

Technical Guide Supplement

Including Terms and Conditions

Pru Flexible Retirement Plan – SIPP Options
(FRPT10379)

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A. Introduction

This Technical Guide Supplement provides detailed information on the Self-Invested Personal Pension (SIPP) options under the Pru Flexible Retirement Plan. It should be read in conjunction with the Pru FRP Personal Pension Technical Guide and/or the Pru FRP Drawdown Technical Guide.

This Technical Guide Supplement applies to Pru Flexible Retirement Plans which are post-RDR pension plans and Pru Flexible Retirement Plans which are pre-RDR pension plans. It replaces previously issued versions of this Supplement.

A1. General

A1.1 Definitions and interpretation

The words and expressions shown in bold italics are explained in the Glossary in section D of this **Supplement**. Some of the words and expressions are the same as those used in the **main Pru FRP Technical Guides**. There are also some new words and expressions.

References to "Prudential", "we", "us" and "our" are references to The Prudential Assurance Company Limited. References to "we", "us" and "our" can include **Suffolk Life** as our authorised administrator (see section A5).

The acronym "RDR" refers to the "Retail Distribution Review", a review conducted by our then regulator, the Financial Services Authority, which led to new rules on advice and adviser charging, effective from 31st December 2012.

Any reference to a statute includes any re-enactment or modification of it or any regulations made under it.

Headings are used in this **Supplement** for ease of reference only and are not to be treated as terms and conditions.

A **Pru FRP Personal Pension Plan** attributable to the **member** is called a **PP plan**. A **Pru FRP Drawdown Plan** attributable to the **member** is called a **drawdown plan**.

Where we use just the word **Plan**, this means the **PP plan(s)** and/or the **drawdown plan(s)** set up for the **member**.

A1.2 The Pru Flexible Retirement Plan and its options

A1.2.1 Personal pension, drawdown and SIPP options

The **Pru Flexible Retirement Plan** offers:

- › A "personal pension" option (called the **Pru FRP Personal Pension Plan**), which is a pre-retirement savings vehicle available up to an individual's 75th birthday. This option offers the individual a wide range of investment options, including the With-Profits Fund, the Prudential PruFund Pension Funds and a range of Unit-Linked **funds** managed both within and outside **M&G plc**.
- › a "drawdown" option, (called the **Pru FRP Drawdown Plan**) which is a **drawdown pension arrangement**. This option allows an individual to draw an income until his or her 99th birthday, while investing in the wide range of investment options available under the **Pru Flexible Retirement Plan**.

- › a "SIPP" (self invested personal pension) option, which allows the individual to choose and manage his or her own investments under the **Scheme**. By means of a private "Self-Invested Fund" (see section A5) under the **Pru Flexible Retirement Plan**, investment is permitted in a range of own-choice investments. The SIPP option is available under both the **Pru FRP Personal Pension Plan** and the **Pru FRP Drawdown Plan**.

A1.2.2 Full SIPP and FundSIPP options

The SIPP option has two levels: the "full SIPP" option and the "FundSIPP" option. The full SIPP option allows investment in a wider range of investments, including stocks, shares, unit trusts, commercial land and property and the full range of funds on the Cofunds platform. The FundSIPP option limits investment to a maximum of 20 funds from the Cofunds platform plus the **bank account**. A lower level of **SIF** charges applies to the FundSIPP option than to the full SIPP option. See the **Key Features document** and the **Schedule of Fees** for full details of the FundSIPP option and of **SIF** charges.

A1.2.3 The Finance Act 2011 – annuitisation

The Finance Act 2011 removed the legal requirement for pension savings to be converted to an **annuity**. It should be noted, however, that amounts cannot be held beyond:

- › the **member's** 75th birthday under the **Pru FRP Personal Pension Plan** ; or
- › the **member's** 99th birthday under the **Pru FRP Drawdown Plan**.

If the **member** wishes to defer buying an **annuity** or continue in drawdown beyond these dates, he or she will need to transfer to a **registered pension scheme** that offers that facility.

In the case of a **PP plan** the **member** may have the option to convert that **PP plan** to a **drawdown plan** if the requirements for conversion are met – see the **Pru FRP Drawdown Technical Guide**.

