Technical Guide

TUC Stakeholder Pension Scheme

TUC

Civil Service Pensions

PRUDENTIAL

This Technical Guide is designed to give you important information about the legal constitution of the TUC Stakeholder Pension Scheme, the benefits available, taxation of benefits, tax relief and other general information about the way stakeholder pensions work and how your plan is administered. It also contains some of the detail of the Policy which TUC Stakeholder Trustees Limited, as trustee of the Scheme, has taken out with us for you.

This Technical Guide is issued by us on behalf of the Trustee in accordance with the requirements of UK legislation.

This Technical Guide is not a policy; it is for explanatory purposes only and the information given does not form part of the contract that TUC Stakeholder Trustees Limited, as trustee of the Scheme, has taken out with us for you. Any attempt to treat it as a policy, for example by trying to place it under trust, will have no legal effect.

Some of the words, expressions and abbreviations used in this Technical Guide are shown in bold print and the meanings of these are given in section 1.

Where the word(s):

- "we", "us" and "our" are used, they refer to The Prudential Assurance Company Limited (the Provider and Scheme Administrator of the Scheme).
- "Trustee" is used, it refers to TUC Stakeholder Trustees Limited (or any new or replacement trustee(s) that may be appointed from time to time). The Trustee is the policyholder.
- "you" and "your" are used, they refer to you as a member of the Scheme and the planholder named on each Policy schedule.

Except where stated, any forms, items of literature or other documents referred to in this Technical Guide can be obtained by telephoning us. Some are available from our Stakeholder Website. Details of how to contact us can be found in section 2 of this Technical Guide.

Every effort has been made to make sure that this Technical Guide is readable, but because it is a technical document, it is nevertheless long and detailed. If there is anything you do not understand, you can contact us for further explanation.

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Appendix to Technical Guide

1. Meaning of certain words, expressions and abbreviations

Certain words, expressions and abbreviations in this Technical Guide have specific meanings. Where any of these words, expressions or abbreviations are used they are shown in bold print. The meanings of these words, expressions and abbreviations are as follows:

"affinity group". This means any trade union, group of trade unions, an employer, an employers' federation or any other group or organisation that the Trustee has agreed is an affinity group.

"Annual Allowance". The Government has set a limit for each tax year on the total payments that can be made by or in respect of you to the **Scheme** and to any other **Registered Pension Scheme**. This limit is called the Annual Allowance. The Annual Allowance will also take into account the increase in value of any defined benefits that you may have under any other **Registered Pension Scheme**. If the Annual Allowance is exceeded you will be liable to an Annual Allowance Charge.

The Government has announced its intention to reduce the limits on pension tax relief. With effect from the start of the 2011/12 tax year the Annual Allowance will reduce from the current level of £255,000 to £50,000. The Government has also proposed a number of other changes, including changes to the tax charge if the allowance is exceeded and the introduction of carrying forward of unused annual allowance. If you think that these tax changes may affect you please seek financial advice. You may be charged for this advice.

The following payments do not count towards the Annual Allowance:

(a) payments made by you in excess of 100% of earnings (broadly, earnings from employment, or income earned directly from a trade or profession) and £3,600 if greater;

(b) **protected rights payments**.

It is your responsibility to keep a record of the payments made by or in respect of you to the **Scheme** and to any other **Registered Pension Scheme** so that you know if the Annual Allowance is exceeded.

"Annual Allowance Charge". If payments made by or in respect of you to the **Scheme** and/or to any other **Registered Pension Scheme** (and the increase in value of any defined benefits) exceed the **Annual Allowance**, you will be liable to a tax charge of 40% on the amount in excess of the **Annual Allowance**. This charge is called the Annual Allowance Charge.

"appendix". This is at the end of this Technical Guide; it contains details of charges, minimum payments and details of delays in buying, selling and switching **units**.

"arrangement". Payment types are grouped into one or more separate benefit packages as described in section 4.7. This is because different requirements apply to each group of payments. These packages are called "arrangements" (sometimes known as "segments").

"chosen pension date". You select a chosen pension date for your **plan**. It is the date you expect to have your **units** cancelled to provide benefits. Its importance is explained in section 8.1.

"civil partner". A registered same-sex civil partner.

"Civil Service affinity group". This means the affinity group linked to the Civil Service. We and the Trustee decide whether an employer is deemed to be part of the Civil Service affinity group.

"dealing cycle". This is the timeframe taken by us or an **external company** to carry out a valuation, buy and sell **units**, and then make the proceeds of a sale ready for reinvestment in another **fund** and/or for payment of benefits. Different companies have different dealing cycles, largely due to the different times at which they carry out their fund valuations. The dealing cycle – or the combination of two dealing cycles, in the case of a switch between **funds** – affects the timescales for buying and selling **units** for whatever purpose.

"default fund". This is the **fund** or investment option to which payments will be automatically applied in the event that you do not wish or fail to state your own choice from among the **funds** available. Details of the default fund can be found in our brochure "A Guide to Fund Options brochure for TUC Stakeholder Pension Scheme" obtainable from us. This fund does not represent a recommendation on behalf of Prudential and you should consider and choose funds to suit your needs.

If you are unsure as to the suitability of this product or fund choice, please seek financial advice. You may be charged for this advice.

"employer". This means your current employer.

"external companies"and **"externally-linked funds"**. External companies are companies outside the **Prudential group of companies** or companies that manage collective investment schemes (such as unit trusts and "OEICs") operating outside the **Prudential group of companies**. We have entered into agreements with certain external companies so that **funds** with investment performance linked to funds of these companies, may be offered under the **Policy**. These **funds** are called externally-linked funds.

"fund". This means one of the fund options available to you under the **Policy** for investing payments. They currently comprise **Prudential funds** and a number of **externally-linked funds**. The funds available under the Policy are set out in our brochure "A Guide to Fund Options Brochure for TUC Stakeholder Pension Scheme" obtainable from us.

"HMRC". HM Revenue & Customs.

"Lifetime Allowance Charge". If, when you take benefits from the **Scheme**, the value of your benefits when added to the value of benefits previously taken from the **Scheme** or from any other **Registered Pension Scheme** exceeds your **Personal Lifetime Allowance**, a tax charge will apply to the excess. This charge is called the Lifetime Allowance Charge. If the excess is used to provide a pension it will be taxed at 25%. If the excess is taken as a lump sum it will be taxed at 55%.

"NICO". **HMRC's** National Insurance Contributions Office.

"non-protected rights benefits" and **"non-protected rights"**. Broadly speaking, non-protected rights benefits are benefits resulting from your own payments (including tax relief payments), your **employer's** payments and any parts of transfers-in that do not represent contracting-out benefits. These are benefits to which the specific restrictions for **protected rights** do not apply. Your rights to these benefits are called non-protected rights.

"payment due date". This is the date by which any regular payment must be received by the **Scheme**. For personal payments deducted by your **employer**, the payment due date is the 19th of the month following the month in which the payment was deducted from your earnings. For **employer** payments, the payment due date is a date agreed between the **employer** and us, normally the 19th of the month following the month to which the payment relates. Otherwise, where you are making personal payments directly to us, it is the date we agree with you.

"pension credit" and **"pension credit rights"**. If you become divorced or your civil partnership is dissolved, you may be awarded a pension credit of part of your ex-spouse's or ex-**civil partner's** benefit under either this **Scheme** or another pension scheme. Moneys representing a pension credit can be invested under the **Policy** and you will then have pension credit rights under the **Scheme**.

"Personal Lifetime Allowance". This will normally be the **Standard Lifetime Allowance**. However, a higher or lower amount may apply in certain circumstances. For example, your Personal Lifetime Allowance may be a higher amount where you have transitional protection in relation to your benefits or where a pension credit has been awarded against your benefits. Conversely, your Personal Lifetime Allowance may be less than the Standard Lifetime Allowance where you had a protected early pension age at 6 April 2006.

