

Key Features of the Trustee Investment Plan

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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 Key Features booklet explains our Trustee Investment Plan.
- › It provides information for trustees of a UK registered pension scheme.
- › If you're considering whether our Trustee Investment Plan is right for your scheme, this booklet will help you make that decision.
- › Please read it and keep it in a safe place. You should read this with your illustration.
- › If you still have questions about our Trustee Investment Plan after reading this booklet, your financial adviser should be able to help. Alternatively, you can call us on 0808 100 3429.

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 Trustee Investment Plan 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 Trustee Investment Plan

Our Trustee Investment Plan is for Trustees of UK registered Occupational Pension Schemes and Self Invested Personal Pension Schemes (SIPPs). It allows Trustees to invest in our range of funds.

This Plan is set up with a single payment, after this no further payments will be accepted in to this Plan.

You can make additional payments (of at least £10,000) which are set up as a new Plan. You can make withdrawals, and you can cash in the Plan at any time.

› Its aim

- › To grow your investment over the medium to long term.

› Your investment

- › You need to make a single payment of at least £20,000 when you take out the plan, or £10,000 if you are adding to an existing plan.
- › Your plan is designed for investment over the medium to long term. You can invest for as long as you like, but there may be an exit charge in the first five years.

› Risks

Risk factor	Where you can find more information
› The value of the plan 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 the investment?" on page 6.
› 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.	
› There are different risks for different funds.	We explain this in "Where do you invest our money?" on page 5.
› Tax rules may change in the future.	We explain this in "Do we pay tax on the Plan?" on page 7
› Inflation will reduce what you can buy in the future.	
› An Exit Charge may apply if a withdrawal is made or the plan is cashed in within five years of taking it out.	We explain this in "Exit Charge" section on page 8.
› If your plan invests in our With-Profits Fund and you take money out of that fund, we may reduce the value by applying a Market Value Reduction	We explain this in "What's a Market Value Reduction?" on page 9.
› If you have the right to cancel, and you cancel the plan within 30 days, the amount returned may be less than the amount you paid in.	We explain this in "What if we want to cancel the Trustee Investment Plan?" on page 9.

› Questions and Answers

Your Trustee Investment Plan

Who can take out a Trustee Investment Plan?

Trustees of UK registered Occupational Pension Schemes and Self Invested Personal Pension Schemes (SIPPs) can take out a Trustee Investment Plan. It allows Trustees to invest in a range of our funds.

All SIPP plans will be set up for a named individual – known as a "member designated" plan. Other UK registered Occupational Pension Schemes can also designate the plan to an individual member if they wish to do so. However plans can only be member designated at the start of the plan on the application form. You can only access the With-Profits Fund if the plan is member designated.

For member designated plans;

- › You can only invest in the **With-Profits Fund** if the member is under age 85.
- › You cannot choose a **PruFund Fund** if the member is aged 98 or over.
- › You cannot choose a **PruFund Protected Fund** with a guarantee term that ends on or after the member's 99th birthday.

Where do you invest our money?

We offer a range of funds. You and your financial adviser choose where to invest your money.

You can invest in up to six 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 growth. Usually, funds with more potential for growth carry more risk.

Your adviser will give you a "Fund Guide" 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 our "Fund Guide" on request when you take out the plan.

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 Policy Document.

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

- › With-Profits Fund
- › PruFund Cautious Fund
- › PruFund Protected Cautious Fund
- › PruFund Growth Fund
- › PruFund Protected Growth Fund
- › PruFund 0-30 Fund
- › PruFund 10-40 Fund
- › PruFund 20-55 Fund
- › PruFund 40-80 Fund

Although these funds are invested in the same underlying fund, the returns on these funds may differ from the returns on the With-Profits Fund due to the smoothing process used and differences in the asset mix and the fund objectives. For more information please read "How do you work out the value of the investment?" on page 6.

The **With-Profits Fund** can be selected for investment at outset, or at anytime after, subject to the plan being member designated and the age restrictions.

Where a PruFund Fund has a corresponding **PruFund Protected Fund** they have the same unit price and spread of investments. **PruFund Protected Funds** have the added benefit of a range of guarantees which have an extra charge.