A2. The main Pru FRP Technical Guides and the SIPP Supplement

A2.1 General

In this **Supplement**, the **Pru FRP PP Technical Guide** and the **Pru FRP Drawdown Technical Guide** are, for convenience, known as the **main Pru FRP Technical Guides**.

A2.2 Technical Guides

There are different versions of the **main Pru FRP Technical Guides**, according to whether the **Plan** is a **post-RDR pension plan** or a **pre-RDR pension plan**. The relevant documents are as follows:

- › **Pru FRP PP Technical Guide** for a **PP plan** which is a **post-RDR pension plan**: FRPT10363;
- › **Pru FRP Drawdown Technical Guide** for a **drawdown plan** which is a **post-RDR pension plan**: FRPT10364;
- › **Pru FRP PP Technical Guide** for a **PP plan** which is a **pre-RDR pension plan**: IPPB6369; and
- › **Pru FRP Drawdown Technical Guide** for a **drawdown plan** which is a **pre-RDR pension plan**: IPPB6373.

We may issue certain Addendums or customer letters from time to time, in order to update the terms and conditions or information provided. Any such Addendums or letters form part of the relevant Technical Guide.

A2.3 SIPP Supplement

A2.3.1 Full SIPP and FundSIPP options

This **Supplement** gives information about and sets out the terms and conditions of the SIPP options available under the **Pru Flexible Retirement Plan**. Whilst this **Supplement** applies to both the full SIPP option and the FundSIPP option, references to certain types of investment such as property, stocks & shares and **alternative cash accounts** are not relevant where the FundSIPP option has been selected. Only the **bank account** and Cofunds are relevant to the FundSIPP option.

A2.3.2 SIPP Supplement applies to all Plans

This **Supplement** is for all **Pru Flexible Retirement Plans** which have investments under the SIPP option, irrespective of when the **Plan** was started. This **Supplement** replaces all previous versions of the SIPP Supplement issued to members.

This **Supplement** applies to all of the **main Pru FRP Technical Guides** set out in section A2.2. It therefore sits alongside whichever of the **main Pru FRP Technical Guides** has been issued to the **member**.

Where the **member** has a **PP plan(s)**, the appropriate **Pru FRP PP Technical Guide** and this **Supplement** collectively set out the terms and conditions of the **member's PP plan(s)**.

Where the **member** has a **drawdown plan(s)**, the relevant **Pru FRP Drawdown Technical Guide** and this **Supplement** collectively set out the terms and conditions of the **member's drawdown plan(s)**.

The **member** may have some **Plans** which are **pre-RDR pension plans** and others which are **post-RDR pension plans**. In this case, the **member** will need to refer to the relevant Technical Guide for each separate **Plan**.

A3. Other documents reflected in this Supplement

As well as the detailed terms and conditions of the SIPP option under the **Pru Flexible Retirement Plan**, this **Supplement** also reflects some of the terms set out in the trust documentation and Rules. It also reflects agreements that we have made with external parties in order to facilitate the SIPP options. Every effort has been made to ensure that the descriptions in this **Supplement** are consistent with those documents. However, in the event of any conflict between such information, the trust documents and Rules and/or the agreements will in most circumstances override this **Supplement**. An example of a circumstance when the Rules may not be overriding is when the Government makes changes (either overriding legislation which we must implement or optional changes which we can make available if we so choose) which do not have to be reflected in the Rules in order for them to be operative: in such cases, we may reflect the up to date position in the **Supplement** before we change the Rules.

A4. Membership

In order to take advantage of a SIPP option, an individual must firstly become a **member** of the **Scheme** and have either a **PP plan** or a **drawdown plan**.

A5. Self-Invested Fund (SIF)

The SIPP option is made available under the **Pru Flexible Retirement Plan** by means of a **fund** option which is not covered in detail in the **main Pru FRP Technical Guide(s)**: the Self-Invested Fund (**SIF**). This applies to both the full SIPP option and the FundSIPP option.

The **SIF** is a **fund** that is established by Prudential and forms part of the **fund** options available under the **Plan**. It is provided through reinsurance to **Suffolk Life** (see below).

