

Important information



Key Features of the Money Purchase Plan

Retirement has more potential with



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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 Key Features for our Money Purchase Plan.
- › If you are thinking about whether our Money Purchase Plan 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 your Member Booklet, A Guide to Fund Options (Key Features Appendix) and your personal illustration.
- › If you still have questions about our Money Purchase Plan after reading this booklet, please speak to your employer, the trustees of your plan or call us on 0845 300 2634.

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 Money Purchase Plan 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 Money Purchase Plan

Your Money Purchase Plan is a pension plan sponsored by your employer that gives you the opportunity to save for your retirement in a tax-efficient way. This type of plan is sometimes referred to as a "defined contribution" scheme. Your employer will have appointed trustees to look after the plan on your behalf.

The provisions of your plan are contained in the booklets "Your benefits explained" and "Member Technical Guide", which we will refer to as the Member Booklet. You should read these along with this Key Features.

We tell you in this booklet when the features of your plan are affected by the plan rules or the decisions of the trustees.

› Its aim

- › To help you save for your retirement in a tax-efficient way.

› Your commitment

- › To make payments into your plan. You can find out what payments you need to make in your *Member Booklet*.
- › 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 the investments that make up your plan can go down as well as up. The value can even fall below the amount you invested.	We explain this in "Where do you invest my contributions?" on page 8.
› There are different risks for different funds.	We explain this in "Where do you invest my contributions?" on page 8. You can find information about each fund in "A Guide to Fund Options".
› If money is taken out of the With-Profits Fund at any time other than the normal retirement date selected by your employer or on your death, the amount payable may be reduced to reflect the value of the underlying assets at that time. This is known as a Market Value Reduction (MVR).	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 Money Purchase Plan" on page 11.
› Inflation will reduce what you can buy in the future.	

› Questions and Answers

Your Money Purchase Plan

How much can I pay into my Money Purchase Plan?

The Member Booklet for your plan will show the amount that you need to pay into your plan and the amount that your employer will contribute. Your employer will take your payments directly from your salary and send them to us.

There is no maximum limit to the amount that you can pay in. However, there are limits on the tax relief you receive. For more information about tax relief, please read "What are the tax advantages of investing in a Money Purchase Plan?" on page 11.

You can contribute to your plan through:

- › regular payments that are either a fixed amount or a percentage of your salary
- › one-off contribution

The rules of your plan may allow you to change your regular payments or stop them at any time. If your employer is deducting your payments from your earnings, you should tell them of any changes you want to make.

The government's Pension Credit guarantees a minimum income if you're on a low income. If you have little or no other retirement provision, the income you receive when you take the benefits from this plan could reduce the amount you receive as a Pension Credit.

Where do you invest my contributions?

You choose which funds to invest your contributions in, from a fund range chosen by the trustees of the plan.

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

The performance of the funds isn't guaranteed. The value of your fund can go down as well as up. If it goes down, you could have less money in your plan than you paid in.

For information about the funds you can choose from, please read "A Guide to Fund Options" and "Your With-Profits plan – a guide to how we manage the Fund".

Can I switch my money between funds?

You can switch your money between funds at any time.

We may apply a Market Value Reduction if you switch money out of our With-Profits Fund. For more information about this, please read "What's a Market Value Reduction?" on page 14.

Can I take money out of my plan?

You can't withdraw money from your plan. It can only be used to provide you with pension or death benefits.

Refunding your payments

The rules of your plan may allow a refund of your contributions in certain circumstances. More information is in your Member Booklet.

Can I transfer my plan?

You can transfer your plan to another pension arrangement before you start to take your pension benefits.

We may apply a Market Value Reduction if you transfer money out of our With-Profits Fund. For more information about this, please read "What's a Market Value Reduction?" on page 14.

Transferring funds between pension providers is an important decision, so we recommend that you speak to a financial adviser first.

Can I transfer money from another pension plan into this one?

Depending on the plan rules, and approval from the trustees, you may be able to transfer money from another pension plan into this one. The minimum amount that you can transfer is £2,500.

If the pension plan you are transferring from allows you to take more than 25% of your fund value as tax-free cash when you take your benefits, you may lose this entitlement when you transfer it.

Transferring funds between pension providers is an important decision, so we recommend that you speak to a financial adviser first.

What are the tax advantages of investing in a Money Purchase Plan?

Tax Relief

You'll normally receive tax relief on your own contributions. You'll get this tax relief on up to 100% of your earnings.

The government limits the amount that can be contributed every year before suffering tax penalties. This is called your Annual Allowance. It also limits the total amount you can receive in pension benefits over your lifetime before suffering tax penalties. This is called your Lifetime Allowance.

Annual Allowance

If, in any tax year, the total payments into all your pension plans exceed the Annual Allowance, an Annual Allowance tax charge of 40% on the excess amount will be payable. The Annual Allowance for the next two tax years is:

Tax year	Annual Allowance
2009/2010	£245,000
2010/2011	£255,000

The government will review the Annual Allowance on an ongoing basis, but have confirmed that it will stay at £255,000 for the five tax years starting from 2011/2012. The Annual Allowance doesn't apply in the year you take all benefits.

If you are also a member of a salary related company pension scheme, any increases in the value of your pension under that scheme will also count towards the Annual Allowance.

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	£1.8m

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.

Capital Gains Tax

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

Income Tax

Any pension income will be taxed as earned income.

This information is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, as at September 2009. These tax rules could change in the future without notice.

The impact of taxation and any tax relief depends on your individual circumstances. For more information about tax, please go to HMRC's website: hmrc.gov.uk/rates.

