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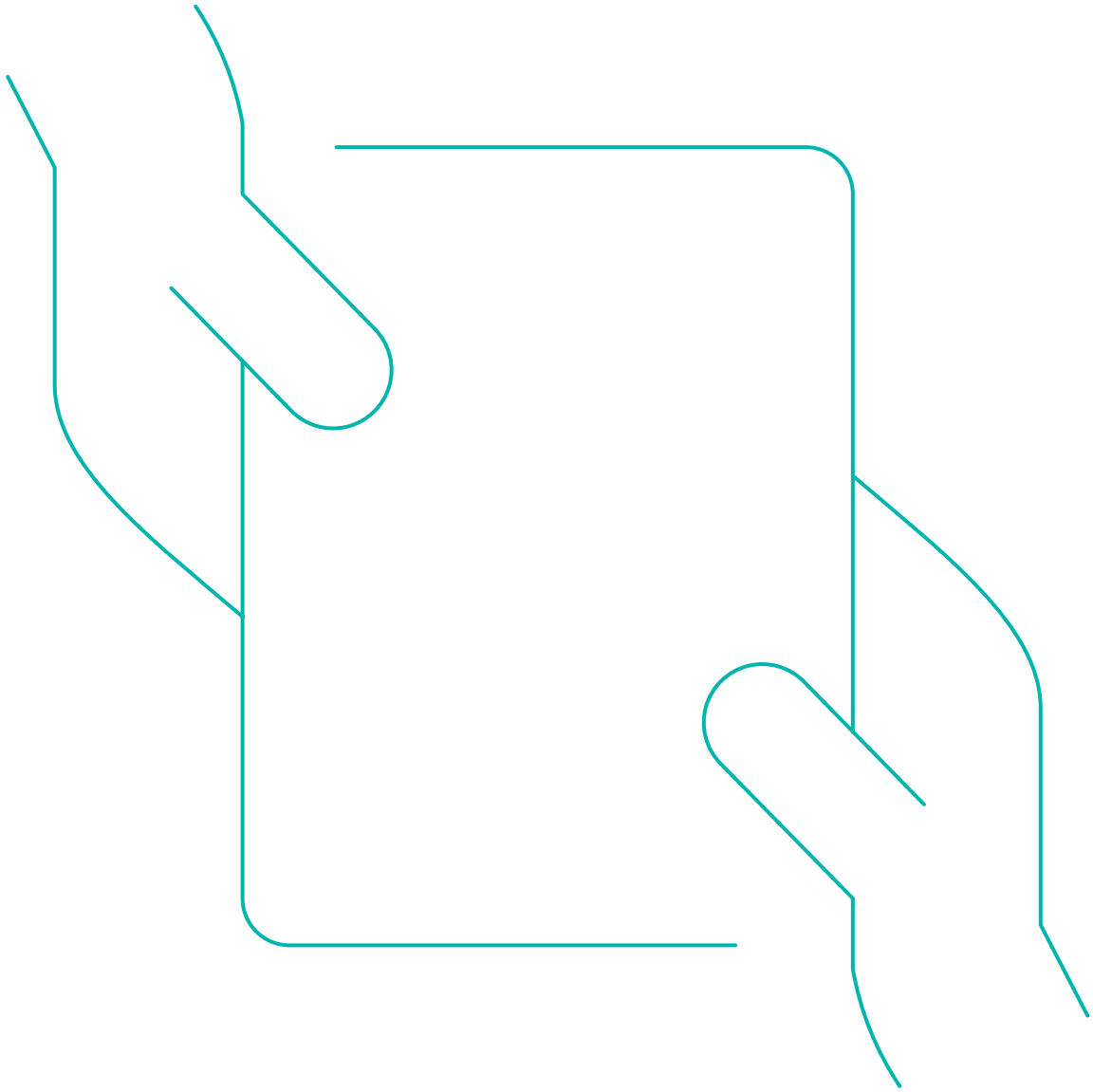
Key Features of the Money Purchase Plan



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 Money Purchase Plan works, the benefits and associated risks.

Contents

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 Money Purchase Plan is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

About the Money Purchase Plan

Your Money Purchase Plan is a pension plan sponsored by your employer that gives you the opportunity to save for your retirement in a tax-efficient way. This type of plan is sometimes referred to as a “defined contribution” scheme. Your employer will have appointed trustees to look after the plan on your behalf.

If you still have questions about our Money Purchase Plan after reading this booklet, please look at the “Get in touch” section for our contact details. If you have a financial adviser, please contact them in the first instance.