Each **SIF** is private to the **member** for whom it is established.

The **SIF** is also an **Externally-Linked Fund**, because we provide it through an external Life Assurance Company, **Suffolk Life**, by means of a mechanism called "reinsurance". Through the reinsurance agreement, Prudential and **Suffolk Life** have agreed that **Suffolk Life** will set up a **SIF** for each **member** as required by us, which corresponds to the **SIF** under the **Plan**. The benefit of the reinsurance agreement through which the **SIF** is made available as a **fund** under the **Plan** constitutes an asset which is owned by Prudential. The underlying assets which are bought in accordance with the **member's** (or **adviser's**) instructions and used to calculate the value of the **member's SIF**, are owned by **Suffolk Life** as reinsurer (see section C18). In this

Supplement, we often refer to the **SIF** as the "**member's SIF**". This does not mean that the **member** owns the **fund** or the assets (see section C3.4); it is simply intended to denote a **SIF** that has been set up on behalf of a particular **member**.

As with our other **Externally-Linked Funds**, there is no contract between the **member** and **Suffolk Life**: the **member's** contract remains with Prudential.

Whilst the **SIF** is an **Externally-Linked Fund** as described in the **main Pru FRP Technical Guides**, this **fund** is **not** divided into **units**. The fund valuation principles set out in the **main Pru FRP Technical Guides** do not apply to the **SIF**. See section C10.

Suffolk Life also deals with the day to day operation of the SIPP option and the **SIF**: in this respect, they are acting as Prudential's administrator authorised to deal directly with the **member**. In many cases, where the **member** gives us an instruction under this **Supplement**, the instruction will in practice be given to **Suffolk Life** as our administrator. Likewise, in many instances **Suffolk Life** will carry out our administrative responsibilities in relation to the **SIF**: as such, references to "we", "us" and "our" in this **Supplement** may, where referring to administrative functions, include **Suffolk Life** as our administrator.

Section B sets out the way in which the operation of the **SIF** affects the way in which the **Pru Flexible Retirement Plan** works. The detailed terms and conditions for the operation of the **SIF**, as agreed between us and **Suffolk Life**, are set out in section C.

A6. Minimum requirements for the SIF

The minimum initial investment in a **SIF** is £10,000. This minimum applies to both the full SIPP option and the FundSIPP option. The initial investment can be either a contribution or a transfer-in to the relevant **Plan(s)**, or a switch from other **fund(s)** under the **Plan(s)** (see also section C4.2 for more details of this minimum amount).

We also require that a **bank account** is set up for the purposes of the **SIF** (see section C3.2), through which all sums are paid into or out of the **SIF**. The **bank account** will be established by **Suffolk Life** and will be operated as explained in sections B and C.

We require a minimum amount to remain credited to this **bank account** at all times (see section C3.2.4). A banking overdraft may be permitted, but only in some very restricted circumstances (see section C8.2).

It is the **member's** responsibility to monitor the **bank account** to ensure that sufficient cash is credited at all times to meet our requirement.

A7. Allowable investments of the SIF

A7.1 Restrictions

The range of allowable investments is limited by **HMRC** requirements and by insurance company regulations.

We and/or **Suffolk Life** may impose more restrictive guidelines from time to time. Restrictions may be imposed, for example, in relation to certain types of investment where we or **Suffolk Life** consider that the investment carries a risk

of prejudicing the tax approved status of the **SIF** or the **Scheme**, or if we or **Suffolk Life** consider that the work we or they would need to carry out in acquiring and/or maintaining the investment cannot be covered by the charges payable to us for operating the **SIF** (see sections B3.2 and C9). If **Suffolk Life** impose more restrictive guidelines we will do the same. We will also have to change the guidelines or impose more restrictive guidelines if **HMRC** requirements or insurance company regulations change. We are allowed to do this under section C17.1(a).

Investments are normally made in accordance with the **member's** (or his or her authorised **adviser's**) instructions but we and **Suffolk Life** have certain rights of veto (see sections C5.6 and C5.7). We and/or **Suffolk Life** can also decide to sell **investments** without the **member's** consent or instruction where we or **Suffolk Life** consider it necessary (see section C5.8).