Whenever your benefits come into payment, the value of those benefits is tested against your available Personal Lifetime Allowance. Before paying any benefits, we will need evidence of any percentage of the **Standard Lifetime Allowance** that has already been used in providing benefits. If, at that time, your Personal Lifetime Allowance is different to the **Standard Lifetime Allowance**, we will also need evidence of the actual Personal Lifetime Allowance.

If your Personal Lifetime Allowance is exceeded the excess benefits will be subject to a **Lifetime Allowance Charge**.

It is your responsibility to keep a record of the percentage of the **Standard Lifetime Allowance** that has been used in providing benefits.

"plan". The stakeholder pension plan that the Trustee has set up with us for you under the **Scheme**.

"**plan charge**". This is the charge we make under the **Policy** for you. It is explained in the **appendix**.

"plan number". This is the reference number for your **plan**. It can be found on the **Policy schedule**. It is sometimes called the customer number.

"plan year". A period of 365 or 366 days, commencing on a date agreed between any **affinity group** or **employer** (as appropriate) and us.

"Policy". The Policy document we issue to the Trustee. This contains terms providing for the receipt and investment of payments and for the payment of your benefits. The relevant terms for the **Civil Service affinity group** are summarised in this Technical Guide and in the rest of the **plan** documentation issued to you.

"Policy schedule". A document which is part of the **plan** documentation. Amongst other things, it sets out details of the payments to be made to your **plan** and the investment options selected. It is a very important document because it provides evidence of the contract that the Trustee has taken out with us for you. As the Trustee is the policyholder, the Policy schedules are also, technically speaking, issued to the Trustee. However, a copy of the Policy schedule is sent to you so that you can be confident of your membership and you can check that your **plan** has been set up in line with your expectations.

"protected rights payments", **"protected rights benefits"**, **"protected rights pension"** and **"protected rights"**. If you contract-out of the State Second Pension by reference to the **Scheme**, then payments are made to the **Scheme** for you by **NICO.** These payments are called protected rights payments and are used to provide benefits in place of the state scheme benefits that you give up. The benefits they provide are your protected rights benefits. The pension that these payments are used to provide is called your protected rights pension. If a transfer-in includes contracting-out benefits, then those contracting-out benefits, must also be used to provide protected rights benefits. Your rights to these benefits are called protected rights.

"Prudential funds". These are **funds** that are managed within the **Prudential group of companies**.

"Prudential group of companies". Prudential plc and its subsidiaries as defined in the Companies Act 1985.

"Registered Pension Scheme". A pension scheme that is registered with **HMRC**. This gives the scheme various tax advantages in respect of payments, investments and benefits.

"Rules". The Rules of the **Scheme**, as amended from time to time.

"Scheme". TUC Stakeholder Pension Scheme.

"Stakeholder Website". This means the website at: www.pru.co.uk/civilservice

"Standard Lifetime Allowance". The Government has set a limit for each tax year on the value of the benefits that can be taken from any **Registered Pension Scheme**. This limit is called the Standard Lifetime Allowance. If the Standard Lifetime Allowance is exceeded the excess benefits may be subject to a **Lifetime Allowance Charge**.

The Government has announced its intention to reduce the limits on pension tax relief. The Lifetime Allowance (LTA) will remain at £1.8m until 5 April 2012 when it will reduce to £1.5m. Protection may be available for those that exceed the LTA. If you think that these tax changes may affect you we strongly suggest you seek financial advice. You may be charged for financial advice.

"unit". Each **fund** is divided into separate parts of equal value and each part is called a unit.

"unit price". **Units** in **funds** are bought and sold at the unit price. We (in conjunction with the relevant **external company**, if appropriate) normally value the **funds** each day, and use that valuation to calculate a unit price for each fund. The unit price which applies on any particular day will be the price which is calculated by reference to the valuation (or adjusted valuation) made on that day.

"unit price date". The date of the **unit price** used in relation to buying and selling **units** as part of any particular transaction. The unit price date which applies is determined by reference to the date on which we receive all of the information (and the payment if applicable) necessary to carry out the transaction. The unit price date used may vary between the different **funds** due to the different **dealing cycles** of the participating life assurance companies. This is explained further in the Unit Price Dates Leaflet, available on request from us.

"working day". This is any day that we are open for business. It does not include Saturdays and Sundays, Bank Holidays and any other public holidays. Furthermore, it does not include any dates (for example, around public holidays) that we, or any other organisation which performs any administrative functions on our behalf, are not open for business.

2. TUC Stakeholder Pension Scheme

2.1 General

You have taken out a stakeholder pension plan. In technical terms this means that you have become a member of the **Scheme**.

The **Scheme** is a **Registered Pension Scheme**. This means that various tax advantages are available in respect of some types of payments made to the **Scheme**, investments under the **Scheme** and benefits paid out of the **Scheme**.

The **Scheme** is also an "appropriate personal pension scheme". This allows members to use the **Scheme** to contract-out of the State Second Pension.

The **Scheme** is registered with the Pensions Regulator as a stakeholder pension scheme. This means that its terms and conditions have to meet with a rigorous set of standards that are set by law.

TUC Stakeholder Trustees Limited set up the **Scheme** under trust using a trust deed. TUC Stakeholder Trustees Limited is the trustee of the **Scheme**. We are the Provider of the **Scheme**.

The **Scheme** is operated in accordance with the terms set out in the trust deed and the **Rules** attached to the deed. You are entitled to read these documents and we will send you a copy of these on request. A small charge may be made. Alternatively, you can inspect a copy of these documents free of charge at our offices in Reading. Our address is 121 Kings Road, Reading, RG1 3ES.

The **Rules** reflect the requirements of UK legislation and a number of regulatory bodies. If requirements change, we will change the **Rules**.

We are answerable to the Pensions Regulator for the continuing adherence of the **Scheme** and your **plan** to the strict requirements for stakeholder schemes.

We are also the Scheme Administrator of the **Scheme**.

The Scheme Administrator is responsible for the day to day administration of the **Scheme** and your **plan**.

In order to provide for the investment of payments in respect of you to the **Scheme**, and for the payment of your benefits, the Trustee has taken out the **Policy** with us.

Because the **Scheme** has been set up under trust you, as a member, have a direct legal relationship with the Trustee; the Trustee by virtue of the **Policy** that it has taken out with us for you, has a direct relationship with us.

You must provide us with any information we may from time to time reasonably require to administer your **plan**. If your **employer** holds the information, you are responsible for obtaining it and providing it free of any expense to us.

If appropriate, we may obtain information direct from your **employer**.

All payments to the **Scheme** will be made to us. We will make all benefits payable under the **Policy** direct to the person entitled to the benefits under the **Rules**.

Your benefits under the **Scheme** are provided through the **Policy**.

In summary:

TUC Stakeholder Trustees Limited is the

- Trustee.

The Prudential Assurance Company Limited is the

- Provider; and
- Scheme Administrator.

2.2 Contact details

If you wish to contact us, you can do so by:

- telephoning our TUC Stakeholder Pension helpline on 0845 070 6666; or
- sending an e-mail to: tucstakeholder@prudential-pensions.co.uk; or
- writing to: Prudential, TUC Stakeholder Customer Service Centre, Stirling, FK9 4UE.

When contacting us by any of the above means, please quote your **plan number** or customer number (you can find this on your copy of the **Policy schedule**).

Telephone calls may be monitored or recorded by us for quality and security purposes.

If you wish to contact the Trustee, its address is:

TUC Stakeholder Trustees Limited,
Congress House,
Great Russell Street,
London,
WC1B 3LS.

General information about your plan can also be found on the Stakeholder Website.

3. Membership of the Scheme

3.1 General

The **Scheme** is designed to allow **affinity groups**, such as the **Civil Service affinity group**, to set up their own sections of the **Scheme**.

An **affinity group** can set up its own section within the **Scheme**. Any individual who is connected to, or invited to join the **Scheme** by an **affinity group** which has established its own section, can then choose to join that section of the **Scheme**.