All **PruFund Funds** can be selected for investment at outset, or at anytime after, subject to the age restrictions for member designated plans. However, you can only invest in one **PruFund Protected Fund** at any time. If you have previously been invested in a **PruFund Protected Fund** and switch out before the Guarantee Date, you cannot reinvest in a **PruFund Protected Fund** for 12 months.

There are a range of guarantee terms for both **PruFund Protected Funds**. The terms, and charge for each term may vary and we may add or withdraw terms. However, once the guarantee has been selected, the charge will remain fixed throughout the guarantee term.

How does the PruFund Guarantee work?

If you select a PruFund Protected Fund, you will be able to select from a range of guarantee terms, where the guarantee will only apply at the end of the selected guarantee term (the Guarantee Date). Each guarantee term has its own charge and this will be payable for the whole of this term.

For full details of the guarantee terms available and the associated charges, please refer to the document "The PruFund Range of Funds: Guarantee Options" – INVS11470. You can get a copy of this from your adviser or from www.pru.co.uk.

On investment into a PruFund Protected Fund we will calculate the Guaranteed Minimum Fund (GMF). This will be set to the initial amount you invest in the fund after allowing for any initial charges or enhancements.

Your GMF will be reduced proportionately for any withdrawals, including fund related commission payments to your adviser, or switches out between investment and the Guarantee Date, and will be shown on your annual statement.

The guarantee will only apply at the end of the selected term. If you fully switch out of a **PruFund Protected Fund** or cash in your plan before the end of the selected guarantee term, then the guarantee will not apply and the charge will stop and you cannot switch back in to a **PruFund Protected 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 corresponding **PruFund Fund**.

How do you work out the value of the 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. If this happens, the unit price will increase or decrease daily in line with the value of the underlying investments.

For more information about how the **PruFund Funds** work, please read "Your With-Profits Plan – a Guide to how we manage the Fund (PruFund range of funds)" (WPGB0031) and refer to the Policy Document, which your adviser can give you.

Can we switch money between funds?

You can switch money between funds at any time. However, you can only invest in up to six funds at any time.

The first two switches in any 12-month period are free of charge. We'll charge £25 for any additional switches.

Please refer to "Who can take out a Trustee Investment Plan?" on Page 5 for restrictions which apply to some funds.

A switch between a **PruFund Protected Fund** and its associated non-protected Fund e.g. PruFund Protected Cautious Fund and PruFund Cautious Fund, or vice versa, will be made using the unit prices on the day we receive the request.

However, all other switches out of any of the **PruFund Funds** will be made 28 days after we receive the request and using the unit prices on the 28th day. Switch requests at the end of the guarantee date are not subject to the 28 day delay. Only one switch request involving any one or more **PruFund Funds** can be made each quarter where the 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. This is in addition to any other switching restrictions outlined in this document.

For full details on switching rules please refer to the Policy Document and to request a switch, please complete the "Investment Alteration Form" – TIPF10001.

Once a request has been made it cannot be cancelled.

If you fully switch out of a **PruFund Protected Fund** before the guarantee date, you cannot switch back in to a **PruFund Protected Fund** 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 9.

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

Can we withdraw money from the plan?

Regular withdrawals

Regular withdrawals of up to 7.5% of the original investment can be made each year, starting from the beginning of the 2nd plan year. There are no Exit Charges nor a Market Value Reduction for any such regular withdrawals taken.

Partial withdrawals

Partial withdrawals of at least £1,000 can be taken from the plan at any time. You must leave at least £1,000 in the plan, unless you are cashing in the whole plan. Exit Charges and a Market Value Reduction may apply to partial withdrawals. Please read "What's a Market Value Reduction" on page 9.

If a partial withdrawal is from one of the **PruFund Funds**, we may pay the partial withdrawal 28 days after we receive the forms we require, using the unit price on the 28th day. If this happens we will let you know. This 28 day delay does not apply on death where the plan is member designated. Taking a partial withdrawal will reduce the amount of regular withdrawals you can take.

How much will be returned when the plan is cashed in?

The value of the plan, when cashed in, will depend on many factors such as:

- how much has been invested,
- how long it's been invested for,
- any withdrawals made,
- the funds chosen,
- how those funds have performed,
- any guarantees selected and when they apply, and
- any charges that we take from the investment.

You can find more information about how much might be returned in your illustration.

Do we pay tax on the 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.

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

What are the charges?

