Important information

keyfacts®

Key Features of the Prudential Savings Account – Top Up Investment

PRUDENTIAL

Contents

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

Prudential
Stirling
FK9 4UE

About this booklet

- This booklet is the Top Up Key Features for our Prudential Savings Account.
- If you are thinking about whether topping up your Prudential Savings Account may be right for you, this booklet will help you make that decision.
- Please read it, and keep it in a safe place. Please also read the enclosed "Your With-Profits Plan – a guide to how we manage the Fund".
- This Key Features document gives only a summary of top ups to the Prudential Savings Account and should be read in conjunction with your illustration.
- If you still have questions about our Prudential Savings Account after reading this booklet, call us on **0845 640 2000** or speak to you Financial Adviser.

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 Prudential Savings Account is right for you. You should read this information carefully so that you understand what you are buying and then keep it safely for future reference.

About your Prudential Savings Account

- The Prudential Savings Account is designed to be held if you are saving over the medium to long-term (5 years or more). It is an investment plan that invests in the Prudential With-Profits Fund and also provides minimal life and terminal illness cover. The value of your Account will depend on how much profit the With-Profits Fund makes and how we decide to distribute it. Profits are distributed to Account holders in the form of bonuses.
- The maximum amount you can invest is £500,000.
- The Account has no fixed term. You can invest for as long as you wish.
- If you started your Account with regular payments but after ten years are no longer making them and your Account is then worth less that £1000, we can close your Account and pay you its value.

Its aim

- Our Prudential Savings Account aims to give you medium to long-term capital growth on your investment.

Your Commitment

- You invest an additional single payment and/or regular amounts.
- If you make a single payment, the Account is designed for you to wait for at least five years before you fully or partly cash in your Account.
- If you make regular payments only, the Account is designed for you to make these for at least five years and wait at least ten years before you take any money out of your Account.

Risks

Risk factor	Where you can find more information
The value of the investment that makes up your Account can go down as well as up and you may not get back the full amount of your original investment.	We explain this in "Where do you invest my money?" on page 6 and "What might I get back?" on page 7.
If you make a top-up and then cancel it after 30 days, you may get back less money than you paid in.	We explain this in "Can I change my mind?" on page 9.
Tax rules may change.	For more information about tax please see "Will I have pay tax on my Account" page 9.
Charges that could be incurred when you cash in your plan.	We explain this in "What are the Charges" on page 8.
If the total charges taken from your plan are more than any overall growth achieved, your plan will fall in value, possibly to even less than you have invested.	We explain this in "What are the Charges" on page 8.

Questions and Answers

How can I pay into my Account?

- There are several ways to save. You can make additional payments – either single or regular, stop or reduce regular payments, or take a savings break.

  Single payments

  You can invest one or more single payments to your Account, regardless of whether your payments have previously been single or regular, subject to a minimum of £300 each time.

  Monthly payments

  You can increase regular monthly payments, subject to a minimum increase of £20 a month. You (at least one of you for a joint life Account) must be under age 80 when you start regular payments. You can start your regular monthly payments, if previously you had only made single payments, subject to a minimum £50 a month.

  Reducing regular payments

  You can also take a payment break or stop regular payments at any time.

  We will continue to add bonuses to your Account. You can restart your regular payments at any time, subject to certain conditions. If you make regular payments and then break or stop these payments, this could restrict the growth potential of your Account.

- You can cash in your Account at any time or take one-off withdrawals. If you have made a single payment, you might be able to take regular withdrawals. Please see 'Can I withdraw money from my Account?' for further details.

  Please note that this product is not available to new investors – only for additional investment into an existing account.

Where do you invest my money?

Your money, after applying the allocation rate and deducting the initial charge, will be invested in the Prudential With-Profits Fund.

A with-profits investment is one that aims to smooth the return on your money over the period of time you hold the Account. So, you should see a steadier return year on year, rather than watching the value of your account fully reflect the rise and fall in the fund's asset mix.