Details of the types of investment currently allowed under the **SIF** are set out in the **SIPP Allowable Investments Leaflet**.

A7.2 Arms-length transactions

All transactions involving buying **investments** from, or selling **investments** to a **member** of the **Scheme** or any **connected party** must be on an arms-length commercial basis and carried out at **market value**.

A7.3 Important note on buying investments

Suffolk Life buy **investments** only once they have received a cleared payment from us to make the investment and have all of the information and forms we and they require. See section C5 for more information on purchasing **investments**.

If we pay money to **Suffolk Life** before receiving a cleared payment from the **member** (or from any other party making payment on his or her behalf) and that payment is not received within three **working days**, we will be entitled to recoup the money from **Suffolk Life**. That payment and/or investment will not be included in the value of the **SIF** until such time as the cleared payment is then received (see also section C18.4).

A7.4 Cancellation rights

Payments to be invested in the **SIF** generally attract the same cancellation rights as payments to be invested in other **funds** available under the **Plan**. Under these rights we may be permitted to return a reduced amount in the event of a reduction in value of the asset (commonly known as "shortfall"). Our regulator's cancellation rules do, however, allow the **member** to waive his or her cancellation rights in the circumstances where certain investments have been requested.

Specifically, these rights can be waived where:

- › the **member** and/or his or her employer has made a single contribution or where a transfer payment is made; and

- › the **member** has requested part or all of the **SIF** to be invested in certain types of investment, such as property and other assets which have no quoted value or which might not be possible to sell before the end of the cancellation period.

All application forms completed by the **member** when joining the **Scheme** and making any additional contributions to the **Plan(s)** explain that he or she is requested by Prudential to waive cancellation rights in these instances. By signing the declaration in the application form, the **member** agrees that he or she waives such rights in advance.

In some cases, we may nevertheless issue a cancellation notice, even though the **member** has waived the cancellation rights. The issue of such a cancellation notice does not mean that the waiver has been overridden: the cancellation notice will still be null and void in the event that the **member** requests for the **SIF** to be invested in an investment of the type described above before the end of the cancellation period.

We and/or **Suffolk Life** may at our discretion ask the **member** to re-confirm in any particular instance that he or she waives such cancellation rights, or we may remind the **member** that a payment is not cancellable.

A7.5 Taxable property

Certain **investments** may result in the **SIF** holding taxable property either directly or indirectly (i.e. held within certain **investments** unless covered by specific exemptions). Taxable property may include residential property and physical assets, for example cars, art or

stamps. Where taxable property is held as part of a pension scheme, **HMRC** may apply tax charges on both the scheme and the scheme **member** personally. Should tax charges arise under these taxable property rules in respect of an investment purchased for the **SIF**, the **member** must agree that such tax charges shall be borne by the **SIF** or by himself or herself personally as the case may be.

Neither we nor **Suffolk Life** are able to monitor the composition of fund-based investments and cannot be held liable for any loss to the **member** in the event of an investment losing its tax approved status. We and **Suffolk Life** may also require the **member** to complete an undertaking to compensate us and/or them if we and/or they incur any loss as a result of a proposed investment at some point including taxable property.

A8. Investment advice

Being a **fund** under the **Plan**, the **SIF** is a regulated investment in terms of the **FSMA**. The individual **investments** held under the **SIF** may also be regulated investments in terms of the **FSMA**, except for property and cash. The **member** should therefore seek independent advice with regard to the suitability of the **SIF** in relation to his or her specific needs and of the investments to be held under the **SIF**.

Subject to section A9, the **member** is responsible for making investment decisions with regard to investments held under the **SIF**.

Note: Neither Prudential nor **Suffolk Life** give investment advice, nor are they responsible for advice given by third parties. See also section C5.10.

A9. Appointment of advisers and investment managers

The **member** can appoint an **adviser** to make investment decisions on his or her behalf and to give us investment instructions.

An **investment manager** may also be appointed to advise on and manage the investments within the **SIF**. The **investment manager's** fees can normally be met from the **SIF**. See sections C6 and C13 for further details on the appointment of **advisers** and **investment managers**. See section C9 for further details on the payment of **advisers'** and **investment managers'** fees from the **SIF**.