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. For more information, please read "A Guide to Fund Options".

For most funds we calculate the charge daily and take it monthly from your plan by cancelling units. We calculate the charge for the With-Profits Fund differently.

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

Our charges may vary in the future and may be higher than they are now. Further details can be obtained by referring to your Employer.

With-Profits Fund charge

The With-Profits Fund's management 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 than we would expect to increase the charge and if investment returns are lower we would expect to reduce the charge. We currently expect this charge to be 1% a year, based on the assumption that future investment returns from the With-Profits Fund will be 7% per year. We deduct this charge through the bonus mechanism.

With-Profits guarantee charge

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) in certain circumstances, for example, when payments are made because of death or at normal retirement date. Our current practice (which is not guaranteed) may include additional circumstances when an MVR is not applied. Please see "What's a Market Value Reduction?" for more details.

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

The total deduction for guarantee charge over the lifetime of your plan is not currently more than 2% of any payment made from the fund. This charge 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'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 would also apply if the trustees of your plan transferred part, or all, of the scheme. This adjustment is known as a Market Value Reduction (MVR). It's 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" for more information on bonuses. An MVR will

reduce the amount payable on full or partial withdrawals 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 normal retirement date or on any claims due to death.

Our current practice on applying a MVR

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

We do not currently apply an MVR to withdrawals as a result of early or late retirements or on death.

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.

Can I use my plan to contract out of the State Second Pension?

You can't use this plan to contract out of the State Second Pension.

If you have already used another pension plan to contract out, you may be able to transfer the contracted-out portion of that plan into this one. Please refer to your Member Booklet for more information about this.

What if I want to cancel my plan?

You may vary or cease your contributions at any time in the future, but you have no right to cancel your plan.

How will I know how my plan is doing?

We will send you a statement every year. This statement will show the value of the units in your funds. Alternatively, you can phone us on 0845 300 2634 for an up-to-date valuation.

What happens if I leave?

If you leave employment you can no longer make payments into your plan. If you want to, you can transfer your plan to another pension plan. For more information, please read "Can I transfer my plan?" on page 10.

You'll have to pay tax on any refund. Currently you'll pay 20% on the first £10,800 of your refund, and 40% on any excess amount.

Alternatively, you can leave your money in your plan. We'll continue to invest it, and take our charges. We'll continue to send you an annual statement.

We may apply an MVR to any monies taken out of the With-Profits Fund. Please refer to "What is a Market Value Reduction" on page 14.

› Questions and Answers

Taking benefits from your plan

When can I start taking my benefits?

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

However, your plan's rules may stipulate a retirement age. You may not be able to take your benefits before you reach this age. For more information about your retirement age, please read your Member Booklet or speak to your employer.

You must start taking your benefits by your 75th birthday.

How do I turn the value of my pension plan into benefits?

The value of your pension plan includes money you've invested, less charges plus any growth. This value is known as your pension fund. You can use your pension fund to buy an income known as an annuity. In return for some or all of the money invested in your plan, you'll be paid a regular income for the rest of your life.

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

There are also other options that may be available to you. For information about all your options, please speak to a financial adviser.

Can I take any of my pension fund as a lump sum?

You can usually take up to 25% of your pension fund as a tax-free lump sum when you buy your annuity. You must do this by your 75th birthday.

These tax rules could change in the future without notice.

How much will my income be?

Your Money Purchase Plan doesn't pay you an income. You use your fund to buy an annuity, which will pay you an income. The size of your pension fund will depend on many factors such as:

- › the amount that has been paid into the plan
- › how long you have been making payments
- › the performance of the fund(s) you have invested in
- › the amount of charges you've paid.

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

- › the size of your pension fund
- › the type of annuity you buy
- › your age when you buy your annuity
- › your sex
- › the annuity rate at the time you take your benefits.

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

What happens if I die before I take my benefits?

If you die before you start taking your benefits, we'll pay the value of your pension fund as a lump sum, or as an income, or as a mixture of both.

The trustees of your plan will decide who receives the money. This is because if you choose who receives it, it may be subject to inheritance tax. The trustees will take your circumstances and any stated wishes

into account before they decide who receives the lump sum. You can state your wishes by completing the "nomination of beneficiary" form, which we send you with your plan documents.

If you have benefits from contracting out of the State Second Pension, 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.

For more information about inheritance tax rules, please go to HMRC's website: [hmrc.gov.uk/rates](https://www.hmrc.gov.uk/rates)

› 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 300 2634**. The opening hours are 9am to 5pm Monday to Friday. Calls may be monitored or recorded for quality and security purposes.

You can also contact us by:

**Post: Prudential
MPP Customer Service Centre
Stirling
FK9 4UE**

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

How to make a complaint

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

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

To do this we need to know exactly what the problem is. So please write to us with all the details of what has happened. Please send your complaint 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 0845 300 2634. 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'll 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 FSA.

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.

Terms and conditions

This Key Features summarises our Money Purchase Plan. It doesn't include all the definitions, exclusions, terms and conditions. For more details please refer to your Member Booklet.

Law

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

FSA Registration

Prudential Assurance Company Limited is entered on the Financial Services Authority (FSA) Register, FSA Reference Number 139793. The FSA Register is a public record of all the 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

Compensation

We're covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if we can not meet our obligations. This depends on the type of business and the circumstances of the claim. For more information, please contact:

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

Telephone: 0207 892 7300

www.fscs.org.uk

Retirement has more potential with
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www.pru.co.uk

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