits Fund, we may adjust the value of your fund if the value of the underlying assets is less than the value of your plan including all bonuses. This adjustment 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 the 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 – (Prudential Unitised With-Profits Plans and Cash Accumulation Plans)" for more information on bonuses. An MVR will reduce the value of your plan and if investment returns have been very poor, you may get back less than you have invested in your plan.

We guarantee not to apply an MVR at your selected retirement age, final conversion date (the final date at which units in an Income Drawdown plan must be sold and used to purchase an annuity), or on any claims due to death. We also guarantee not to apply an MVR to any regular income or one-off income payments from Income Drawdown.

Our current practice on applying an MVR

We may apply a Market Value Reduction to any full or partial withdrawals, switches or transfers out of the With-Profits fund.

An MVR may apply if moving funds from a Personal Pension to Income Drawdown on a date other than your Personal Pension selected retirement age.

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.

Sample illustrations

Transfer Value		Fees Only (no AMC)		Notional AMC 1% only		Notional AMC 1% plus Fees		Notional AMC 1.5% plus Fees	
		Estimated fund value at end of term	Reduction in growth from 7% to:	Estimated fund value at end of term	Reduction in growth from 7% to:	Estimated fund value at end of term	Reduction in growth from 7% to:	Estimated fund value at end of term	Reduction in growth from 7% to:
£10,000	5 Year Term	£10,800	1.7%	£13,300	5.9%	£10,200	0.6%	£10,000	0.0%
	10 Year Term	£12,100	2.0%	£17,700	5.9%	£10,700	0.7%	£10,000	0.1%
	20 Year Term	£14,900	2.0%	£31,600	5.9%	£10,600	0.3%	£8,880	–0.6%
	30 Year Term	£18,100	2.0%	£56,300	5.9%	£8,280	–0.6%	£4,600	–2.6%
£25,000	5 Year Term	£31,900	5.0%	£33,300	5.9%	£30,200	3.9%	£29,500	3.4%
	10 Year Term	£41,600	5.2%	£44,400	5.9%	£37,400	4.1%	£35,400	3.6%
	20 Year Term	£73,000	5.5%	£79,200	5.9%	£58,200	4.3%	£51,800	3.7%
	30 Year Term	£132,000	5.7%	£140,000	5.9%	£92,800	4.5%	£77,400	3.8%
£50,000	5 Year Term	£66,900	6.0%	£66,700	5.9%	£63,600	4.9%	£62,000	4.4%
	10 Year Term	£90,800	6.2%	£88,900	5.9%	£81,900	5.1%	£77,700	4.5%
	20 Year Term	£169,000	6.3%	£158,000	5.9%	£137,000	5.2%	£123,000	4.6%
	30 Year Term	£322,000	6.4%	£281,000	5.9%	£233,000	5.3%	£198,000	4.7%
£100,000	5 Year Term	£137,000	6.5%	£133,000	5.9%	£130,000	5.4%	£127,000	4.9%
	10 Year Term	£189,000	6.6%	£177,000	5.9%	£170,000	5.5%	£162,000	5.0%
	20 Year Term	£363,000	6.7%	£316,000	5.9%	£295,000	5.6%	£266,000	5.0%
	30 Year Term	£703,000	6.7%	£563,000	5.9%	£515,000	5.6%	£441,000	5.1%

These figures are only illustrative. An assessment of your needs will be confirmed by your financial adviser before a recommendation is made.

How do I know how my plan is doing?

We send you an annual statement.

If you've chosen either SIPP option, we send you a separate statement about the Self-Invested Fund.

You can get an up-to-date valuation by calling our Customer Services Department on **0845 640 3000**.

Is the Flexible Retirement Transfer Plan a Stakeholder pension?

The Flexible Retirement Transfer Plan is not a Stakeholder pension. Stakeholder pensions are readily available – your financial adviser can help you choose the right pension to suit your needs during retirement.

Can I transfer money from my Flexible Retirement Transfer Plan to another pension arrangement?

You can transfer the money in your Flexible Retirement Transfer Plan to another pension arrangement at any time before you take your pension benefits. We don't charge you for this but we will recover any outstanding establishment charges, as detailed on page 13.

If you transfer money from the With-Profits Fund, we may apply a Market Value Reduction. See "What's a Market Value Reduction?" on page 14.

If you transfer money from the PruFund Funds, we may make the transfer 28 days after we receive your request and everything we need from you to make the transfer. In these circumstances the transfer value will be the value of the plan on the 28th day. This delay will never apply to transfers at your selected retirement age or at age 75. Please refer to the Technical Guide for further information.

Finally, we may charge for selling assets in the Self-Invested Fund. Charges will depend on the investments you've chosen. For more information please refer to "What if I've invested in either of the SIPP options?" on page 13.

