Key Features of the
Universities Superannuation Scheme Money Purchase AVC Facility

Please read this document along with your personal illustration (if you have one) before you decide to buy this plan. It’s important you understand how the Universities Superannuation Scheme Money Purchase AVC Scheme works, the benefits and associated risks.
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We would like everyone to find it easy to deal with us. Please let us know if you need information about our plans and services in a different format.

All our literature is available in audio, large print or braille versions. If you would like one of these please contact us using the details on the last page.
The Financial Conduct Authority is a financial services regulator. It requires us, Prudential, to give you this important information to help you decide whether our Universities Superannuation Scheme Money Purchase AVC is right for you. You should read this document carefully so that you understand what you are buying, then keep it safe for future reference.
About the Universities Superannuation Scheme Money Purchase AVC Facility

The Prudential Universities AVC is an arrangement which allows you to make tax-efficient additional savings on top of your existing Universities Pension scheme.

On 2 August 2016 the Universities AVC closed to new applications. Your unit linked investments have been transferred into your USS investment Builder Account.

When we refer to your AVC Normal Pension Age, this is the same as your normal pension age in your Universities’ scheme as at the date you join the AVC. It will not change if your State Pension Age or normal pension age in the main Universities scheme changes. We may also refer to this as your “AVC Policy Age”.

Statement of Demand and Need

Taking out this product will meet the demand and need of a main scheme member wishing to make additional money purchase pension provision to meet their financial requirements in retirement. If you are not sure whether this plan is right for you, please speak to a financial adviser. If money is taken out of the With-Profits Fund at any time other than your AVC normal pension age or on your death, the amount payable may be reduced to reflect the value of the underlying assets at that time. This is known as a Market Value Reduction (MVR).

Tax rules may change in the future.

This document is based on our current understanding of current tax legislation and HM Revenue & Customs practice, both of which may change without notice. The impact of taxation depends on individual circumstances.

Inflation will reduce what you can buy in the future.

If the total charges and costs are more than any overall growth achieved, your plan will fall in value, possibly to even less than you have invested.

There may be a delay in the buying, switching or selling of any investment. You will be told if this applies. We explain this in the section “Where do you invest my contributions?”. Its aims

What this plan is designed to do

- To help you save for retirement in a tax-efficient way.
- It can also be used to provide you with optional life cover.
Your commitment

What we ask you to do
• To make regular and/or lump sum payments into your plan.
• To leave your money invested until you are ready to take your pension benefits. The earliest age you can normally take benefits is currently 55.

Risks

What you need to be aware of
Investing money can be rewarding, but it’s not without risk. We’ve highlighted the key risks you should consider before investing in this product.

• The value of your plan can go down as well as up and may even fall below the amount you invested – what you get back is not guaranteed:
• Levels of risk and potential investment performance differ depending on the funds you choose. Please read your Fund Guide for more information.
• If you withdraw money from our With-Profits Fund we may reduce the value by applying a Market Value Reduction.

Other documents you should consider reading

This document gives you key information about the Prudential Universities AVC. If you want more detail on specific points, please read the following documents. We have highlighted when they are relevant throughout this document.

They are all available from your adviser, on our website at pru.co.uk universities or direct from us. Our contact details are on the last page.

• The Fund Guide
  This explains your investment choices.

• Your With-Profits Plan – a guide to how we manage the fund
  Provides more information on how our With-Profits Fund works, and our current approach to managing it.

• Market Value Reduction a clear explanation
  Gives more information on Market Value Reductions.
Questions & Answers

Is the Universities AVC right for me?
If you’re a member of the Universities Superannuation Scheme and have opted-in to be able to continue making With-Profits payments towards your future pension benefits, it might be right for you. On 2 August 2016 the Universities AVC closed to new applications but we can accept ongoing payments to the With-Profits Fund only by prior agreement.

Are other options available?
You have a number of options to increase your benefits within the universities scheme. You should contact your main scheme administrator for more details. You may wish to speak to a financial adviser before deciding if you want to go ahead with any option open to you.

How flexible is the Universities AVC?
You can increase, reduce or stop your payments at any time. You can re-start payments whenever you wish to. If you leave the main universities scheme and then return to it you can also start making payments into your AVC again.

You can’t cancel your plan and receive a refund. Once you’ve paid money in, you can only access it as pension benefits – see ‘When can I take my benefits?’.