A10. Member's acceptance of terms and conditions

By giving us instructions or issuing requests to us in relation to his or her **SIF**, the **member** will be confirming his or her acceptance of the terms and conditions set out in this **Supplement**.

A11. Adviser Charges

This **Supplement** covers the deduction of **Adviser Charges** from the **SIF** (see sections B3.5 and B3.6). **Adviser Charges** are payments that can be made to the **adviser** under our regulator's rules effective from 31st December 2012.

As set out in section B3.5, the only type of **Adviser Charge** that can be deducted from the **SIF** is a **SIF Ad hoc Adviser Charge**. As set out in section B3.6, certain amounts waiting to be invested in the **SIF** may, however, be taken into account when deducting Set-up **Adviser Charges**.

Adviser Charges are generally relevant to and can be deducted only from **Plans** which are **post-RDR pension plans**. This does not apply, however in the case of **Plans** which are **pre-RDR pension plans**, where there are investments in the **SIF**. In this case:

- › **SIF Ad hoc Adviser Charges** can be facilitated from the **SIF**; and
- › **SIF Ad hoc Adviser Charges** are the only payments that can be made to the **adviser** from the **SIF** in respect of pensions advice.

The **member** must ensure that any **Adviser Charges** relate to specific and verifiable pensions advice given by the **adviser**. If an **Adviser Charge** does not relate to specific and verifiable pensions advice, **HMRC** may treat the deduction as an unauthorised payment, resulting in tax penalties. See the **main Pru FRP Technical Guides** for **post-RDR pension plans** for further information.

B. How the SIPP affects the terms and conditions of the Pru Flexible Retirement Plan

B1. General

The **SIF** is an investment option available under the **member's Plan**. The terms, conditions and provisions set out in the **main Pru FRP Technical Guides** therefore continue to apply where the **member** has invested in the **SIF**.

The operation of the **SIF** does, however, affect the way that the **member's Plan(s)** works. These areas are mentioned where relevant in the **main Pru FRP Technical Guides**, but are explained in detail in this section B.

B2. Investing in funds and switching between funds

B2.1 Maximum number of funds under the member's Plan(s)

Both the **SIF** and the **Prudential Cash Fund** (which is used to hold any regular contributions before they are invested in the **SIF** – see section B4.1) count towards the maximum of 20 **funds** in which the **member** can invest under each separate **Plan** at any one time.

B2.2 Lifestyle Option

The **SIF** cannot be used as a **fund** option under the Lifestyle Option.

A **PP plan** can, however, be invested partly in the Lifestyle Option and partly in the **SIF**. Once automatic switching starts under the Lifestyle Option, the Lifestyle Option will only apply to the Unit-Linked **funds** under that **Plan**, excluding any **units** in the **Prudential Cash Fund** which are attributable to regular contributions waiting to be invested in the **SIF**.

The investment in the **SIF** is "ringfenced" and the value of the **SIF** (and any **units** in the **Prudential Cash Fund** which are attributable to regular contributions waiting to be invested in the **SIF** – see section B4.1(a)), will be excluded from the automatic switching process.

In the case of a **drawdown plan**, it is not possible to invest partly in the **SIF** and partly in the Lifestyle Option: if a Lifestyle Option is selected, it must apply to the entire **drawdown plan**.

B2.3 Switching between funds

B2.3.1 General

Switches can be made between the **SIF** and other **funds** available under the **Plan**.

Switches are expressed as a whole percentage of the value of the **fund** to be switched. If the **member** asks to switch a monetary amount or the value of a specific **investment**, we will convert the amount to a whole percentage; as a result there may in this case be a difference between the amount requested and the amount actually switched.

Where switching from another **fund(s)** to the **SIF**, the provisions set out in the **main Pru FRP Technical Guides** apply to the sale of **units**. The amount raised by the sale is then credited to the **bank account** ready for investment under the **SIF**, in accordance with the **investment details form** completed by the **member**.

Where switching from the **SIF** to another **fund(s)**, the provisions in section C apply to the sale of investments under the **SIF**.

