

Key Features of the

Prudential Free-Standing Additional Voluntary Contribution Scheme

Please read this document along with your personal illustration (if you have one) before you decide to top-up this plan. It's important you understand how Prudential Free-Standing Additional Voluntary Contribution 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 Prudential Free-Standing Additional Voluntary Contribution 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.

About the Prudential Free-Standing Additional Voluntary Contribution Scheme

The Prudential Free-Standing Additional Voluntary Contribution Scheme is designed to allow you to make extra payments towards your retirement in a tax efficient way.

Its aims

What this plan is designed to do

- To enable you to save for your retirement in a flexible and tax-efficient way, to supplement the benefits provided by your employer's pension scheme.
- To build up a fund to provide you with an extra income in your retirement.

Your commitment

What we ask you to do

- To allow the money in the scheme to potentially grow until you take your pension benefits.

Risks

What you need to be aware of

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.

What you might get in pension income will depend mainly on our investment performance prior to your retirement and is not guaranteed. The retirement benefits you receive may therefore fall short of your expectations.

When you are ready to retire your pension benefits may be lower than expected, due to a number of factors including:

- Investment growth could be lower than expected
- Annuity rates when you retire may be lower than expected
- You start taking your retirement benefits earlier than your selected retirement date
- Charges and costs may vary in the future and may be higher than they are now. Further details can be found in your illustration.
- You stop paying into your plan or you chose to take a payment break.

For the With-Profit Fund we may reduce the value of your fund by applying a Market Value Reduction (MVR). We guarantee not to apply an MVR at selected retirement date. Further details can be found in the section "Where are the payments invested?".

For investments in the With-Profits Fund, the value of your plan depends on a number of factors including:

- the return on the investments underlying our With-Profits Fund
- the way we distribute any profit on the fund
- profits and losses arising in the fund from other business risks
- the cost of meeting any guarantees including, for example, those under an annuity plan which guarantee an income for life.

The government has introduced a Pension Credit.

If you have little retirement provision, the pension you receive from this plan could reduce the benefit you receive from the Pension Credit. The exact effect will depend on the rules in place when you retire.

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 further in the section "Where are my payments invested?".

Other documents

This document gives you key information about the Prudential Free-Standing Additional Voluntary Contribution Scheme. If you want more detail on specific points, please read the following document. We have highlighted when this is relevant throughout this document.

This is available from your adviser, on our website at [pru.co.uk](https://www.pru.co.uk) or direct from us. Our contact details are on the last page.

- **Your With-Profits Plan – A guide to how we manage the With-Profits Fund**

This provides information on how our With-Profits Fund works, and our current approach to managing it.

Questions & Answers

Is the Prudential Free-Standing Additional Voluntary Contribution Scheme right for me?

A Free-Standing Additional Voluntary Contribution Scheme (FSAVC) is specifically designed to enable you to make extra provision for retirement.

Payments are invested in a fund which is largely tax free. You don't pay capital gains tax on your pension funds. Your fund at retirement must be applied to purchase a pension, which is taxable as earned income.

How much can I increase my payments by?

The minimum amount of top-up is £10.00 a month. You can choose to have regular payments increased automatically each year by 5%-20%. You can also make additional one off (single) payments. The minimum single payment is £500.00. The minimum increases to £5,000 if there is less than 5 years to the chosen retirement date. You'll normally receive tax relief on your payments. You'll normally get this tax relief on payments up to 100% of your earnings. If you earn above the basic rate of tax you'll be able to claim back the extra tax relief you pay through your tax return or direct from HM Revenue & Customs.

What might I get back?

You can use your pension fund to create an income. The size of your pension fund, to generate this income will depend upon a many factors such as:

- the amount that has been paid into the plan
- how long you have been making payments
- the performance of the fund(s) you have invested in
- the age you choose to take your benefits
- the amount of charges you've paid.

The size of your income will depend upon many factors including how you draw your pension.

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

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.

You can convert all of your plan into a pension or you can normally take up to 25% of the fund as a tax free lump sum and the rest will buy a smaller pension. Any pension income will be taxed as earned income.

Any tax free cash sum must be taken before age 75.

When can I take my benefits?

The Government currently allows people to start taking their benefit 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.

The minimum age from which you can access your personal or occupational pension will increase from 55 to 57 in 2028 and is expected to remain at 10 years below the State Pension Age.