The **Scheme** also has a general section which is open to individuals who are not eligible or choose not to join a section of the **Scheme** set up by an **affinity group**.

The **Scheme** is open to employed, self-employed and not employed individuals, irrespective of whether or not they are union members.

If you join through an **affinity group**, such as the **Civil Service affinity group**, you are still a member of the **Scheme** in your own right.

3.2 Eligibility for the Scheme

You are eligible to become a member of the **Scheme** so long as you:

- have not passed your 75th birthday, and are either:
- resident and ordinarily resident in the UK at some time in the relevant tax year; or
- a Crown Servant or your spouse or **civil partner** is a Crown Servant.

In all cases, membership of the **Scheme** is subject to our agreement and any additional terms and restrictions we may set.

3.3 Membership of this Scheme and other pension schemes

You can be a member of this **Scheme** at the same time as being a member of another pension scheme.

You need to be aware however that payments to all **Registered Pension Schemes** count towards the **Annual Allowance**. Also the value of your benefits under all **Registered Pension Schemes** is tested against your available **Personal Lifetime Allowance** when the benefits are paid (or at age 75, if later).

3.4 Applications

We have the power to accept and reject applications.

Before payments can be made for you, you must complete an application form and whatever other forms we need and we must have agreed to accept the application. In the following cases you currently have the right to change your mind within a specified cancellation period:

- when regular payments by you or your **employer** first start;
- when increases to regular payments are started, and where the increase is more than one-quarter of the highest previous level of regular payments;
- on the first single payment by you or your **employer**;
- on subsequent single payments where the single payment exceeds by more than one-quarter the highest single payment previously made; and
- on transfers-in from "defined contribution" pension schemes.

After the cancellation period has elapsed, the contract with us in respect of the above payments becomes binding.

An application will be accepted provided the applicant is eligible and the application complies with the Rules. If these conditions cannot be met there is no obligation to accept the application and we can return any money sent with it.

You may be required to complete a separate application form for each new type of payment that is made. One application form can cover all types of payment made at the same time.

Applications should normally be made using pre-printed paper application forms which are available from us.

3.5 Payments after leaving your employer

So long as you continue to satisfy eligibility requirements (see section 3.2), you can continue to make payments to the **Scheme** after you leave your **employer** (but see section 4.5 regarding the cessation of employer payments).

3.6 Living abroad

If you move abroad you may be able to continue payments to the **Scheme**. You must have been resident in the UK at some time in the preceding five tax years and tax relief will only be available on your personal payments up to £3,600. Please contact us for further details if you think this might apply to you. In any event, you must inform us when you leave the UK or if you cease to be subject to UK tax.

3.7 Pension credit

A person can transfer **pension credit rights** from another pension scheme to this **Scheme**.

4. Payments to the Scheme

4.1 Payment limits

The highest minimum payment level that a stakeholder pension scheme can impose is currently £20. The minimum of £20 refers to the "net" amount you actually pay, after basic rate tax relief has been deducted from the payment (see section 5). However, under this **Scheme** the current minimum "net" amount that will normally be accepted is £10. Please see the **appendix** for further information.

There is no maximum payment that can be made to the **Scheme**.

There is however an **Annual Allowance Charge** payable by you if the **Annual Allowance** is exceeded. There is also a limit on the tax relief that you can receive on your personal payments (see section 5.4).

4.2 How payments are made to your plan

Whilst you are employed by an employer who is part of the **Civil Service affinity group**, regular payments to the **Scheme** will normally be made via your **employer's** payroll.

When contributing through payroll, your **employer** will send us both your payment and the employer payment via the banking system, together with payments in respect of any other members employed by that **employer**.

Single payments are also usually made via payroll and can be made at any time.

When we receive a payment, we invest it under the **Policy**.

If you cease to be employed by an **employer** who is part of the **Civil Service affinity group**, you will be able to continue to make payments, providing you remain eligible (see section 3). However, as you will then be self-employed, not employed or employed by an employer who is not part of the **Civil Service affinity group**, you will normally make payments by using a direct debit mandate. Alternatively, you can ask your new employer (if any) if it is prepared to deduct your "net" payments via payroll and send them to us. Please also see section 4.5 regarding the cessation of **employer** payments when you are no longer employed by an **employer** who is part of the **Civil Service affinity group**.

It may be possible for a third party to make payments to the **plan** on your behalf. In general, payments made in this way are treated as payments made by you.

4.3 Increasing, Stopping, Reducing and Suspending Payments

You can at any time increase your regular payments, stop making regular payments, reduce your regular payments or suspend payments for a period specified by you. Please give us and your **employer** at least 30 days' notice of your intention to increase, stop, reduce or suspend your payments, so we and your **employer** can make the necessary arrangements.

You should only normally increase or reduce your payments on 1 April and 1 October each year. When doing this, as well as giving 30 days' notice as mentioned above, you should also ask your **employer** to change the deductions from your salary.

You can suspend payments at any time. Again, as well as giving 30 days' notice, you will need to ask your **employer** to stop deducting payments from your salary.

Your **employer** can also increase, stop, reduce or suspend regular payments, subject to your contract of employment.

4.4 Final payments

The final regular payment payable to the **plan** is normally the last payment due immediately before your **chosen pension date** (see section 8.1).

In the case where you are phasing the start of your benefits (see section 8.1), further payments can be accepted to any remaining **arrangement** until the **units** under that **arrangement** are sold (or further sub-divided) to provide benefits.

You cannot make payments after your 75th birthday.

4.5 Payments by your employer

Whilst you are **employed** by an employer who is part of the **Civil Service affinity group**, that **employer** will make regular payments to your **plan**. The amount of these payments is dependent on your age and the amount of payments you make and will be a percentage of your earnings. Details of these payments are contained in your Member's brochure which you should have already received from us.

You should refer to your **employer** for details of the earnings definition that applies to you.

As mentioned above, if you cease to be employed by an **employer** who is part of the **Civil Service affinity group**, you will be able to continue to make payments providing you remain eligible (see section 3). However, as you will then be self-employed, not employed, or employed by an employer who is not part of the **Civil Service affinity group**, the **employer** payments mentioned in the first paragraph of this section 4.5 will cease for you (unless any new employer voluntarily decides to continue them).

4.6 Investment of payments

Please see section 14 of this Technical Guide for details of how your payments are invested.

4.7 Arrangements

You can have up to three **arrangements** at any time:

(a) **Non-protected rights arrangement** – Your payments, your **employer's** payments and any transfers-in (except any part of a transfer-in which includes any contracting-out benefits or **pension credits**) are grouped together in one **arrangement**. If at a later date, you wish to phase the start of your benefits, this **arrangement** can be sub-divided (see section 8.1).

(b) **Protected rights arrangement** – Any payments which must be used to buy **protected rights benefits** are grouped together in a second **arrangement**. These payments include the following:

- **protected rights payments**; and
- any contracting-out moneys included in any transfers-in.

(c) **Pension credit rights arrangement** – Any **pension credit rights** are grouped together in a third **arrangement**.

Payments under an **arrangement** are used to buy **units** under your **plan** in the **funds** selected (see section 14).

If you have not taken benefits from an **arrangement** by your **chosen pension date**, you can continue to make payments (subject to choosing a new **chosen pension date**). No payments can be made after your 75th birthday.

Once all the **units** under an **arrangement** have been sold to provide benefits or a transfer-out, no further payments can be accepted to that **arrangement**. Any further payments will be held under a new **arrangement**.

5. Tax relief

5.1 "Net" payments

Before you make your payment to the **Scheme**, you or your **employer** (as appropriate) will deduct from it an amount representing basic rate tax. For example, if the payment you have agreed to make is £100, and the basic rate of tax is 20%, then you pay only £80. In effect, although you agree to pay the full "gross" amount of £100, in practice you pay a "net" amount. This applies irrespective of whether you are:

- a non-taxpayer;
- a basic rate taxpayer;
- a higher rate taxpayer;
- an employee;
- self-employed (because you have ceased to be employed since becoming a member); or

- not employed (again because you have ceased to be employed since becoming a member).

