Key Features of the NHS Additional Voluntary Contributions (AVC) Scheme for England & Wales

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 NHS AVC Scheme for England & Wales works, the benefits and associated risks.
Welcome

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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 NHS AVC Scheme 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.

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About the NHS AVC Scheme

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

Taking out this product will meet the demand and need of a main scheme member wishing to make additional 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.

When we refer to your AVC Normal Pension Age, this is the same as your normal pension age in your NHS scheme as at the date you join the AVC.

- For members who were in the 1995 Section on joining the AVC, this will be age 60*
- For members who were in the 2008 Section on joining the AVC, this will be age 65*
- For members who were in the 2015 Scheme on joining the AVC this will be your State Pension Age or age 65 if higher. Please note that if your State Pension Age changes your normal pension age for AVC purposes will also change.

* Your AVC Normal Pension Age will not change if your State Pension Age or normal pension age in the main NHS scheme changes
Its aims

What this plan is designed to do
- To help you save for retirement in a tax-efficient way by providing access to a wide range of investment options to match your investment objectives and attitude to investment risk.
- 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.
- You need to choose investments to suit your needs and keep them under regular review.

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.
- Inflation will reduce what you can buy in the future.
- 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. We explain this in the section “What’s a Market Value Reduction?”.
- There may be a delay in the buying, switching or selling of any investment. You will be told if this applies. Please read the section “Where are my payments invested?” for more information.
Other documents you should consider reading

This document gives you key information about the NHS AVC Scheme. 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 www.pru.co.uk/nhs 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 NHS AVC right for me?
If you’re a member of a main scheme pension and you want to make additional investments towards your future pension benefits, it might be right for you.

Are other Options Available?
You have a number of options to increase your benefits within the NHS 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 NHS 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 NHS 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 – for more information please read the section ‘When can I take my benefits?’.

How much can I pay into the NHS AVC?
There is no limit to the amount that you can pay into your AVC plan. Your total payments to this AVC, the main NHS Pension Scheme, including top-up options, and any other pension arrangement is subject to maximum tax relief on your payments of up to 100% of your salary.
Payments are deducted from your salary and passed to Prudential to be invested into your plan or used to purchase life cover.
You are also able to make lump sum payments by cheque. In this case you will need to reclaim any tax relief you are due by contacting HMRC.

Can I transfer money in?
You can transfer funds from other pensions you may have into your AVC as long as you are in pensionable service (currently working and in the NHS main scheme) at the time of the transfer. You will need to discuss this with your scheme administrator.
Transferring pensions is an important decision as you may be giving up rights with your existing pension scheme. You should speak to your financial adviser.

Where are my payments invested?
You choose which funds you would like to invest your money in, from the fund range available. Our unit-linked funds are divided into units of equal value and we use the value of the units to work out how much your plan is worth at any time.
Different funds offer different types of investment. For example, some only invest in property, others invest directly in the stock market, and others invest in a wide range of assets. Each fund has its own level of potential reward and risk. Usually, funds with more potential for growth carry more risk.
The performance of the funds isn’t guaranteed. The value of your investment can go down as well as up and may even fall below the amount you invested – what you get back is not guaranteed.

There may be exceptional circumstances that delay the buying, switching and selling of units or investments in any fund. We would not expect these delays to be longer than six months for funds that invest in property or land, and one month for funds 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 information about the Funds you can choose from, please read your Fund Guide and “Your With-Profits Plan – a guide to how we manage the Fund”.

**Can I change my Investments?**

You can move your money in your plan between funds at any time. We currently don’t charge you for this. 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 a Market Value Reduction. More information on Market Value Reductions can be found in our leaflet ‘Market Value Reduction A clear explanation’ which can be found at www.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 the section ‘What are the charges?’.

**Can I transfer money out?**

You can normally transfer your AVC to another registered pension scheme or qualifying recognised overseas scheme at any time up to age 75. Please speak to your scheme administrator for more information.

We won’t charge you for this but a Market Value Reduction may apply if you transfer money out of the With-Profits Fund. You may wish to speak to a financial adviser before deciding to transfer.

**What are the charges?**

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

In addition there may be some additional costs which impact the overall performance of the fund. These costs include trading and dealing costs and property expenses.

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. Our charges may vary in the future and may be higher than they are now.

More information on the charges mentioned here can be found in your Fund Guide.

**With-Profits Fund charges**

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 0.94%, 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 information about bonuses in: Your With-Profits Plan – a Guide to how we Manage the Fund.

**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 read the section “What’s a Market Value Reduction?” for more details and also refer to our leaflet ‘Market Value Reduction A clear explanation’ which can be found at [www.pru.co.uk/pdf/PRUS6165.pdf](http://www.pru.co.uk/pdf/PRUS6165.pdf). 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 AVC Normal Pension Age or on any claims due to 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. The maximum age from which you must take your AVC benefits is currently 75.
What choices will I have when I take my benefits?

There are these options which may be used in combination:

• **Uncrystallised Funds Pension Lump Sum** – take a single or series of lump sums from your pension savings.

• **Flexi-access drawdown** – a new form of drawdown which will allow you to take an unlimited amount of income or lump sums from a pension fund. This will replace flexible and capped drawdown, although existing capped drawdown plans will continue.

• **A pension annuity** – an investment that guarantees to pay a secure income for the rest of your life, regardless of how long you live.

• **Pension directly from a pension scheme** – occupational pensions schemes are not changing. You will still be able to draw a pension from any occupational pension scheme you are a member of.

You can also take a combination of the above. When you decide to start taking your benefits from your scheme, you can take up to 25% as a tax free lump sum.