State Pension

State Pension age will increase from age 66 to age 67 for males and females between 6 April 2026 and 5 April 2028. These ages may change in future as result of changes in life expectancy and other factors. You should consider this change as plan your retirement.

Introduction of a single tier pension

Those who attain State Pension age on or after 6 April 2016 may be entitled to a new flat rate State Pension. This will replace the previous basic State Pension and additional State Pension from this date.

For more information visit our website at pru.co.uk/tax, speak to your Financial Adviser or visit the Money Advice Service.

moneyadviceservice.org.uk

Where are the payments invested?

If you originally chose a payment term of five years or more your payments will be invested in the Prudential With-Profits Fund. If you originally chose a payment term of less than five years or you switched to the Deposit Fund at your selected retirement date, your payments will be invested in the Deposit Fund.

The value of an investment is not guaranteed and may go down as well as up. Your fund value in future may be less than the payments you have made.

The price of each unit depends on the value of the investment in the fund and also whether more money is going into or out of the fund.

Deposit Fund

The Deposit Fund rate is set with references to short term interest rates.

It is reviewed regularly and there are no explicit charges.

With-Profits Fund

The With-Profits Fund aims to smooth the peaks and troughs of investment performance in order to provide a more stable return. We do this by holding back some of the investment returns in good years with the aim of using this to boost bonus rates in the years where the investment returns have not been so good.

How are regular bonuses worked out?

When we decide regular bonus rates, the main thing we consider is the return we expect our investments to earn in the future. We hold back some of this return with the aim of paying a proportion of the proceeds as final bonuses.

There are two types of bonus:

- Regular, which are added throughout each year. We can change the rate of regular bonus at any time without prior notice.
- Final, which may be paid when you take money out of the With-Profits Fund, Final Bonus may vary and is not guaranteed.

Market Value Reduction

If you take money out of the With-Profits Fund, we may reduce the value of your fund if the value of the underlying assets is less than the value of your plan including all bonuses. This reduction 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 selected retirement date 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 as a result of switches or transfers out of the With-Profits Fund on all investments that have been running for less than five years.

For investments that have been running for longer periods, we would consider applying an MVR when the 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 selected retirement date, the size of any MVR that would apply could be expected to reduce gradually.

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

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 are the charges and costs?

There are various costs involved with setting up and running your plan.

Deposit Fund

In the Deposit Fund, the interest rate described earlier is after the effect of charges. There are no explicit charges.

With-Profits Fund annual charge

The With-Profits Fund's annual charge depends on the performance of the With-Profits Fund and, in particular, the investment returns achieved and expenses incurred. If, for example, over time investment returns are higher then we would expect to increase the charge and if investment returns are lower we would expect to reduce the charge.

This is currently expected to be 0.95% a year assuming future investment returns in the With-Profits Fund are 5% a year.

We deduct this charge through the bonus mechanism.

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 your illustration for this product.

With-Profits guarantee charge

There is a charge to pay for all the guarantees the With-Profits Fund supports. We guarantee to not take away regular bonuses already added when a payment is made because of death and your selected retirement date and to only apply a Market Value Reduction in certain circumstances.

This charge will be taken by making a small deduction each year when deciding Regular and Final Bonuses, so you will not see it on any yearly statement. The total deduction over the lifetime of the plan is not currently more than 2% of any payment made from the fund. This charge may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

We continue to take these charges even if you stop paying into your plan. For details of our other charges, please refer to your illustration.

Our charges may vary in the future and may be higher than they are now. If they do change, we will write to you and let you know.

What happens if I stop my payments?

Your fund will continue as "paid up" and bonuses will still be added to the With-Profits Fund. Interest will be added to Deposit Fund. We will continue to deduct charges.

When you retire the accumulated fund value will be used to provide your pension.

How do I take my money out of my plan?

Subject to the rules of your scheme, from age 55, you will be able to draw all of your pension fund as a lump sum (Uncrystallised Funds Pension Lump Sum) – 25% of each payment being tax free with the remaining 75% being added to your income for the year and taxed accordingly.

This may affect the rate of tax you pay when added to any other income for that tax year. Tax rules require careful consideration and you should speak to a Financial Adviser on this subject.

What about tax?

This section only gives a general tax summary. Individual tax situations may be different and could change in the future.

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 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.

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

Lifetime Allowance

The Lifetime Allowance is a limit on the amount of pension benefit that can be drawn from pension schemes, whether lump sums or retirement income, and can be paid without triggering an extra tax charge.