Its aims

What this plan is designed to do

- To help you save for your retirement in a tax-efficient way.
- Gives you access to a range of investment funds to match your attitude to risk and investment objectives.

Your commitment

What we ask you to do

- To make payments into your plan. You can find out what payments you need to make in your Member Booklet.
- To allow the money in your plan to potentially grow until you take your pension benefits.

Risks

What you need to be aware of

- The value of your investment can go down as well as up so you might get back less than you put in.
- As the price of everyday goods and services goes up, your money won’t stretch as far as the same amount would now. This is called inflation.
- If the total charges are more than any overall growth achieved, your plan will fall in value, possibly to even less than you have invested.

Other documents you should read

This document gives you key information about the Money Purchase Plan. 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 or direct from us. Our contact details are on the last page.

- **Fund Guide**
  This explains your investment choices.
- **Your With-Profits Plan – A guide to how we manage the fund**
  This provides information on how our With-Profits Fund works, and our current approach to managing it.
- **Member Booklet**
  This provides a simplified explanation of how the plan works and the benefits payable under the plan.
- **Market Value Reduction – A clear explanation**
  This explains what a Market Value Reduction is, together with information about how and when these may be applied.

Questions & Answers

Is the Money Purchase Plan right for me?

The Money Purchase Plan may be right for you if you're looking for a flexible way to save for retirement by making payments through your employer.

Is this a Stakeholder Pension?

No, the Government has set minimum requirements that companies must meet for a stakeholder pension. These cover things like payments, charges and terms and conditions. Charges for the plan may be higher than for a stakeholder pension. A stakeholder pension may meet your needs as well as this plan, and these are widely available.

How flexible is it?

You can change your payments at any time, subject to minimum amounts. You and your employer, if any, can make regular payments or one-off lump sum payments into the plan. You can stop paying or take a payment break and restart later if your circumstances change.

Please note that this will reduce your future benefits.

You can arrange for your payments to be automatically increased each year.

How much can I pay into my plan?

The level of contributions to be paid to the plan will be agreed with you by your employer. Your employer will take your payments directly from your salary and send them to us. You can find more on this in your **Member Booklet**.

There's no maximum limit to the amount that you can pay in. However, there are limits on the tax relief you receive. For more information about tax relief, please see "What about tax?".

Can I transfer money in?

Depending on the plan rules, and approval from the trustees, you may be able to transfer money from another pension plan into this one.

If the pension plan you are transferring from allows you to take more than 25% of your fund value as tax-free cash when you take your benefits, you may lose this entitlement when you transfer it.

Your plan might have valuable guarantees you'd lose if you transfer your pension pot. You should speak to a financial adviser before you make a decision.

Where are my payments invested?

You choose which funds you would like to invest your money in, from a fund range that we offer. We use your money to buy units in those funds. Your financial adviser can give you details about the funds, before you choose where to invest. You can also refer to your employer and our **Fund Guide**.

The performance of the funds isn't guaranteed. The value of your units can go down as well as up. If it goes down, you could have less money in your plan than you paid in.

Different funds offer different types of investment. For example, some only invest in property, others invest directly in the stockmarket and others invest in a wide range of assets. Each fund has its own level of potential growth and risk.

For unit-linked funds, 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. Please see our Fund Guide for more information. We work out the value of your plan based on the total number of units you have in each fund. So, if the unit prices rise or fall, so will your plan value. Money in the various funds is invested in a wide range of shares, corporate bonds, government stocks and commercial property in the UK and abroad.

A With-Profits investment is one that aims to smooth some of the short term highs and lows of the fund over the period of time that you hold your investment. So, you should see a steadier return year on year, rather than watching the value of your Plan fully reflect the rise and fall in investment markets. Your payments are pooled with those of other Prudential With-Profits investors to form a fund. We invest this fund in a wide range of investments including company shares, property, Government bonds, company bonds and cash deposits. We allocate your share of the profits of the fund by adding bonuses.

Usually, funds with more potential for growth carry more risk.

Lifestyle switching is also available. This investment option aims to provide long-term growth with automatic switching into funds with lower risk profiles as you get closer to retirement.

Your employer may have chosen a default investment arrangement for your plan. If this is the case your money will be directed into this default arrangement unless you make an alternative investment choice. A default investment arrangement does not represent a recommendation on behalf of Prudential.

How unit-linked 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).

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 trustees of your plan transferred part, or all, of the scheme. This adjustment is known as a Market Value Reduction (MVR). It's 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 see **"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 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, 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 Normal Retirement date, 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

For information about the funds you can choose from, please read the document entitled **Fund Guide** and **"Your With-Profits plan – a guide to how we manage the Fund"**.