Your payments are pooled with those of other Prudential investors to form a fund. We invest this fund in a wide range of investments including company shares, property, government bonds, company bonds and deposits.

- Bonuses are the way we allocate to you your share of the profits of the Fund. There are two types:
  - Regular, which may be added throughout each year. We can change the rate of regular bonus at any time without prior notice.
  - Final, which may be paid when you take money out of your Account. Final bonus may vary and is not guaranteed.
- A reduced bonus rate is paid on accounts with a value of less than £6,000.
- The annual rate of bonus applied to your Account will depend on the value of your Account.

Allocation rate – is the percentage we apply to your payment before deducting the initial charge and investing the balance.

When you add a payment, whether regular or single, to your Account the allocation rate will depend on the total amount you have invested so far, including the new payment. This allocation rate will apply to the new payment, but does not affect payments previously made.

Regular payments will be allocated at 100% for as long as the total amount you have paid in is below £6,000. The payment that takes the total to £6,000 and above will be allocated at 100.5% as will all further payments until the next rate band is reached, and so on (please see the following table).

We apply the allocation rate to your payment and then deduct the initial charge of 6% (please see "What are the charges?") and invest the balance in the Prudential With-Profits Fund. If the allocation rate is more than 100%, this will have the effect of reducing the initial charge we deduct from your payment before it is invested.

The total amount you have invested	Allocation rate %
Up to £5,999	100.0
£6,000 to £9,999	100.5
£10,000 to £24,999	101.5
£25,000 to £49,999	102.0
£50,000 to £199,999	102.5
£200,000 to £500,000	103.0

The allocation rates are not guaranteed for any future payments, whether regular or single, that you may make. If this changes in the future we will let you know.

What might I get back?

You will get back the value of your Account when you decide to fully cash it in. There is no guaranteed amount.

- The amount you'll get will depend on:
  - the amounts you have invested;
  - how long these amounts have been invested;
  - any bonuses we have added to your Account;
  - the amount and timing of our charges;
  - any withdrawals you have taken;
  - any Market Value Reduction that we may apply to the value of your Account.

Please refer to your illustration which shows how much you could receive based on examples of investment growth rates and investment periods.

Can I withdraw money from my Account?

There are two ways to access your money, without cashing in your Account in full

- taking regular withdrawals
- taking a one-off withdrawal

If you have invested a single payment, you can choose to take regular withdrawals from the Account.

- Each regular withdrawal must currently be at least £50.
- Depending on your tax situation, you may have to pay Income Tax on any profit when you cash in the Account, or take one-off withdrawals or regular withdrawals that exceed an allowance of 5% each year of the total amount invested. There is a maximum total allowance of 100% of each amount invested. Any unused 5% allowances can be carried forward to future years. If the Account is paid out on death any tax liability is similar to that on fully cashing it in. There is no tax liability if the Account is closed on account of terminal illness.
- You cannot receive regular withdrawals from your Account at the same time as you are paying in regular savings.
- When you start receiving regular withdrawals from the Account, we may apply a Market Value Reduction to any of the withdrawals. This would reduce the value of each unit cashed in to provide the withdrawals. We would therefore have to cash in more of your units than if there were no Market Value Reduction and the remaining value of your Account would then be lower.
- Any "income" or withdrawal taken will reduce the value of your Account. If the "income" or withdrawals are more than any overall growth achieved there is a risk that the value of your Account will be reduced below the level of original capital invested.

If you take a one-off withdrawal

- You can withdraw money from your Account whether you have invested single payments or you save regular amounts, provided:
  - you withdraw at least £200 and
  - you leave a minimum balance of at least £1,000 in your Account.

We may apply a Market Value Reduction, which would reduce the value of each unit cashed in. To provide the withdrawal you have requested we would therefore have to cash in more of your units than if there were no Market Value Reduction and the remaining value of your Account would then be lower.

If you want to receive regular withdrawals or partly or fully cash in your Account, please contact our Customer Services Office on **0845 640 2000**. We will send you a form to complete and return.