How much can I pay into the Universities AVC?
With the introduction of the new USS Investment Builder from 1 October 2016 all future payments have ceased with two exceptions:
• those eligible With-Profits contributing members who returned a valid election form to continue making payments, and
• Life Assurance members. If you currently pay for life assurance as part of the Money Purchase AVC facility, these payments will continue unless you decide otherwise.

The Universities Superannuation Scheme currently restricts the maximum you can pay into your Money Purchase AVC facility between 1 April and the following 31 March to the lower of:
• 100% of salary, or
• The annual allowance set by the Government.
Payments are deducted from your salary and passed to Prudential to be invested into your plan.

**Where are my payments invested?**

The only fund available for on-going payments is the With-Profits Fund. Any money invested in the With-Profits Fund and Deposit Fund will remain invested in Prudential unless you actively request a transfer of these Funds across to the USS Investment Builder.

However, most of the money invested in any other Funds have been transferred over to the USS Investment Builder automatically. If you still have money invested in the unit-linked funds you may choose to transfer these funds across to the USS Investment Builder.

No further contributions can be invested in these Funds or the Deposit Fund.

There may be exceptional circumstances that delay the buying, switching and selling of units in any fund. We would not expect these delays to be longer than six months for units that invest in property or land, and one month for units that invest in other asset types. However, we cannot guarantee that delays will never be longer. If a delay will apply to you, we’ll let you know.

For more information, please read the Fund Guide and Your With-Profits Plan – a guide to how we manage the fund.

**How funds invest**

Some of the Prudential funds listed in your Fund Guide may invest in ‘underlying’ funds or other investment vehicles. Have a look at a fund’s objective and that will tell you where it invests – including if that’s in an underlying fund or funds.

If the Prudential fund is investing in just one underlying fund then it’s what’s known as a ‘mirror’ fund, as the performance of the Prudential fund broadly aims to reflect the performance of the underlying fund it invests in. The performance of our Prudential fund, compared to what it’s invested in won’t be exactly the same. The differences between the underlying fund and our fund can be due to:

- additional charges,
- cash management (needed to help people to enter and leave our fund when they want),
• tax,
• timing of investments (this is known as a fund’s dealing cycle, it varies between managers and can be several days).

Can I change my Investments?

You cannot normally move your money in your plan between funds. If this changes in the future, we'll let you know.

If you move money out of a With-Profits Fund we may reduce the value of your fund by applying our Market Value Reduction. More information on Market Value Reductions can be found in our leaflet ‘Market Value Reduction a clear explanation’ for more information please read: pru.co.uk/pdf/PRUS6165.pdf.

What if I stop making payments?

Reducing or stopping your payments will reduce your future pension benefits. We will continue to take our charges even if you stop payments – for more information please read: ‘What are the charges and costs?’.

You cannot pay in to the AVC if:
• You are no longer a participating member in the Universities Superannuation Scheme main scheme
• You are over age 75

Can I transfer my pension?

You can transfer out your AVC to another registered pension scheme or qualifying recognised overseas scheme as long you have stopped paying into your plan and haven’t previously used any of your AVC fund value to buy an annuity or pension from your scheme. Please speak to us or your scheme administrator for more information.

What are the charges and costs?

Charges and costs are deducted for managing your plan and the underlying investments. The amount we charge depends on the funds you invest in.

Charges are taken from your AVC by making deductions of units from your fund if you are invested in a unitised fund. Charges are taken in a different way if you are invested in our With-Profits Fund.
For most funds we calculate the charge daily and take it monthly from your plan by cancelling units. We calculate the charge for the With-Profits Fund differently.

Please remember that we’ll keep taking our charges, even if you stop your payments. Charges and costs may vary in the future and may be higher than they are now.

More information on the charges and costs can be found in your Fund Guide.

**With-Profits Fund annual charge**

The With-Profits Fund’s annual charge to your plan depends on the performance of the fund, in particular the investment return and our expenses. If, for example, over time investment returns are higher, we would expect charges to be higher. If investment returns are lower, we would expect charges to be lower.

We currently estimate this charge to be about 0.80%, based on the assumption that future investment returns from the With-Profits Fund will be 5% per year. This charge is already taken into account when we calculate bonus rates. There’s more about bonuses in: Your With-Profits Plan – a Guide to how we Manage the Fund.

**Further costs incurred by the funds**

In addition to our charges, there may be further costs incurred, which can vary over time. Where these are applicable, they are paid for by the relevant fund and will impact on its overall performance.