If your payments are made through your **employer's** payroll, your **employer** will deduct only the “net” amount from your salary. The amount is deducted from your pay, after income tax has been deducted.

If the basic rate of tax changes, the “net” amount you pay or that your **employer** deducts, will change. For example, if the basic rate of tax decreases, your “net” payment will increase.

5.2 Basic Rate Tax relief

When we receive your "net" payment, we will invest an amount representing basic rate tax relief – £20 in the above example – in your **plan**.

5.3 Higher rate tax relief

If you are liable to income tax on your earnings at a rate higher than the basic rate, you can claim higher rate tax relief on your payments to your **plan**. You do this by making a claim in your self-assessment to your tax office. Remember that you will need to claim only for the balance of tax relief over and above the basic rate relief already given.

5.4 Limit on tax relief

You will normally receive tax relief on your personal payments to the **Scheme** and to any other **Registered Pension Scheme** each tax year up to the higher of 100% of earnings (broadly, earnings from employment, or income earned directly from a trade or profession) and £3,600. Payments in excess of this limit will not get tax relief. Also if the **Annual Allowance** is exceeded you will be liable to an **Annual Allowance Charge**.

It is your responsibility to monitor whether your payments to the **Scheme** are eligible for tax relief. If we are subsequently advised by **HMRC** that you have received tax relief on payments in excess of this limit we will repay the appropriate amount of tax relief to **HMRC**.

5.5 Tax relief after leaving an employer who is part of the Civil Service affinity group

As mentioned in sections 4.2 and 4.5, if you leave an **employer** who is part of the **Civil Service affinity group**, you can still continue payments to the Scheme. If you do, you will still pay the “net” amount and you will normally pay this by direct debit. Alternatively, you can ask your new employer (if any) if it is prepared to deduct your "net" payments via payroll and send them to us.

5.6 Employer payments

Employer payments are made "gross" – this means that the **employer** pays the full amount that it has agreed to pay. There is no tax relief amount to be invested in your **plan** in respect of such payments.

There is no tax liability for you on **employer** payments unless the **Annual Allowance** is exceeded.

5.7 Eligibility for tax relief

You should note that your application for membership of the **Scheme** constitutes an application for tax relief, and it is an offence to make any false declarations about your circumstances.

6. Monitoring receipt of payments

6.1 General

It is important for you to know if we have not received money that you believe to have been paid to us.

6.2 Payments received via your employer's payroll

Where your **employer** makes or passes on payments, it must by law remit them to the **Scheme** by the **payment due date**. In particular, where your **employer** deducts your personal payments from your earnings, it must by law pass them to the **Scheme** by the 19th of the month following the month when they were deducted.

If we have not received a payment made in this way by the **payment due date**, we may be required to report this to the Pensions Regulator. We will inform you if a report is made to the Pensions Regulator.

In order to help ensure that the payments are received on time, we will normally agree an expected payment date with your **employer** which will be some days before the **payment due date**. We will monitor against the expected payment date.

6.3 Payments received via direct debit mandate

As mentioned in section 4.2, if you cease to be employed by an **employer** who is part of the **Civil Service affinity group**, you will be able to continue to make payments, providing you remain eligible (see section 3), usually by using a direct debit mandate. We will inform you as soon as is reasonably possible, in the event that your bank or building society do not make payment.

7. Contracting-out

Contracting-out is the term used to describe opting out of the State Second Pension. In order to opt out of the State Second Pension, you have to join a pension scheme – such as this **Scheme** – which will provide replacement benefits.

Only employees can contract-out.

This is a very complex area and you are strongly recommended to seek financial advice before contracting-out.

If you use the **Scheme** to contract-out, **NICO** make payments to your **plan** to provide these replacement benefits. These payments are called **protected rights payments** and the benefits they provide are called **protected rights benefits** and **protected rights pension**. **NICO** make these payments after the end of the tax year to which they relate. **NICO** continue to make **protected rights payments** until you notify them (using their standard form) that you no longer wish to use the **Scheme** to contract-out.

Protected rights payments are based on a percentage of earnings between the lower and upper earnings limits defined for National Insurance purposes (plus an element of tax relief on part of that payment).

The percentage of earnings currently used by **NICO** to determine **protected rights payments** changes from year to year, according to your age on the last day of the preceding tax year. The date of birth used by **NICO** is shown on your yearly statement (see section 16.5). You should check this carefully to ensure the correct date of birth is shown.

If you make a transfer payment to your **plan** from another pension scheme and the transfer-in includes any contracting-out benefits, then those contracting-out benefits, must also be used to provide **protected rights benefits**.

NOTE: Please note that the Government has confirmed that contracting-out for this type of arrangement will cease with effect from 6 April 2012. If you have contracted-out before this, at this date you will be automatically contracted back in.

8. Benefits payable to you

8.1 Chosen pension date and starting your benefits

When you join the **Scheme**, you select a **chosen pension date** for your **plan**. You can start your benefits on that date, but there is no compulsion to do so.

You do not have to retire from work to take benefits from your **plan**.

The **chosen pension date** is a date that you pick as being the most likely time that you will wish to start benefits. It enables us to provide you with relevant illustrations of benefits and to remind you to claim your pension when that date approaches.

Both the **chosen pension date** and the date you actually select for the start of your benefits must comply with **HMRC** requirements. Broadly this means that you can start to take your benefits at any time between the ages of 55 and 75. You may be able to start to take your benefits before age 55 if you were a member of the **Scheme** on 5 April 2006 and you were in an occupation recognised by **HMRC** as one for which a lower pension age was acceptable.

There may be a minimum membership period before you can take benefits from your **plan**. Details of any minimum membership period will have been made available to you before you joined the **Scheme**.

There is no compulsion to start all of your **non-protected rights benefits** at the same time. **Non-protected rights benefits** can be phased in and this can be organised at the time you want to start your pension. Please ask us if you wish to consider phasing the start of your **non-protected rights benefits**.

Protected rights benefits cannot be phased in.

If you become permanently incapable of carrying on your normal occupation, you may be able to take your benefits before age 55. You will need to provide us with written evidence from a registered medical practitioner confirming that you have become incapable of carrying on your occupation and are unlikely to return to it.

8.2 Your instructions to US

You must normally give us at least one and no more than six months' notice of your intention to take your benefits. We will issue you with a benefit quotation reflecting various options. We will also notify you of the amount available in the event that you decide that your pension will be purchased from another insurance company.

Before the benefits can start under a pension bought through us, you will need to accept a benefit quotation and provide all the information we require. We will make every effort to ensure that the benefits start on your chosen start date, but we reserve the right to delay the start if we receive your acceptance and information so close to your chosen start date that it is not practicable to put the benefits into effect.

After you accept a benefit quotation, there is currently a period during which you have the right to change your mind about whether to buy your pension from us. If we start to pay your pension within this period and you subsequently change your mind, you will need to repay that money.

Your instruction to us to take your benefits must state the following:

- the date you wish to start your benefits;
- the extent to which you wish to take part of your benefits as a lump sum benefit (subject to the limits and requirements, as detailed in the **Rules**);
- the extent to which you wish to phase the start of your **non-protected rights benefits**;
- the options you have chosen where your pension benefits are to be bought from us;
- in the case where you wish any pension benefits to be bought from another insurance company, all the details we request about that insurance company.

8.3 Choice of benefits

(a) **Pension**

You may choose that all or some of the money is used to buy a pension either from us or from another insurance company.

You will also be able to choose various options when your pension is being bought. For example you may wish your pension to increase in payment or you might want a dependant to receive a pension on your death. We will give you details of the options available at the appropriate time. The choices you make will affect the amount of pension you receive.