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 at least £5,000 in your fund.

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.

Where can I get guidance about what to do with my pension?

Two free and impartial services, set up by the Government, are available to give you more information about pensions. General guidance on all aspects of pensions is available from the Money Advice Service [www.moneyadviceservice.org.uk](http://www.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. Find out more at [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk) Telephone: 0800 138 3944.

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.
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 visit [www.pru.co.uk/tax](http://www.pru.co.uk/tax) or visit the HMRC website at [www.hmrc.gov.uk](http://www.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 payments 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 visit [www.pru.co.uk/tax](http://www.pru.co.uk/tax) or visit the HMRC website at [www.hmrc.gov.uk](http://www.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 visit [www.pru.co.uk/tax](http://www.pru.co.uk/tax) or the HMRC website at [www.hmrc.gov.uk](http://www.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 visit www.pru.co.uk or the HMRC website at www.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 on the last page of this document for a valuation.

What happens if I leave?
If you leave the NHS Pension Scheme your payments will stop and your AVC plan will remain invested (you can restart payments after a career break when you rejoin the main scheme). If you are making payments for additional life cover, your cover will stop when you leave.

Any charges will also continue to be taken until you take your benefits.

Alternatively, you may transfer your AVC plan to another Registered Pension Scheme as long as you apply to do so before your 75th birthday. Where your employer has provided you with a refund of main scheme payments, your AVC account will normally also be refunded. This refund is subject to a statutory tax deduction, currently 20% on any refund up to £20,000 and 50% on any excess.

We may apply an MVR to any monies taken out of the With-Profits Fund. For more information please read the section “What’s a Market Value Reduction?” and also refer to our leaflet 'Market Value Reduction A clear explanation' which can be found at www.pru.co.uk/pdf/PRUS6165.pdf.
**What happens to the Prudential NHS AVC if I die?**

If you die before taking your benefits, and on instruction of your scheme administrator, we will pay the value of your AVC pot as a lump sum. This will normally be paid into your spouse, civil partner or nominated partner, or in the absence of these, to your personal representatives.

If you do not wish for any death benefits to be paid in this way, please contact your scheme administrator/NHS Pensions.

**Can I use my AVC to provide optional Life Cover?**

You can use AVCs to fund additional life cover for yourself, your spouse and/or dependants.

The cost of this cover increases every three years for the level of cover selected. Your cover will end when you reach your normal pension age or when you stop making payments.

When we refer to a “dependent” this now extends to any surviving adult including spouse, civil partner and nominated partner.

**What if the plan is not right for me?**

You can’t cancel your plan. However, you can reduce or stop your payments at any time. Please read the section “What if I stop making payments?”.
Other information

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.

Compensation
Prudential conduct robust on-going monitoring of all internal funds and the external fund managers we invest with. This aims to ensure the integrity of the funds, the security of the assets managed on our behalf and that an agreed investment approach is followed. This allows us to anticipate any events that may cause solvency issues to ensure they can be addressed appropriately.

- if you invest in funds managed by Prudential Assurance Company Limited (PACL), i.e. With-Profits or Deposit, you are fully protected under the FSCS up to 100% of your investment subject to there being an eligible claim.

- if you invest in funds managed by Prudential Pensions Limited (PPL), i.e. any Prudential funds other than With-Profits or Deposit, you will not be covered under the FSCS, although external fund managers may appoint a depository and a custodian, the purposes of which are to help ring-fence invested money from that of the fund manager. Although we aim to recover any money invested, PACL would not be liable for a default of the external fund manager.

You can find out more information on the FSCS and examples of limits in the scope of FSCS cover for your plan at www.pru.co.uk/about_us/fscs, or you can call us.

Information is also available from the Financial Services Compensation Scheme. Visit their website: www.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
Prudential’s liability
Our liability under any fund that we make available under the Prudential Local Government AVC Scheme 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 Prudential 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 unit-linked funds which are invested solely in funds operated by another company within the Prudential group or externally-linked funds, 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 Prudential 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.

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

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 the back page.

Law
The law of England and Wales applies to this 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
25 The North Colonnade
Canary Wharf
London
E14 5HS
Telephone: 0800 111 6768 or 0300 500 8082

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 on the last page 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

Or visit the website: www.financial-ombudsman.org.uk

Help is also available from the following bodies:
The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7630 2200

The Pensions Ombudsman is an independent organisation, set up to investigate complaints about pension administration.

The Pensions Advisory Service (TPAS)
11 Belgrave Road
London
SW1V 1RB

Telephone: 0300 123 1047

The Pensions Advisory Service is an independent, Government funded body that gives free advice to members of the public about pensions.

These services are free and using them won’t affect your legal rights.
How to contact us

If you want to contact us before you buy this plan or to start or increase your AVCs, you can do so online or by phone.

www.pru.co.uk/nhs

Phone: 0800 678 3921 Monday to Friday 9am to 5pm. We can’t give you financial advice but can give you factual information and chat to you about your personal situation.

If you want to contact us with any other queries, change your address or contact details or switch your investment, you can do so in writing or by phone.

Write to: Prudential Lancing BN15 8GB UK

Phone: 0345 640 3000 Monday to Friday 8am to 6pm. We may record or monitor calls to improve our service.

If you are 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.

www.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.

You’ll also find more information at: www.pru.co.uk/nhs
The Prudential Assurance Company Limited (PACL) is registered in England and Wales. This name is also used by other companies within the Prudential Group. Registered office at Laurence Pountney Hill, London EC4R 0HH. Registered number 15454. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.