For more information on these further costs, please look at the current Fund Guide for this product.

**With-Profits guarantee charges**

There is a charge to pay for all the guarantees the With-Profits Fund supports. We guarantee not to apply a Market Value Reduction (MVR) in certain circumstances, e.g. when payments are made because of death or at your AVC Normal Pension Age.

Our current practice (which is not guaranteed) may include additional circumstances when an MVR is not applied. Please see “What’s a Market Value Reduction?” for more details.

You won’t see this charge on your annual statement because we take it by adjusting regular and final bonuses. The total deduction for guarantee charges over the lifetime of your plan is not currently more than 2% of any payment made from the fund. Charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.
For more information about bonuses and charges, please read *Your With-Profits Plan – a Guide to how we Manage the Fund*. 

**What’s a Market Value Reduction?**

If you take money out of the With-Profits Fund, we may adjust the value of your fund if the value of the underlying assets is less than the value of your plan including all bonuses. This would also apply if the scheme administrator of your plan transferred part, or all, of the scheme. 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*” for more information on bonuses.

An MVR will reduce the amount payable on full or partial withdrawals and you may even get back less than you have invested in your plan. We guarantee not to apply an MVR at your Normal Pension Age or on any claims due to or after death.

**Our current practice on applying an MVR**

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

For investments that have been running for longer periods, we would consider applying an 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. As plans approach the AVC Normal Pension Age the size of any MVR that would apply could be expected to reduce gradually.
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.

What might I get back?

The size of your AVC fund final benefits will depend on many factors, including the following:

- the amount that has been paid in
- how long you’ve been making payments
- the performance of the fund(s) you’ve chosen
- the amount of charges
- how long money is invested
- the effect of inflation
- how you choose to take your benefits
- tax rules
- the level of bonuses which are added to your AVC if you are invested in the With-Profits Fund

When can I take my benefits?

The Government currently allows people to start taking their benefits from the age of 55, even if you are still working. You may be able to start taking your benefits early if you’re in ill health.

If money is taken out of the With-Profits Fund at any time other than your AVC Normal Pension Age or on your death, the amount payable may be reduced to reflect the value of the underlying assets at that time. This is known as a Market Value Reduction (MVR).

The minimum age from which you can access your personal or occupational pension is expected to increase from 55 to 57 in 2028 and remain at 10 years below the State Pension age. There is no maximum age at which you must take your AVC benefit.
What choices will I have when I take my benefits?

You can take your pension benefits from the age of 55.

There are four ways to use your AVC to take benefits. You can use some or all of your savings to:

- take cash lump sums (known as Uncrystallised Funds Pension Lump Sums or UFPLS) on a regular or one-off basis from your AVC plan.
- take flexible income known as drawdown. In order to do this you must transfer into a Drawdown plan and you may need to take financial advice.
- take fixed income otherwise known as an annuity with some or all of the value of your AVC fund.
- draw a pension from any occupational pension scheme you are a member of.

You can also take a combination of the above. Each time you take a cash lump sum, move money into drawdown, or buy an annuity, you can usually take out 25% of the money tax-free.

If you do decide to take cash lump sums (UFPLS) out of your AVC, Prudential applies a £2,000 minimum to withdrawals and after any are taken you must leave a total of £5,000 in your fund.

Please contact us as you approach retirement and we will let you know which of these options we may be able to offer you. You may have to transfer to another pension arrangement to take advantage of them all.

Whatever you decide to do with your pension pot – you don’t have to stay with us. You should shop around and depending on the choices you make, you may find something more appropriate elsewhere, with alternative features, investment options or charges.

Your Universities Superannuation Scheme AVC comes with another benefit. You can take your AVC as cash or an 100% tax free cash lump sum. Providing you take it at the same time as your main scheme benefits. The total lump sum you take from the USS (can’t be more than 25% of the combined value of the USS benefits you take at that particular time and must fall within the maximum permitted by HMRC rules).
Where can I get guidance about what to do with my pension?

General guidance on all aspects of pensions is available from the Money Advice Service [moneyadviceservice.org.uk](http://moneyadviceservice.org.uk)

Telephone: **0800 138 7777**

For people over 50, Pension Wise is also available. This Government service offers guidance to people with personal pensions on all the options available for their pension savings. You can have a free consultation online, over the phone and face to face. For more information please read: [pensionwise.gov.uk](http://pensionwise.gov.uk)

Telephone: **0800 138 3944**

If you have general requests for information or guidance concerning your pension arrangements contact:

The Pensions Advisory Service (TPAS)
11 Belgrave Road
London
SW1V 1RB
Telephone: **0800 011 3797**

Website: [pensionsadvisoryservice.org.uk](http://pensionsadvisoryservice.org.uk)

These services are free and impartial and using them won’t affect your legal rights.