If you have not taken all your benefits under the **Scheme** by age 75 we may use the money to buy a pension for you. We will choose the insurance company and the form of pension.

You may want to draw an income for a period of time before your pension is bought. This practice is known as "income withdrawal" and the payments are called "unsecured pension". The **Scheme** does not offer this facility so you will need to take a transfer-out to a scheme that offers this facility. This is a very complex area and you are strongly recommended to seek financial advice when considering this option.

Under UK legislation your **protected rights pension** must:

- be calculated using rates that take no account of sex; and
- include a pension payable on your death to your surviving spouse or **civil partner**, if such a person exists when your **protected rights pension** is bought. The pension payable to your surviving spouse or **civil partner** will be at least half of your own pension.

  NOTE: The Government is reviewing the requirement to use pension savings to buy an annuity by age 75. An interim increase to age 77 came into effect from 22 June 2010 with further changes coming into effect from April 2011. There is currently no change to the requirement to take any tax free cash by age 75. As a result the information in this document will be subject to change once the full details of the new proposal are known.

(b) **Pension commencement lump sum**

When applying for a pension under section 8.3(a) you may also choose to receive a pension commencement lump sum. The lump sum:

- must not be more than 25% of the value of the benefits to be taken;
- must not, when added to all pension commencement lump sums taken by you from all **Registered Pension Schemes**, exceed 25% of the **Standard Lifetime Allowance** applicable at the time the lump sum is paid;
- may only be paid if all or part of your **Personal Lifetime Allowance** is available; and
- must be paid within 12 months following the date on which entitlement to the lump sum arose.

Where you have transitional protection in accordance with section 20, a larger lump sum may be available.

(c) **Commutation lump sum**

It may be possible for you to receive your entire benefit as a commutation lump sum. Such a lump sum can only be paid if:

- the value of your benefits from all **Registered Pension Schemes** does not exceed 1% of the **Standard Lifetime Allowance**;
- you have reached the age of 60 but you have not reached the age of 75;
- you have all or part of your **Personal Lifetime Allowance** available; and
- no commutation lump sum has been paid to you from any **Registered Pension Scheme** more than 12 months before this payment.

(d) **Serious ill-health lump sum**

The value of your benefits may be paid as a serious ill-health lump sum where we have received written evidence from a registered medical practitioner that you are expected to live for less than one year. You must be aged less than 75 and have all or part of your **Personal Lifetime Allowance** available.

If you have **protected rights** under the **Scheme** and you are married or in a civil partnership at the time the serious ill-health lump sum is paid, we must keep back 50% of the value of your **protected rights benefits** to buy a pension for any widow, widower or surviving **civil partner**.

9. Benefits payable on your death

9.1 General

If you die before all of your benefits have been taken we will pay out the value of your **plan** as one or more lump sum death benefits or dependants' pensions.

All lump sum death benefits count towards your **Personal Lifetime Allowance** and any **Lifetime Allowance Charge** must be paid by the recipient(s).

9.2 Lump sum death benefit – non-protected rights

(a) The **Rules** require that we choose who will receive the lump sum death benefit. We have discretion to choose rather than you because if you control the benefit it may be liable to inheritance tax. As we have the choice such a payment will usually be free of inheritance tax.

(b) We can choose from a range of people, including your widow or widower or surviving **civil partner**, dependants, relations, any person named in your Will or your estate. We can choose more than one recipient.

(c) You can give us details of whom you would like to receive the lump sum death benefit by using the Nomination of Beneficiaries Form available to you from us. We will take your wishes into account, but because recipients are selected by us under our discretionary powers, we do not have to follow your nomination.

9.3 Dependants' pensions – non-protected rights

You may have requested for some or all of the money to be used to provide a pension for a spouse, **civil partner** or other dependant. In this case the pension will be bought from us unless the spouse, **civil partner** or other dependant chooses another insurance company.

9.4 Protected rights death benefits

If you have **protected rights** under the **Scheme** and you die before a **protected rights pension** is provided, we will take reasonable steps to find out whether you are survived by a widow, widower or **civil partner**.

If we find that you are survived by a widow, widower or **civil partner**, we must use your **protected rights** to provide a pension for the widow, widower or **civil partner**. The pension will be bought from us unless your widow, widower or **civil partner** chooses another insurance company.

If we find that you are not survived by a widow, widower or **civil partner**, we will pay the money as a lump sum death benefit in accordance with any direction given by you on the Nomination of Beneficiaries Form. If you have not given us written instructions the money will be paid as a lump sum to your estate.

9.5 Commutation lump sum death benefit

We may pay a commutation lump sum death benefit instead of a dependant's pension payable under sections 9.3 and 9.4. Such a lump sum can only be paid if:

- the value of the dependant's pension does not exceed 1% of the **Standard Lifetime Allowance**; and
- payment is made before you would have reached age 75.

9.6 Time limit

We will normally pay any lump sum death benefit within two years of your death. If we are unable to do this, there may be a 55% tax charge taken from the payment.

10. Beneficiary unable to look after own affairs

If we believe that any beneficiary under the **Scheme** is unable to look after his or her own affairs we may arrange that any benefit due, instead of being paid to the beneficiary, will be paid to another person who will look after the money for the beneficiary or will use it for the benefit of the beneficiary, until the beneficiary is able to look after his or her own affairs.

11. Taxation of benefits and investments

11.1 Benefits

- All pensions are taxable as earned income.
- Pension commencement lump sums are tax-free.
- Tax will be paid on at least part of a commutation lump sum.
- A serious ill-health lump sum will normally be tax-free.
- Lump sum death benefits in respect of your **non-protected rights** will normally be free of inheritance tax.

- Lump sum death benefits in respect of your **protected rights** may be subject to inheritance tax.
- A commutation lump sum death benefit will be taxable as income.

All benefits (excluding any dependant's pensions) count towards your **Personal Lifetime Allowance** and a **Lifetime Allowance Charge** may be payable.

11.2 Investments

The value of the investments in the investment **funds** (see section 14) grows free of most UK taxes.

12. Transfers-out

At any time before you take benefits, you can end your membership and have the value of your **plan** transferred-out of the **Scheme**. Please note that you will be required to sign certain forms to authorise the transfer-out.

In all cases:

- the money must be transferred to provide you with a pension and other related benefits under the receiving scheme;
- we will need to ensure that the receiving scheme is legally able to accept the transfer; and
- the transfer cannot take place until the requirements of both schemes have been satisfied.

This is a very complex area and you are strongly recommended to seek financial advice before making any transfers-out.

13. Transfers-in

The **Scheme** can accept transfers-in from other pension schemes and policies under which you have benefits. This includes any **pension credit rights**. There are a number of stringent requirements that must be complied with before the transfer can be accepted. Further details are available from us on request.

This is a very complex area and you are strongly recommended to seek financial advice before making any transfers-in. Our acceptance of a transfer-in does not in any way imply that it is appropriate or in your best interests.

14. Investments under the Scheme

14.1 General

All investment options under the **Scheme** are provided through the **Policy**. The investment options consist of a range of **funds** managed within the **Prudential group of companies**, and a number of **funds** linked to **external life assurance companies**.

The return on your savings will be linked to the performance of the **funds** that you select. You can switch between **funds** at any time, as explained in section 14.5.

We have selected the specific **fund** options that are to be available under the **Policy** but can accept no responsibility as to the appropriateness to your particular circumstances. We are unable to offer investment advice. You are generally responsible for making your own selection from those **fund** options. It is, however, a requirement of the legislation governing stakeholder pensions that the **Scheme** must offer a **default fund** option. If you do not wish or indeed fail to make your own selection, your payments will be invested in the **default fund**.

The default fund doesn't represent a recommendation on behalf of Prudential and you should consider and choose funds to suit your needs.

If you are unsure as to the suitability of this product or fund choice, please seek financial advice. Please note you may be charged for this advice.