If you fully cash in your Account and pay a regular monthly amount you must also cancel your direct debit with your bank or building society at least seven business days before your next payment date. We will send you a cheque within four business days of the date we sell the units in your Account.

What's a Market Value Reduction?

If you take money out of the With-Profits Fund, we may make an adjustment to your Account value if the value of the underlying assets is less than the value of your Account 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 fair share of the With-Profits Fund in which your payments are invested. We apply the MVR to your Account value including Regular and Final Bonuses. We do not apply a MVR on any claims due on death or terminal illness.

Our current practice of applying a MVR is as follows:

- We may apply a MVR, to full or partial withdrawals, on all investments that have been running for less than five years.
- For investments that have been running for longer periods, we would consider the application of a MVR on any particular withdrawal where that withdrawal results in the total amount paid out, including any other payments in the previous 12 months, exceeding £25,000. We would only apply the MVR to the withdrawal amount in excess of £25,000 in these circumstances.

The impact of a MVR will be to reduce the amount payable on a full withdrawal.

We may also apply a MVR to regular automatic withdrawals over a certain limit. Currently this limit is 5%, or a higher amount up to a maximum of 7.5% for withdrawals commencing before 05/09/2002, of your Account value including Regular, but not Final Bonuses at the time withdrawals commence. If regular automatic withdrawals exceed this limit, then the whole withdrawal is treated as a partial withdrawal as described above.

We reserve the right to change our practice at any time, in particular in light of a significant move in the investment market, or in the event of a significant increase in the level of withdrawals taken by our policyholders.

Any change we make to our practice would be applied without prior notice and would apply to existing Accounts as well as any top-ups. However, if we were to reduce the regular automatic withdrawal limit, the new limit would apply only to regular withdrawals starting after the date the change was made or to existing withdrawals when the amount or frequency is altered.

What are the charges?

We deduct the following charges from your Account to cover the costs of administration, investment management and marketing.

- **Initial Charge** – we deduct 6% from each of your single and regular payments. We have explained earlier how the allocation rate may effectively reduce this charge. Please see "Where is my money invested?".
- **Annual Charge** – there is an annual charge that will be deducted from your Account each year. This will be deducted through the bonus mechanism so you will not see it on any yearly statement.

  Charges on With-Profits business depend on the performance of the With-Profits Fund and, in particular, the investment returns achieved and expenses incurred. For example, if over time investment returns are higher then we would expect to increase the charge, and if investment returns are lower we would expect to reduce the charge.
- **Charge for Guarantees** – 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. Please see "What's a Market Value Reduction?" on page 6 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.
- **Withdrawal Charge** – If you have paid in less than £3,000, we make a charge of up to £180 from your fund when you cash in your Account or on the tenth anniversary of the Account if this is earlier. If your Account was started using maturity money from a Prudential policy, this withdrawal charge will be up to £90 and will be made if you have paid in less than £1,500.
- Charges may vary in the future and they may be higher than they are now.

What happens to my account if I die or become terminally ill?

We pay out at least 101% of the value of your Account on death or if you ask us to pay out because of terminal illness.

A terminal illness is one where death is expected within 12 months of diagnosis and Prudential accepts the diagnosis.

If you have a single life Account, we pay out when you die or are diagnosed as terminally ill.

If you have a joint life Account, ownership of the Account passes wholly to the survivor when the first person dies. We pay out when the second person dies or is diagnosed as terminally ill.

Once we've paid the lump sum, the Account will then end.

The Account can be placed in a trust with the proceeds being paid to the trustees. For more details you should seek legal advice.

We don't apply a Market Value Reduction to any amount paid on death or terminal illness.

Will I have to pay tax on my Account?

This section only gives a general tax summary. Individual tax situations may be different and could change in the future.

Capital Gains Tax

We'll pay tax on the capital gains in our funds.

Income tax

You can currently withdraw up to 5% each year of your investment for up to 20 years without any immediate tax liability. This allowance rolls over to the following year if it's not used. However there may be income tax to pay when:

- your Account ends on death,
- you cash in all or part of your Account,
- you withdraw more than the 5% a year tax deferred allowance from your Account, or
- you transfer the ownership of your Account.