Can I change my investments?

You can switch your money between funds at any time. We won't charge you for this. If this changes in the future we'll let you know.

We may apply a Market Value Reduction if you switch money out of our With-Profits Fund. For more information about this, please see "What's a Market Value Reduction?"

What if I stop making payments?

You can stop paying or take a payment break and restart later if your circumstances change. Please note that this will reduce your future benefits.

What happens if I leave my employment?

If you leave employment you can no longer make payments into your plan. If you want to, you can transfer your plan to another pension plan. For more information, please see "Can I transfer money out?".

In certain circumstances you may be able to have a refund of your payments. You'll have to pay tax on any refund.

Currently you'll pay 20% on the first £20,000 of your refund, and 50% on any excess amount.

You can also leave your money in your plan. We'll continue to invest it, and charges and costs will continue to apply. We'll continue to send an annual statement.

We may apply an MVR to any monies taken out of the With-Profits Fund. Please see "What's a Market Value Reduction?" for more information.

Can I transfer money out?

If you transfer a pension pot within a category, you can still accumulate money within the category once the transfer has taken place.

There may be additional circumstances where you can transfer your pension savings. Please speak to your employer/scheme trustees for more information.

To find more information on this subject, you may also speak to a financial adviser or visit MoneyHelper website at **moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/transferring-your-defined-contribution-pension**

What are the charges and costs?

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

Annual Management Charge

We take an Annual Management Charge for looking after your investment. 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 may vary in the future and may be higher than they are now.

More information on the charges and costs mentioned here can be found in the **Fund Guide**, or by referring to your pension scheme trustees

If your employer is using your plan for qualification purposes under the 'Better Workplace Pensions' initiative, there is currently a charge cap equivalent to 0.75% per year, excluding transaction costs, on the value of money held in the default arrangement. Please read the section "Where are my payments invested? for more information.

With-Profits Fund annual charge

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

we'd expect to reduce the charges. We currently expect this charge to be approximately 0.76% a year, based on the assumption that future investment returns from the With-Profits Fund will be 5% per year. We deduct this charge through the bonus mechanism.

With-Profits guarantee charges

There's 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 selected retirement date. Our current practice (which isn't guaranteed) may include additional circumstances when an MVR is not applied. Please see "What's a Market Value Reduction?" for more information.

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.

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're 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.

Please remember that we'll keep taking our charges, even if you stop making payments.

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.

What might I get back?

You can use your pension pot to create an income. The size of your pension pot, 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.

When can I take my benefits?

The government currently allows people to start taking their benefits from the age of 55, even if they're still working. You might be able to take your benefits earlier than that if you're in ill health.

Regardless of your age, if you have a life expectancy of less than one year due to ill health, you may be able to take your pension pot tax-free.

For more information, please contact us using the details on the last page.

The minimum age that you can access your personal or occupational pension will increase from 55 to 57 on 6 April 2028, unless you have a protected pension age. State Pension age will increase from age 66 to age 67 for males and females between 2026 and 2028. These ages may change in future as result of changes in life expectancy and other factors.

Under the terms of this contract you are currently required to take your benefits by age 75.

Your plan's rules may stipulate a retirement age. You may not be able to take your benefits before you reach this age. For more information about your retirement age, please read your **Member Booklet** or speak to your employer.

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

The value of your pension includes money invested, less charges and costs, plus any growth. This value is known as your pension pot. From 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:

You can take cash in stages – You can leave your money in your pension pot and take out cash lump sums whenever you need to – until it's all gone, or you decide to do something else with what's left. You decide when and how much to take out. With this option every time you take money from your pension, the first 25% is usually tax-free and the remainder may be subject to income tax. So you can't take the full 25% tax-free from your pension pot at the start. But if you don't need the 25% tax-free sum all at once, this may be another way to minimise the tax you pay when you access your money.

You can take flexible cash or income (also known as drawdown) – In most cases you can take out up to 25% of the money moved into your flexible cash or income plan, in cash, tax-free. You will need to do this at the start. You can then dip into the rest as and when you like. You can also set up a regular income with this option. Any money you take after the first 25% may be subject to income tax.

You can get a guaranteed income for life (also known as an annuity) – You can use your pension pot to buy an income for life. It pays you an income (a bit like a salary) and is guaranteed for life. These payments may be subject to income tax. In most cases you can take up to 25% of the money you move into your guaranteed income for life, in cash, tax-free. You will need to do this at the start and you need to take the rest as an income.