There is also a Lifestyle Option, under which your **plan** can be progressively switched to lower risk **fund** options as your **chosen pension date** approaches. This also acts as the **default fund** option for this **Scheme**.

Please note that we are not responsible for the appropriateness to your particular circumstances of any of the **fund** selections and pre-set switches under the Lifestyle Option.

Details of the **fund** options available to you, including the **default fund**, can be found in our brochure "A Guide to Fund Options – brochure for TUC Stakeholder Pension Scheme" obtainable from us or via the **Stakeholder Website**. In making your selection from the **funds** available, you should bear in mind that past performance is not necessarily a guide to the future and that the price of **units** and therefore the value of your **plan** will vary in line with the rise and fall in the value of the **funds**' underlying assets.

When buying **units** under your **plan**, payments are split between the **funds** in the way requested by you. The allocation between the various **funds** that you have selected is set out in the relevant **Policy schedule** we send to you.

If you do not make a choice, as mentioned above payments are used to buy **units** in the **default fund**.

We may make new **funds** available. We can close existing **funds** to future moneys, merge or wind-up any one or more of the **funds**, or withdraw the option to invest in any one or more of the **funds**. In the event that we do so, you will be contacted regarding your options, and if your current chosen **funds** are no longer available, you will be asked to give new investment instructions. If you do not do so within the period requested by us, payments will be invested in the **fund** with the most similar investment objectives to the withdrawn **fund**, or the Prudential Cash Fund (or any successor **fund** with the same or similar investment objectives) until you do so. We can also change the way that the Lifestyle Option is operated.

14.2 Selection and coverage of Lifestyle Option

(a) You can select the Lifestyle Option at any time.

(b) You can cancel or override the Lifestyle Option at any time (see section 14.5).

(c) If you choose the Lifestyle Option, it must apply to all **arrangements** and all payments to your **plan**. This means that all payments to your **plan** will be applied to the funds specified by the relevant profile, and all **units** held under the **Policy** will be included in the automatic switching when this is carried out.

(d) When you select the Lifestyle Option, all existing **units** held under the **Policy** at that date are to be switched immediately to the **funds** specified by the relevant profile. You will not be able to select any other investment funds outside of the Lifestyle profile.

14.3 Buying and selling units

(a) When we receive payments on your behalf, we use them to buy **units** in the **funds** you have selected, as mentioned above. When you take benefits, or a transfer-out, we sell **units** in order to provide those benefits or transfer-out.

We also buy and sell **units** in order to carry out any switch between **funds** that you have requested or to carry out switches between **funds** under the Lifestyle Option, if that is your chosen **fund**.

(b) Unless there is a delay as described in section 14.3(c), **units** are bought and/or sold on the relevant **unit price date(s)** once we receive everything we need to carry out your instructions. The relevant **unit price dates** are shown in the Unit Price Dates Leaflet, available on request from us.

(c) On some occasions, we may need to delay buying and/or selling **units**.

Delays may occur, for example:

- where it is not possible to trade, or where systems are not operational; or
- where there is a delay between selling an asset and receiving the proceeds; or
- where it is necessary to delay a sale in order to protect the interests of all policyholders.

Please see the **appendix** for further information on what happens when we have to delay buying and/or selling **units**.

14.4 Change of investment instructions for future payments

If you want to change your investment instructions for future payments, you should either:

- instruct us by telephoning our TUC Stakeholder Pension helpline (see section 2.2); or
- instruct us using the **Stakeholder Website**, under "Manage my plan".

The next payment we receive after carrying out your change of investment instructions will be invested according to your new instructions.

14.5 Switching between funds

(a) You may also instruct us to sell some or all of the **units** held under your **plan**, and to use the value realised to buy **units** in a different **fund** or **funds**. This is known as "switching".

- Where there is more than one **arrangement** under your **plan**, the new **units** will be allocated to the same **arrangement** as the original **units**.

(b) Your instruction should be made by either:

- telephoning our TUC Stakeholder Pension helpline (see section 2.2); or

- using the **Stakeholder Website**, under "Manage my plan".

Once you have given us an instruction to switch you cannot normally change your mind.

The instruction may be treated as having been received later than it actually arrives at our office. Section 17.5 explains how we treat items received on a day which is not a **working day** or after office hours.

(c) If you have asked for your payments to be invested in the Lifestyle Option, there is no need for you to give further instructions: under this facility, all switches and redirections are made automatically without any need for you to request these.

If, however, you no longer wish to invest in the Lifestyle Option, you can at any time ask us to cancel this. All automatic switching will then cease and we will stop allocating payments to the Lifestyle Option. If the Lifestyle Option is cancelled, you will need to give us new investment instructions for future payments and existing funds.

The Lifestyle Option can also be temporarily overridden by requesting a switch. The Lifestyle Option will then be overridden until the next date on which automatic switching is due to take place. At that time the profile will be reinstated.

(d) An instruction to switch will normally be carried out on the relevant **unit price date(s)** once we receive the instruction, unless a delay applies as described in section 14.5(f) and in the **appendix**. The exact **unit price dates** used for selling and buying **units** depend on the **funds** involved in any particular case. The **unit price date** will be determined by us based on the timings of the relevant life assurance companies' **dealing cycles**. Details of the relevant **unit price dates** are shown in the Unit Price Dates Leaflet available on request from us.

(e) The sale of old **units** and the purchase of new ones cannot normally take place on the same day. This applies both to switches requested by you and switches carried out automatically by us under the Lifestyle Option. For example, the new **units** may be bought on a date and using the relevant **unit price(s)** some days later than the date the original **units** were sold. This is because there is a lead time involved in the calculation of **unit prices** and where **external life**

assurance companies are involved, transmission of data to and from these companies may extend the lead time. The prices of **units** can, as always, go up or down during that time. No interest will be added to the value realised from the sale of **units** for the interim period between sale and purchase.

(f) We may delay selling and buying **units** for switching between **funds** in the same circumstances as described in section 14.3 and the **appendix**.

Please see the **appendix** for further information on what happens when we have to delay making a switch.

14.6 Statement of Investment Principles

We are required to produce a document called a Statement of Investment Principles. This contains information about the investment rationale of the **Scheme** and a copy is available from us on request.

14.7 Change of default fund

We can change the **default fund option** available under the **Scheme**.

15. Charges

15.1 Details in appendix and other material

The charges we make for managing your **plan** and the ways in which they can be changed are explained in the **appendix** and in other documents we give to you. There are no other charges made for your **plan**.

15.2 Effect shown in illustrations

Any personal illustration you may have received from us should help you understand how our charges affect your benefits.

16. Scheme documents

16.1 General

Please read all the documents given to you carefully. They all contain important information. You should keep this Technical Guide and your copy of the **Policy schedule(s)** in a safe place, and make sure that the people who will handle the affairs of your estate if you die know where they are.

16.2 Technical Guide

The purpose of this Technical Guide is to set out full details of how the **Scheme** and your **plan** work. This Technical Guide relates specifically to members joining through the **Civil Service affinity group**.

16.3 Policy

The **Policy** is owned by the Trustee. As some of the **Policy** terms affect you, many of them have been summarised in this Technical Guide.

16.4 Policy schedule(s)

The **Policy schedule(s)** for your **plan** will normally contain the following information:

- your **plan number** or customer number;
- your **chosen pension date** for your **plan**;
- details of any single payments and of any regular payments that you have agreed will be made into your **plan**;
- details of any transfers-in from other pension plans and schemes received into your **plan**;
- how payments will be split between the **funds** available;
- if you have used the **Scheme** to contract-out of the State Second Pension, confirmation that **protected rights payments** will be received into your **plan**.

We will normally send you a copy of the **Policy schedule** each time:

- you or your **employer** start regular payments for the first time;
- you or your **employer** increase the rate of existing regular payments;
- you or your **employer** make a single payment;
- we receive, on your behalf, a transfer-in from another pension plan;
- you are confirmed as using the **Scheme** to contract-out of the State Second Pension; or as having contracted back in, having previously used the **Scheme** to contract-out.