If you think you would like to know more about this, you can find more information by visiting pru.co.uk/tax or the HMRC website at hmrc.gov.uk.

Tax rules require careful consideration and you should speak to a Financial Adviser if you feel this may affect you.

Tax Relief

You'll normally receive tax relief on your payments. For every £100 you pay into your plan, HM Revenue & Customs (HMRC) will currently pay in another £25.

You'll get this tax relief on up to the higher of £3,600 gross (including tax relief) or 100% of your earnings. If you earn above the basic rate of tax you will be able to claim back the extra tax you pay through your tax return. Please note this relief is subject to an annual HMRC limit.

Please note tax relief will not apply to the Contribution Protection (Waiver Benefit) aspect of your premium.

This 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.

What choices will I have when I want to take my benefits?

Since 6 April 2015 regulations allowed added flexibility in how you draw your pension savings. There are four main options which may be used in combination:

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

- **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.

Please contact us as you approach retirement and we will let you know which of these options we may be able to offer you.

Can I transfer money out?

You can transfer your fund to another pension arrangement at any time.

You may hold pension pots in different categories, such as money purchase and defined benefit pensions. Under new rules you are able to transfer different categories of pension savings separately and to different places, for example, keep a defined benefit pension where it is, but transfer any money purchase pension. If you transfer a pension pot within a category, you can still accumulate money within the category once the transfer has taken place.

You can transfer your pension savings in a category at any time as long as you have not purchased an annuity from the same category.

For more information, please speak to your Financial Adviser or visit The Pension Advisory service website at pensionsadvisoryservice.org.uk/about-pensions/when-things-change/transferring-your-pension.

What happens if I move overseas?

Please note Prudential is not able to accept new monies from customers living overseas. If you move abroad and are no longer a resident of the UK this will impact on your ability to contribute to this product.

What if I change jobs?

If you change jobs you can still continue payments to your plan even if you join your new employer's pension scheme.

What if the plan isn't right for me?

After your application is accepted, you will receive a notice of your right to cancel. You will then have 30 days in which you can change your mind. If you do decide to cancel we will refund all the payments you have made which relate to the top-up. This is your statutory right.

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

If you wish to exercise your right to cancel, you should complete and return the Cancellation Notice to us.

What happens to the Prudential Free-Standing Additional Voluntary Contribution Scheme if I die?

If you die before you start taking your benefits, we may pay the value of your pension fund as a lump sum.

The rules however require us, as the Scheme Administrator, to decide who will receive the lump sum death benefit. If you were to control who receives the benefit it may be liable to inheritance tax. As we choose who to pay the benefit to the payment will usually be free of inheritance tax. We will take your circumstances and any stated wishes into account before we decide who receives the lump sum. You can let us know your wishes by completing a "nomination of beneficiaries" form.

You might need to pay tax depending on your circumstances and the options you choose. Tax rules can also change in the future.

Tax can be a complicated subject. To find out more about anything to do with tax, visit hmrc.gov.uk

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

Pension Wise is a free, impartial service offered by the Government to provide guidance once you reach age 50 to help you understand your options at retirement. You can find out more at pensionwise.gov.uk or by calling 0800 280 8880 to book a phone or face-to-face appointment. We recommend that you use this service to help you understand your options.

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/

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

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 straight forward 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

Financial Services Compensation Scheme

If we get into financial difficulties which may affect our ability to pay your claim, you may be eligible to receive compensation under the Financial Services Compensation Scheme (FSCS).

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 widely referred to as being 'in default'.

It is important for you to be aware that you may not always be able to make a claim under the FSCS, and there are also limitations in the amount of compensation you may receive.

Any compensation available will depend on your eligibility, the type of financial product or service involved, the investment funds selected (if applicable) and the circumstances of the claim.

You can find out more information on the FSCS and examples of limits in the scope of FSCS cover for your plan at pru.co.uk/about_us/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**

Terms and conditions

This key features document gives a summary of your plan. For further details please contact us using our contact information on the last page.

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 using the contact details on the last 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
12 Endeavour Square
London
E20 1JN

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 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

Or visit the 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 invest you can write or phone us:



Post: **Prudential Lancing BN15 8GB UK**



Telephone: **0345 640 3000** Monday to Friday 8am to 6pm (we are not open on public holidays). We may record or monitor calls to improve our service. An answer phone is in operation outside office hours.



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

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

"Prudential" is a trading name of The Prudential Assurance Company Limited, which 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.