Gains from your Account may mean that you lose some or all of your entitlement to the age related higher Personal Allowance or income related benefits.

Inheritance Tax

Inheritance tax may be payable if you still have the Account when you die.

Special tax considerations are given to Accounts written under trust. Please ask your financial adviser for more information.

For more details about tax and how it affects you, please speak to your financial adviser. Further information is also available in our "Guide to tax on your investment" leaflet, which you can request by calling **0845 640 2000** or visiting **www.pru.co.uk**

What happens if I move overseas?

Please note Prudential is not able to accept new monies from customers living overseas. If you move abroad and are no longer a resident of the UK this will impact on your ability to top up this product.

Can I change my mind?

When your application has been accepted, we'll send you a Cancellation Notice. If you wish to use your right to cancel your additional investment, you should complete and return the Cancellation Notice or write to us at:

Prudential
Stirling
FK9 4UE

If you decide to cancel within 30 days, you'll get all your money back.

For cancellations within the 30 day cancellation period only, where a policy is held in joint names, we will accept cancellation by any one of the policyholders, whether acting alone or jointly on behalf of all policyholders.

If you decide to cancel your investment at any time after the 30 day cancellation period has ended you may not get all your money back. What you get back will depend on the performance of the investments and our charges. Please bear in mind that inflation could also reduce the value of your plan and any growth from it.

How will I know how my Prudential Savings Account is doing?

We will send you a statement every year.

You can also call us on **0845 640 2000** for an up-to-date valuation of your Account.

› Other information

How to contact us

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

If you don't have a financial adviser, you can call our Customer Service Centre on 0845 640 2000. The opening hours are 8am to 6pm Monday to Friday. Calls may be monitored or recorded for quality and security purposes.

You can also contact us by:

Post:
Prudential
Stirling
FK9 4UE

Via our website: **www.pru.co.uk**

How to make a complaint

We hope you will never have to complain, but should you have a complaint about any aspect of the services you have received please contact your Financial Adviser.

If you have dealt directly with us please contact us at:

Customer Response Unit
Prudential
Stirling FK9 4UE

Telephone: 0845 640 1000

Copies of our Complaint Handling Procedures are available from the address or telephone number quoted above.

If you are not satisfied with our response you may then take your complaint to:

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

Telephone: 0800 0234 567

This is a free service, using it will not affect your legal rights.

This Key Features summarises our Prudential Savings Account and should be read in conjunction with your illustration. It doesn't include all the definitions, exclusions, terms and conditions, some of which may change in the future. Full terms and conditions are contained in the policy document which is a legally binding contract between you and Prudential. A copy is available on request from our Customer Services Office. Some of the amounts shown and facilities available may be changed in the future. If our Terms and Conditions do change we will write to you and tell you how any changes may affect you. We'll normally do this when we send you your annual statement.

Your client category and why it matters

The Financial Services Authority Service (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 are categorised as a "retail client".

This means that we make sure the information we give you is clear, balanced and indicates any relevant risks. Your category does not affect your right to lodge a complaint.

If you have any questions about your client category, please call our Customer Services Team on **0800 000 000**. Calls may be monitored or recorded for quality and security purposes.

Conflict of interest

A conflict of interest can arise when a business or personal interest influences, or appears to influence, an independent and objective decision.

We want to make sure that we uphold our reputation for conducting business with integrity. That's why we have 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 Services Team on **0800 000 000**.

How we will communicate with you

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

FSA Registration

The Prudential Assurance Company Limited is entered on the FSA Register, FSA Account Number 139793. The FSA Register is a public record of all organisations that the FSA regulates.

You can contact the FSA at:

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

Telephone: 020 7066 1000

Tax

The information in this booklet is based on our understanding as at November 2011 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.

Law

The Law of England and Wales will decide any dispute.

Compensation

We're 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: 0800 678 1100 or 0207 741 4100

www.fscs.org.uk

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