You should keep your copies of all in force **Policy schedules** together with this Technical Guide. Collectively your copies of the **Policy schedules** are your evidence that the Trustee has taken out a contract with us for you; they reflect the details of that contract.

We will send you a copy of the replacement **Policy schedule** if for any reason a previous **Policy schedule** was incorrect or needs to be updated. In this case you will be asked to destroy the old copy(ies).

16.5 Yearly statement

Each year we will send you a statement that will, amongst other things, set out:

- the payments made during the previous **plan year** and the dates we received them;
- the value of your **plan** at the start and the end of the **plan year**;
- an illustration of the benefits you might get, given a certain set of circumstances; and
- the amount then available as a transfer-out or as a death benefit.

16.6 Other documents

As well as the documents mentioned above, you will have already received other documents from us. These will include the following:

- a pre-sale Member's Brochure;
- the Key Features document;
- Guide to Fund Options Brochure;
- the Stakeholder Pension Decision Trees document.

There is also a Unit Price Dates Leaflet obtainable from us which gives further details about buying, selling and switching **units**.

17. Notices, instructions and requests

17.1 Notices, instructions and requests from you to us – General

Notices, instructions and requests to us can always be made in writing; in some cases we will give you pre-printed forms to use. Some notices, instructions and requests can also be made by phoning our TUC Stakeholder Pension helpline or via the **Stakeholder Website** (see sections 17.2 and 17.3). Full contact details can be found in section 2.2.

You cannot give notices and instructions to us by e-mail or fax. You can however request any forms or literature via e-mail or fax.

17.2 Notices, instructions and requests by telephone or the Stakeholder Website

You can give the following types of notices, instructions and requests to us by telephone or via the **Stakeholder Website**:

- switches between **funds**;
- changes to investment instructions for future payments;
- changes to personal details which do not require documentary evidence;
- increases and decreases to regular payments;
- stopping regular payments;
- suspension of regular payments;
- requests to add or stop life cover;
- requests for the current value of your **plan**.

17.3 Requests by telephone

The following requests and communications may be made to us by telephone:

- requests for benefit quotations;
- request to start to draw benefits;
- requests for transfer value quotations;
- requests for any forms or literature;
- requests to increase life cover;
- requests for illustrations of what your **plan** might be worth in the future.

17.4 Notices, instructions and requests in writing only

All other notices, instructions and requests must be given in writing. This includes the following types of notice and instruction:

- notification of death;
- authorisation for transfer-out;
- acceptance of benefit quotations;
- notification of change of employment;
- notification of changes to personal details which require documentary evidence;
- notification that you are moving abroad.

All notices, instructions and requests in writing must quote your **plan number** or customer number.

17.5 Effective date of notices, instructions and requests

All notices, instructions and requests in writing or by telephone will normally take effect when we receive them unless we receive them after 5.00 p.m. (London time), or we receive them on a day which is not a **working day**. In either of these cases, they will take effect on the next **working day**.

Notices, instructions and requests received through the **Stakeholder Website** after 5.00 p.m. (London time) will normally be treated as being received on that **working day**. Cheques received after 5.00 p.m. (London time) will normally be treated as being received on the next **working day**.

17.6 Our liability when using the Stakeholder Website

In the case where you use the **Stakeholder Website** to send us an instruction or to carry out a transaction, we cannot be held responsible for receiving it or having carried out the transaction if for any reason our electronic platform is not operational. When you successfully send us an electronic instruction or carry out a transaction, we will give you confirmation. If you do not receive that confirmation within three hours we strongly recommend that you send us the instruction or request the transaction by alternative means, for example by telephone or in writing, to ensure that we get it.

17.7 Notices from us to you

You must give us an address (and an e-mail address, if that is your preferred communication method) to which we will send any notices. Unless exceptional circumstances apply, where posted, these notices will be treated as having been received by you two postal days after posting (excluding Sundays and Bank Holidays). Where e-mailed, they will be treated as having been received by you within one **working day**, unless we receive an error message to indicate that the e-mail has not been delivered.

You are responsible for ensuring that we have up to date home and e-mail addresses for you.

We will not give any notices by telephone and we will not give any notices of a confidential nature by e-mail, unless, in our opinion, the security arrangements are satisfactory.

18. Amendment or termination of the Scheme

We, as the Provider of the **Scheme**, reserve the right to amend the **Rules**. The **Rules** will not be modified in a way which would contravene the requirements of the Stakeholder Regulations.

As the Provider of the **Scheme** we can also decide to:

- wind-up the **Scheme** at any time;
- stop admitting new members to the **Scheme** but continue to accept payments from, and in respect of, existing members;
- stop admitting new members to the **Scheme** and stop accepting payments from, and in respect of, existing members.

19. Amendment of the Policy or your plan

(a) We can make changes to the **Policy** providing we obtain the Trustee's consent. We can also make changes to your **plan** providing we obtain your consent. We do not however need to obtain the Trustee's or your consent (as appropriate) in any of the following circumstances:

- in the case where, in our opinion, the amendment is reasonable and is not detrimental, and we have, in our opinion, given the Trustee or you (as appropriate) reasonable notice;
- where we have given the Trustee notice under the appropriate section of the **Policy**; or
- where legislative changes require an immediate change to the **Policy** and/or **plan**.

(b) You can ask us to amend your **plan**. Any such amendment is subject to our agreement and that of the Trustee where necessary.

(c) Any change we make to the **Policy** or the member's **plan** must not be contrary to the provisions of the **Rules**.

(d) If we amend the **Policy** at any time we will aim to be fair and reasonable when exercising this right. However, in exercising this right we will need to balance consideration of what is fair and reasonable, against the need to comply with UK legislation and regulatory requirements.

(e) You will be given notice of any amendments made to the **Rules** or the **Policy** if your benefits or rights are affected in any way.

20. Transitional protection

Transitional protection allowed you to protect certain rights acquired before 6 April 2006 and may be relevant to you where:

(a) at 5 April 2006 the value of your pension funds under all **Registered Pension Schemes** exceeded the **Standard Lifetime Allowance** (or your funds were of such a value that the **Standard Lifetime Allowance** could be exceeded at a later date);

(b) you were awarded a **pension credit** with an effective date of before 6 April 2006;

(c) you have transferred benefits to the **Scheme** from an occupational pension scheme, under which you were, at 5 April 2006, entitled to a lump sum of more than 25% of your fund;

(d) on 5 April 2006 you were entitled under the **Scheme** to a pension from an age less than 50 because your occupation was recognised by **HMRC** on that date as one for which a lower pension age was acceptable.

Where (a) or (b) applies you needed to register with **HMRC** by 5 April 2009 to benefit from the transitional protection.

Whenever your benefits come into payment, the value of those benefits is tested against your available **Personal Lifetime Allowance**. Before paying any benefits, we will need evidence of any percentage of the **Standard Lifetime Allowance** that has already been used in providing benefits. If, at that time, your **Personal Lifetime Allowance** is different to the **Standard Lifetime Allowance**, we will also need evidence of the actual **Personal Lifetime Allowance**.

If you would like further information on transitional protection, please contact us.

This is a very complex area and you are strongly recommended to seek financial advice when considering registering for transitional protection.

21. The Financial Services Compensation Scheme

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

Further information is available from:
The Financial Services
Compensation Scheme
7th Floor
Lloyds Chambers
1 Portsoken Street
London E1 8BN
Telephone: 020 7892 7300
www.fscs.org.uk

In particular, if an external company becomes insolvent there is a risk that we will not be able to recover the full value of any units of the relevant externally-linked fund that are held under the Scheme. If this situation arises and we cannot recover the full value of the units, Prudential will not be liable for the shortfall. Our understanding at the date of issue of this Technical Guide is that you (or your dependant where appropriate) would not be able to claim under the FSCS.