What about tax?

AVC payments are deducted from your salary before tax and passed to Prudential for investment. This means if you normally pay tax you’ll qualify for immediate tax relief on your payments.

If you make a lump sum payment by cheque you will need to reclaim any tax relief you are due by contacting HMRC.

We’ve based this information on our understanding of current law and HM Revenue and Customs practice. Your individual circumstances and future changes in law and tax practice could affect the amount you pay. For more information please read: [pru.co.uk/tax](http://pru.co.uk/tax) or visit the HMRC website at [hmrc.gov.uk](http://hmrc.gov.uk)

If you need further advice on tax you may wish to speak to a financial adviser.

Annual Allowance

The Annual Allowance is a limit to the total amount of contributions that can be paid to defined contribution pension schemes and the total amount of benefits that you can build up in defined benefit pension schemes each year, for tax relief purposes.
Tax is a complicated subject and you may wish to seek advice if you feel this will affect you. For more information please read: pru.co.uk/tax or visit the HMRC website at hmrc.gov.uk

Money Purchase Annual Allowance
The Money Purchase Annual Allowance (MPAA) will apply to you if you have flexibly accessed pension benefits on, or after, 6 April 2015. Your pension scheme administrator or provider paying these benefits will have informed you if you are subject to the MPAA at the time they paid the flexible benefits. In any year where you exceed the MPAA you may incur a tax charge and you should seek financial advice if you feel this may affect you.

Examples of drawing benefits flexibly include taking income from flexi-access drawdown or taking a cash lump sum direct from your pension plan as an Uncrystallised Funds Pension Lump Sum.

In any year when you exceed the MPAA, your annual allowance for other types of tax-relieved pension saving, such as defined benefits, is reduced by the MPAA.

For more information please read: pru.co.uk/tax or visit HMRC website at hmrc.gov.uk

Lifetime Allowance
There is no limit on how big your pension fund can grow to, however you will have a lifetime allowance in relation to the maximum amount of tax-relieved benefits you can build up over your lifetime.

If you think you are affected by this limit you can get more information please read: pru.co.uk or visit HMRC website at hmrc.gov.uk

How will I know how my plan is doing?
We’ll send you an annual statement to show how your plan is doing. Or you can call us using the contact details at the rear of this document for a valuation.

What happens to the Universities AVC if I die?
If you die and you still have money in your AVC fund, we’ll normally pay the value of your pot on the instructions of the trustees to your nominated beneficiaries, spouse, civil partner, dependant or legal representative.
Can I use my AVC to provide optional Life Cover?

If you have already opted to fund life cover for yourself, your spouse and/or dependants through your AVCs this cover can continue.

What if the Universities AVC is not right for me?

You can’t cancel your plan. However, you can reduce or stop your payments at any time. Please see ‘What if I stop my payments?’.
Client category

We classify you as a ‘retail client’ under Financial Conduct Authority (FCA) rules. This means you’ll receive the highest level of protection for complaints and compensation and receive information in a straightforward way.

Financial strength

Prudential meets EU standards for meeting its financial obligations. You can read our solvency and financial conditions reports at pru.co.uk/about_us, or if you contact us we can post some information to you.

Compensation

The Prudential Assurance Company Limited (PACL) is covered by the Financial Services Compensation Scheme (FSCS). If we get into financial difficulties, you may be able to make a claim. The FSCS is an independent body set up by Government to provide compensation for people where their authorised financial services provider gets into financial difficulties and becomes unable, or unlikely to be able, to pay claims against it. This circumstance is referred to as being ‘in default’.

Losses, which may result from poor investment performance, are not covered by the FSCS.

Where does FSCS protection apply?

There is full FSCS coverage if PACL is ‘in default’.

- Your pension is protected up to 100% of the value of your claim.
- Any funds you choose to hold in your pension will be included in the value of your claim in the event that PACL is declared ‘in default’.
- If you hold the Prudential With-Profits fund or Deposit fund in your pension, they are protected 100% in the event of the default of PACL.

All the other funds we offer, apart from those mentioned above, are unit-linked, and invest in other funds managed by non-PACL fund managers. FSCS cover does not apply if the non-PACL fund manager were to be ‘in default’.