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

How our charges 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 Policy Document, which your adviser can give you.

Allocation Rates

This is the percentage of contributions used to purchase units in the funds you choose. The allocation rate depends on the size of the contribution and the commission taken.

The allocation rate is shown on your illustration.

Annual Management Charge

Every year, we take an Annual Management Charge from each of the funds you invest in.

The funds have different Annual Management Charges which are already taken into account when we work out the value of the plan. For more information about how much we charge for each fund, please read our Fund Guide.

Where the funds invest in underlying Unit Trusts or Open Ended Investment Companies (OEICs) additional expenses, typically between 0.0% and 0.2% may be charged. We do not currently make this charge but could in the future. We will let you know if we plan to do this.

Annual Management Charge – PruFund Funds

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

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 1.45% a year based on the assumption that future investment returns from the **With-Profits Fund** will be 7% a year.

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 for regular withdrawals and because of death where the plan is member designated. Please see "What's a Market Value Reduction?" on page 9 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 the 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 Funds – Guarantee Charge

If you invest in a **PruFund Protected Fund**, the fund contains a guarantee which has an annual charge. We take this charge by cancelling units each month. For full details of the guarantee terms available and the associated charges, please refer to the document "PruFund Range of Funds: Guarantee Options" – INVS11470. You can get a copy of this from your adviser or from www.pru.co.uk. Details of the charge can also be found in your illustration.

Service Charge

If your adviser takes any fund-related commission, we'll apply a quarterly charge. The charge is based on a percentage of the bid value of units each quarter. If you have to pay a service charge, we'll give you details of it in your personalised illustration.

Switch Charge

If money is moved between the funds, the first two switches in any 12-month period are free. We will charge £25, currently, for any extra switches.

Bid-Offer Spread

Units are bought at the offer price and sold at the bid price. The bid price is approximately 95% of the offer price.

Exit Charge

We charge you if a withdrawal is made or the plan is cashed in within five years of taking it out. We call this an Exit Charge.

No charge applies on regular withdrawals or on death where the plan is member designated.

How much we charge is a percentage of the amount withdrawn and depends on when it is withdrawn. The following table shows how our Exit Charge applies.

Year your withdrawal is made	Our exit charge
1	5%
2	4%
3	3%
4	2%
5	1%
6 and over	No charge

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
- ▶ 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.

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 to any regular withdrawals or on any claims due to death where the plan is member designated.

Our current practice on applying an MVR

We may apply a Market Value Reduction to full or partial withdrawals, including switches, on all investments that have been running for less than five years.

For investments that have been running for longer periods, we would consider applying a MVR when a withdrawal results in the total amount paid out, including any other payments in the previous 12 months, exceeding £25,000. We would only apply an MVR to the withdrawal amount in excess of £25,000 in these circumstances.

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.

How will we know how the plan is doing?

We will send you a statement every year.

You can ask for a statement at any time by calling us on 0808 100 3429. We may charge you for additional statements.

What if we want to cancel the Trustee Investment Plan?

If you're a Trustee of a registered occupational retirement benefits scheme and are making an additional investment, you do not have a 30 day cancellation period and therefore do not have an opportunity to reconsider once the plan has started.

If the plan is an investment of a SIPP, you can cancel the plan within 30 days⁹ of receiving your documents.

If you cancel the plan within 30 days, and you have money invested in our With-Profits or PruFund Funds, we'll give you all of that money back. If you have invested in any of our other funds, the amount returned may be reduced if the value of your investment has fallen.

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

Your plan documents include a Cancellation Notice. We'll also send you a Cancellation Notice for each top-up. To cancel the plan or top-up, please complete and return the Cancellation Notice, or write to us at:

**Prudential
Stirling
FK9 4UE**

Please include your plan reference number.

› 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 **0808 100 3429**.

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: **0800 0234 567**

**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 letter, 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 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 Service Team on **0800 000 000**.

Law

The Law of Scotland applies to your Trustee Investment Plan.

Terms and Conditions

The details of the legally binding contract between you and Prudential are contained in the Policy Document.

The Policy Document is available on request and on our website **www.pru.co.uk** and will be issued to you when you take out a plan.

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
Portoken Street
London
E1 8BN**

Telephone: **0800 678 1100** or
0207 741 4100

www.fscs.org.uk

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**



www.pru.co.uk

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