22. Pensions Tracing Registry

A central register of personal (including stakeholder) and occupational pension schemes has been established as part of a pensions tracing registry to help individuals who have lost touch with their previous pension arrangements trace their pension rights. In response to enquiries from individuals, information contained on the register will be used to determine the most likely location of their benefits.

The Department for Work and Pensions has been appointed to administer this service. Individuals wishing to use this service should apply in writing to: The Pension Tracing Service, The Pension Service, Tyneview Park, Whitley Road, Newcastle upon Tyne, NE98 1BA.

Alternatively, individuals can apply by calling 0845 6002 537 or online at www.thepensionservice.co.uk

23. Complaints

We hope you will never need to, but if you ever wish to complain about any aspect of the service you receive from us, please write to us at our TUC Stakeholder Customer Service Centre (see section 2.2). Please quote your **plan number** or customer number (you can find this on your **Policy schedule**).

If you are not satisfied with our response to your complaint, you may be able to take the complaint to the Financial Ombudsman Service. Complaining to the Financial Ombudsman Service is a free service and your legal rights will not be affected if you subsequently decide not to accept its findings.

There are also two other organisations to which you or your beneficiaries can refer a complaint, either the Pensions Advisory Service (TPAS) or the Pensions Ombudsman.

The Pensions Ombudsman has been appointed by law (section 145(2) of the Pension Schemes Act 1993) to investigate and determine, amongst other things, complaints about maladministration or disputes on points of fact or law in relation to personal pension schemes or occupational pension schemes. The Pensions Ombudsman can also investigate and determine complaints from personal pension scheme members about the activity of their employer in relation to the personal pension scheme.

The addresses and telephone numbers of these organisations are as follows:

– **Financial Ombudsman Service**:
  South Quay Plaza
  183 Marsh Wall
  London E14 9SR
  Telephone: 0845 080 1800

– **Pensions Advisory Service (TPAS)**:
  11 Belgrave Road
  London SW1V 1RB
  Telephone: 0845 601 2923

– **Pensions Ombudsman**:
11 Belgrave Road
London SW1V 1RB
Telephone: 020 7834 9144

If disagreements and complaints arise concerning pension matters, for example entitlements to benefits, the amount of benefit due or pension administration procedures, there is a formal internal dispute resolution procedure in place to deal with this. Should you need to use the internal dispute resolution procedure please contact us for full details.

Should any party to whom a complaint is referred under the internal dispute resolution procedure fail to do what is necessary under that procedure, you (or anyone else who is a complainant) have the right to refer the matter to the Pensions Regulator.

Please note that TPAS can be contacted at any stage during the internal dispute resolution procedure but the Pensions Ombudsman should not normally be contacted until the procedure has been exhausted.

Appendix to Technical Guide

The special words and expressions set out in section 1 of the Technical Guide apply to this **appendix**. This **appendix** is split into three parts as follows:

A. Charges

B. Minimum Payments

C. Delays in buying, selling and switching units

A. Charges

A.1 The plan charge

(a) The **plan charge** is subject to a maximum set in legislation.

(b) The **plan charge** is a percentage of the value of the **units** under the **Policy** on each day as set out in (c) below.

(c) Details of the **plan charge** are set out in your Guide to Fund Options Brochure.

The **plan charge** is calculated on a daily basis. It is, however, accumulated and, unless it is met by a payment or part of a payment made to the **Policy** for that purpose, we normally deduct it on one day every calendar month by selling **units** of our choice. We will select the date that **units** are normally sold to collect the charge.

Units may, however, in some circumstances be sold to collect the **plan charge** on more than one day each month. For example:

- where **units** have been switched between **funds**, part of the **plan charge** may be deducted at the time the **units** are switched; or
- where **units** have been sold to pay a transfer-out or to buy benefits, part or all of the **plan charge** may be deducted at the time the **units** are sold.

(d) The **plan charge** may also be met through a regular payment (or part of a regular payment) made to the **Policy** for that specific purpose. This may, for example, occur if your **employer** has agreed to pay the **plan charge**. In such a case, it will be paid on terms agreed separately between the Trustee and us. If the **plan charge** ceases for any reason to be paid in such a manner, or if the agreed terms are breached, it will, with effect from the date of such cessation or such breach, be deducted from the value of the **units** held under the **Policy** as described in (c) above.

A.2 Changes to the plan charge

The **plan charge** may not be increased except as otherwise agreed between the Trustee and us.

A.3 Pension set-up charge

There may be an additional charge when a pension is purchased with us. This may depend on the type of pension purchased and we will give details at the time.

A.4 Additional stakeholder charges

The Stakeholder Pension Schemes Regulations 2000 (SI 2000/1403), as amended, allow certain other charges to be deducted in addition to those described above. Those additional charges may be deducted where appropriate. In the main, they include certain deductions that may be made to take account of the costs of buying and selling investments.

B. Minimum payments

B.1 Minimum payments

Subject to complying with restrictions contained in Stakeholder legislation, we can impose a minimum amount on the payments that can be made under the **Policy**. Any such minimum shall not be more than £10 unless the Trustee agrees otherwise with us.

Subject to complying with restrictions contained in the Stakeholder legislation, we can also impose a minimum investment in each **fund** and/or minimum amount of increase or decrease to payments under the **Policy**.

B.2 Changes to minimum payments

Subject to complying with restrictions contained in Stakeholder legislation and to section B.1, we can increase the minimum payment under the **Policy** by a reasonable amount.

C. Delays in buying, selling and switching units

As mentioned in section 14, in some circumstances there may be delays in buying and selling **units** in the **funds**. This applies whether we are buying **units** with payments, selling **units** to provide benefits or a transfer-out, or both selling and buying **units** to carry out a **fund** switch.

This section gives information about when delays might apply and the action we will take.

C.1 General

(a) There may be a delay in buying and/or selling **units** in any **fund** if that **fund** has not been valued due to exceptional circumstances, or where due to market or other conditions beyond our control (including system failures), it is not possible to trade.

We may, furthermore, impose a delay in buying and/or selling **units** in an **externally-linked fund** if an **external company** so require in relation to their own corresponding fund. An **external company** may impose such a delay if they believe that there is sufficient or good reason to do so, having regard to the interests of all or any of their policyholders. Again, this will normally only ever happen in exceptional circumstances, or where due to market or other conditions beyond their control (including system failures), it is not possible to trade.

(b) A sale of assets relating to a **fund** may have an adverse effect on their value, particularly in circumstances where they are not readily saleable within a short period of time. For this reason, in order to protect the value of the investments under the **Scheme** and the investments of all other policyholders, we may delay carrying out the instruction to sell **units**.

(c) Additionally, for some types of assets or in certain markets, there may be a delay between selling the assets and receiving the proceeds. In such a circumstance this results in a delay in making the value realised available to provide benefits or a transfer-out.

(d) We will not delay buying and/or selling **units** for any longer than is reasonably necessary.

Please note that we can change the terms described in this section C.1 in respect of any new **funds** we may make available.

C.2 Unit price date(s) in the event of a delay

(a) In the event that there is a delay in buying **units** (whether through a payment to the **plan**, or as part of a switch), the purchase of **units** will normally take place at the end of the period of delay, using the **unit price(s)** then applicable.

(b) Unless in our opinion it would not be fair or reasonable to our policyholders to do so, where there is a delay in selling **units**, (whether to provide benefits or a transfer-out, or as part of a switch), the sale of **units** will normally take place at the end of the period of delay using the **unit price(s)** then applicable.

(c) Where there is a delay due to a time lapse occurring between selling the assets and receiving the proceeds, the sale of **units** will take place using the relevant **unit price(s)** at the start of the period of delay.

(d) There may be occasions when the existing **units** have been sold but there is a delay in buying the new **units**. In such a circumstance no interest will be added to the value realised from the sale of **units** for the interim period between the sale and the end of the delay period when the new **units** are bought.

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