- There is no FSCS cover for unit-linked funds investing with non-PACL fund managers if that manager were to be ‘in default’.
- See ‘How funds invest’ for further information on these types of fund (often called ‘mirror’ funds).
You can find out more information on the FSCS at pru.co.uk/fscs, or you can call us.

Information is also available from the Financial Services Compensation Scheme.

Visit their website: fscs.org.uk

Or write to:
The Financial Services Compensation Scheme, PO Box 300, Mitcheldean, GL17 1DY

Or call the FSCS:
Telephone: 0800 678 1100

Where FSCS coverage does not apply, then other factors can come in

As explained in the ‘Where does FSCS protection apply?’ section, the FSCS doesn’t cover every situation. For example unit-linked funds that invest in the funds of non-PACL fund managers (often called ‘mirror’ funds).

But, where FSCS protection does not apply, there are other factors that could help if the worst happened and a provider was ‘in default’. For example, the use of custodians or depositories to provide protection for fund assets, where there is separate legal ownership of assets and legal entities that aren’t liable for any losses of a fund manager. In so doing, the intention is that the underlying fund will not be liable for any losses the underlying fund management company incurs.

PACL would aim to recover any money invested in an underlying fund where the fund manager has been declared ‘in default’, but PACL would not be liable for any loss incurred from the default of the non-PACL fund manager.

Prudential’s liability

Our liability under any fund that we make available under the Prudential Universities AVC cannot exceed the value of the assets underpinning that fund, whether these assets are actual assets, an interest in another fund (whether managed by a company within the M&G plc Group or by an external company) or an interest in a reinsurance policy effected by us to reinsure our liability under a fund.
In particular, for the type of funds listed in one and two above, our liability is limited to the amount we can claim from the relevant company. So, for example, if the external company or the other company within the M&G plc Group, were to become insolvent, we could only pay the amount, if any, which we could collect under the insolvency in respect of the units allocated to the plan.

In addition, we are not liable for any losses caused by the acts and omissions of an external company in respect of its own fund and/or the externally-linked fund.

Conflict of Interest

We want to make sure that we uphold our reputation for conducting business with integrity. If we become aware that our interests may conflict with yours we will take all reasonable steps to manage it in an appropriate manner. 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 the contact details on page 19.

Law

The law of England and Wales applies to your contract.

Our regulators

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Prudential Assurance Company Limited is entered on the Financial Conduct Authority (FCA) Register, FCA Reference Number 139793. The FCA Register is a public record of all the organisations that the FCA regulates.

You can contact the FCA at:

The Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Email: consumer.queries@fca.org.uk

Prudential Regulation Authority details:

The Prudential Regulation Authority
Bank of England
Threadneedle St
London
EC2R 8AH

Telephone: 020 7601 4878

Email: enquiries@bankofengland.co.uk
Communicating with you

Our plan documents and terms and conditions are in English and all our other communications with you will be in English.

How to make a complaint

If you have a complaint, please get in touch with us and we will do everything we can to resolve it. You can also ask us for details of our complaints handling process. Our contact details are in the ‘How to contact us’ section at the back of this document.

If you’re not satisfied with our response, you can take your complaint to the Financial Ombudsman Service who help settle individual disputes between consumers and businesses providing financial services:

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Telephone: 0800 023 4567 or 0300 123 9123

Website: financial-ombudsman.org.uk

Help is also available from the following:

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: pensions-ombudsman.org.uk

You can also submit a complaint form online: pensions-ombudsman.org.uk/our-service/make-a-complaint/

These services are free and using them won’t affect your legal rights.
Get in touch

If you want to contact us before you buy this plan, you can write or phone:

Write to: Prudential Lancing BN15 8GB UK

Phone: 0345 600 0343 Monday to Friday, 8:30am to 6pm.
We may record or monitor calls to improve our service.

If you’re a Deaf customer, who is also a British Sign Language (BSL) user, you can contact us using a Video Relay service. The service, provided by SignVideo, connects customers to fully qualified, registered NRCPD interpreters who will relay your conversation with a member of our customer service team.

[pru.co.uk/contact-us/signvideo](http://pru.co.uk/contact-us/signvideo)

There is no cost for using this service to call Prudential and we’re available to help you Monday to Friday, 8am to 6pm.

Keep in touch

It’s important that we keep in touch so, if you change your address or any of your contact details, please let us know.

pru.co.uk

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