Additional information for Income Drawdown

The following options are available, you can:

- move into an Income Drawdown plan with another provider,
- use your Income Drawdown plan to buy an annuity, or
- move into an Alternatively Secured Pension at 75, with another provider. Prudential do not currently offer an ASP.

Can I change my mind?

You can change your mind within 30 days from when you get your plan documents. If you decide, for any reason, within this period that you don't want the plan, we'll refund the value of your fund to the original provider. However, you should bear in mind that the previous provider may not be willing to take back the transfer fund and you may have to find an alternative arrangement.

If you cancel your plan within 30 days, the value may be less if the fund has fallen.

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

If you've applied for an Income Drawdown plan you must return any income and tax-free cash received before we can process the cancellation.

If you've applied for any of your transfer value to be allocated to non-readily realisable or non-publicly quoted assets in the Self-Invested Fund you have waived your rights to cancel these.

If you wish to exercise your right to cancel, you should complete and return the Cancellation Notice you will receive or write to us at:

Prudential
Stirling
FK9 4UE

Other information

How to contact us

If you have a financial adviser, please continue to use them as your first point of contact.

Alternatively, you can call us on **0845 640 3000**.

You can also write to us at:

Prudential
Stirling
FK9 4UE

Or via our website: www.pru.co.uk

How to make a complaint

If your complaint is adviser related please contact your financial adviser.

If we do anything that you're unhappy about, we want to know. We'll always try to put it right if we can.

To resolve your complaint quickly we need to know exactly what the problem is. So please write to us with all the details of what has happened to:

Prudential
Customer Relations Unit
Stirling
FK9 4UE

Copies of our complaint handling procedures are available from this address.

If you'd rather phone, you can call us on the number shown on your quotation. To make sure we have an accurate record of what you tell us, we may monitor or record your call.

We hope that we'll be able to handle your complaint in a way that satisfies you. But if we can't, you can speak to one of the following organisations.

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

Telephone: 0845 080 1800

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7630 2200

The Pensions Advisory Service (TPAS)
11 Belgrave Road
London
SW1V 1RB

Telephone: 0845 601 2923

The Pensions Advisory Service is an independent, government funded body that gives free advice to members of the public about pensions.

These are free services. Using them won't affect your right to take legal action. We can help you find the appropriate organisation to handle your complaint.

How we'll communicate with you

We will communicate with you in English by post, by phone or by email.

Your client category and why it matters

The Financial Services Authority (FSA) is the independent financial services regulator. It asks companies to categorise their clients based on their involvement in and familiarity with financial services. This helps to make sure we send the right information to the right people. For example, information for an individual customer should assume less knowledge than information for a financial services company.

You're categorised as a "retail client". This means you get the highest level of protection by getting the clearest explanation of what you're buying and more detail about the risks. This means the information we send you is clear, balanced and indicates any relevant risks. Your category does not affect your right to lodge a complaint with the Financial Ombudsman Service.

If you have any questions about your client category, or think your category should be different, please call our Customer Service Team on **0800 000 000**.

Conflict of interest

We want to make sure that we uphold our reputation for conducting business with integrity. That's why we've drawn up a policy to deal with any conflicts of interest.

If you would like to know the full details of our Conflict of Interest Policy, please contact our Customer Service Team on **0800 000 000**.

Law

The law and courts of England and Wales will decide any dispute.

Terms and Conditions

This Key Features summarises our Flexible Retirement Transfer Plan. It doesn't include all the definitions, exclusions, terms and conditions. Please refer to our Technical Guide for more information, this is available on request.

FSA Registration

Prudential Assurance Company Limited is entered on the Financial Services Authority (FSA) Register. The FSA Register is a public record of all the organisations that the FSA regulates.

Our FSA reference number is 139793.

You can contact the FSA at:

The Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Telephone: 020 7066 1000

Compensation

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if we cannot meet our obligations. This depends on your eligibility, the type of business and the circumstances of the claim.

For more information, contact:

The Financial Services
Compensation Scheme
7th floor, Lloyds Chambers
Portsoken Street
London
E1 8BN

Telephone: 0207 892 7300

www.fscs.org.uk

It is important to note that the compensation scheme detailed opposite applies to the potential insolvency of Prudential Assurance Company and not any underlying investments held within your plan. If you invest in funds run by third party fund managers or Suffolk Life our current understanding is that you would not be able to claim under the scheme for any shortfall in the value of your investments if any of these companies become insolvent (including any balance in the Suffolk Life Bank Account). We also understand that if you have money in the FRP Holding Account you would not be able to claim for any shortfall arising if the bank involved with this account becomes insolvent.

Retirement has more potential with

PRUDENTIAL

www.pru.co.uk

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