You can cash in your whole pension all at once – You can take your whole pension pot in one go, as a lump sum. Normally the first 25% is tax-free, but on the remainder, you could pay 20%, 40% or even 45% to income tax, if it pushes you into a higher tax bracket (especially if you're still earning). You'll need to plan how you'll provide an income for the rest of your life. This is subject to the rules of your Scheme.

Please get in touch 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 should shop around as 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?

General guidance and information on all aspects of pensions is available from MoneyHelper.

MoneyHelper Pensions Guidance
Money and Pensions Service
120 Holborn
London
EC1N 2TD

Telephone: **0800 011 3797**

Website: **moneyhelper.org.uk/en/pensions-and-retirement**

For people over 50, Pension Wise is also available. This Government service from MoneyHelper offers guidance to people with personal or workplace pensions on all the options available for their pension savings. You can have a free consultation online, over the phone and face to face.

Telephone: **0800 280 8880**

Website: **moneyhelper.org.uk/pensionwise**

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

What about tax?

Tax Relief

Your pension 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.

The Government has introduced arrangements for individuals who are not paying tax on their earnings to claim tax relief on their employee contributions to the scheme. This applies to contributions paid from 6 April 2024 onwards. You will need to contact HMRC to arrange this tax rebate. Claims will be processed in the tax year following the year claimed, i.e. claims for the current tax year would be processed by HMRC in the next tax year.

Annual Allowance

The Government limits the amount that can be contributed every year before suffering tax penalties. This is called your Annual Allowance.

The Annual Allowance is a limit to the total amount of contributions that you can pay to defined contribution pension schemes and the total amount of benefits that you can build up in defined benefit pension schemes each year.

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're 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.

Lump Sum Allowances

From 6 April 2024 the lifetime allowance was replaced by two new allowances.

The Lump Sum Allowance (LSA)

This is a limit on the amount of tax free lump sums that can be taken from pension schemes.

Lump Sum and Death Benefit Allowance (LSDBA)

This is a limit on the amount of lump sum death benefits and serious ill health lump sums that can be paid without tax.

Where the amount exceeds either of these allowances, income tax may be payable on the excess.

Capital Gains Tax

You don't pay capital gains tax on your pension funds.

Income Tax

Any money taken out, excluding any tax-free cash, may be subject to income tax. Lump sum benefits payable on death are not normally subject to income tax unless they are over the available lump sum and death benefit allowance, paid out more than 2 years after notification of death or where death occurred after age 75.

This information is based on our understanding of current taxation, legislation and HM Revenue & Customs practice. These tax rules could change in the future without notice.

> Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances. Before you make a decision you might want to speak to a financial adviser. They can help you understand the tax rules and how they might affect you.
>
> For more information visit **pru.co.uk/tax** or the HMRC website at **hmrc.gov.uk**.

How will I know how my Money Purchase Plan is doing?

We will send you a statement every year. This statement will show the value of the units in your funds. You can also phone us on **0345 300 2634** for an up-to-date valuation.

What happens to the Money Purchase Pension if I die?

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

The trustees of your plan will decide who receives the money. This is because if you choose who receives it, it may be subject to inheritance tax. The trustees will take your circumstances and any stated wishes into account before they decide who receives the lump sum. You can state your wishes by completing the **"nomination of beneficiary"** form, which we send you with your plan documents.

For more information about inheritance tax rules, please go to HMRC's website at: **hmrc.gov.uk/rates**

What if the Money Purchase Plan isn't right for me?

You can change or stop your payments at any time in the future, but you have no right to cancel your plan. Please speak to your employer/scheme trustees for more information.

How much will the advice cost?

If you take advice then you will agree the cost of this with your adviser when you start the plan, please refer to your personal illustration or contact your financial adviser for further details.

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

The products Prudential Assurance Company Limited (PACL) offer are 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 in your pension, it's 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 unit-linked 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.

Financial strength

Prudential meets regulatory 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 using the details on the last page, we can post some information to you.

Terms and conditions

This Key Features Document gives a summary of your plan. Full details re set out in our Member Booklet which is available on request using our contact details. We will also send them to you when your plan starts.

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, please contact our Customer Service Team.

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
Email: **enquiries@bankofengland.co.uk**

Communicating with you

Our documents and terms and conditions, as well as all other communications, 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 'Get in touch' 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 Pensions Ombudsman who deals with complaints and disputes about the administration and 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/making-complaint

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

Get in touch

If you want to get in touch before you buy this plan you can write or phone us:

Write to: **Prudential Lancing BN15 8GB UK**

Phone: **0345 640 3000** Monday to Friday 8am to 6pm. We might record your call for training and quality purposes. To find out more about how we use your personal data please visit **pru.co.uk/mydata**

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

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