B2.3.2 100% switch from SIF to another fund(s)

Once all the sale proceeds have been credited to the **bank account**, they will be invested in **units** of the new **fund(s)** as soon as practicable following our receipt of the relevant **investment details form**, at the **unit** price(s) then applicable. Subject to any delay(s) as set out in the **main Pru FRP Technical Guides**, the **unit** price date(s) used to purchase the **units** will be those made available on the **working day** that the sale proceeds are credited to the **bank account** or, if later, the **working day** on which we treat the **investment details form** setting out the switch request as being received. (See the **main Pru FRP Technical Guides** for details of when we treat items and requests as having been received). The **bank account** will then be closed.

B2.3.3 Partial switch from SIF to another fund(s) under the Plan

We will start to process the switch on the **working day** that we get the **member's** request to switch. The amount switched will either be:

- › a monetary amount or the value of a specific **investment** (converted by us to a whole percentage as described in section B2.3.1 and below); or
- › a whole percentage of the value of the **SIF**, based on the value of the **SIF** on that day (valued in accordance with section C10.4).

In either case, there must be sufficient cash in the **bank account** for the switch to be completed in relation to all of the **member's Plan(s)** which are invested in the **SIF**.

If there is sufficient cash to complete the switch, then, subject to any delay(s) as set out in the **main Pru FRP Technical Guides**, the **unit** price date(s) used to purchase the **units** will be those made available on the **working day** that we treat the **member's** request as being received by us. (See the **main Pru FRP Technical Guides** for details of when we treat items and requests as having been received).

If there is insufficient cash available in the **bank account**:

- the switch will not be processed; and
- we will either delay the switch until sufficient cash is available or seek alternative instructions as we consider appropriate.

This applies in all cases. For example, if the switch relates to both a **PP plan** and a **drawdown plan**, and there is sufficient cash to cover the switch under only one such **Plan**, we will seek alternative instructions from the **member**. We will not process the switch separately in relation to each **Plan**.

B3. Pru Flexible Retirement Plan charges

B3.1 General

Different types of charges apply under the **Pru Flexible Retirement Plan** according to whether the relevant **Plan** is a **pre-RDR pension plan** or a **post-RDR pension plan**. The effect of the **SIF** on all of these charges is described below. In each case, we have indicated whether that section is relevant to all **Plans**, or just those which are **pre-RDR pension plans** or **post-RDR pension plans**.

B3.2 SIF charges

This section B3.2 is relevant to all **Plans**.

There are specific charges payable to us for setting up and operating the **SIF** both generally and in relation to a **drawdown plan**. These are set out and explained in the **Schedule of Fees**. As explained in the **Key Features document** and the **Schedule of Fees**, a lower level of **SIF** charges applies to the FundSIPP option than to the full SIPP option. The way in which **SIF charges** are deducted from the **SIF** is explained in section C9.

B3.3 Annual management charges, Fund Size Discount and Loyalty Discount

This section B3.3 is relevant to all **Plans**.

- (a) The annual management charges explained in the **main Pru FRP Technical Guides** do not apply to the **SIF**. The annual management charges do, however, apply to **units** in the **Prudential Cash Fund** which are attributable to regular contributions waiting to be invested in the **SIF** (see section B4.1(a)).

Note: **Investments** made under the **SIF** will be subject to the charges described in section C9 and also to the charges that are incurred in making, holding and maintaining those **investments**. Also, certain types of **investment** within the **SIF** incur their own annual management charges (for example, unit trusts and OEICs).

- (b) Amounts held in the **SIF** are excluded from the total fund value used in determining any Fund Size Discount under the **main Pru FRP Technical Guides**. **Units** in the **Prudential Cash Fund** which are attributable to regular contributions waiting to be invested in the **SIF**, are, however, taken into account.

- (c) As the **SIF** is not subject to our annual management charges, the Loyalty Discount described in the **main Pru FRP Technical Guide(s)** is not relevant to amounts held in the **SIF**.

Any time during which a **Plan** is solely invested in the **SIF** will, however, count towards the elapsed time.

B3.4 Allocation rates

This section B3.4 applies to all **Plans**.

The allocation rates explained in the **main Pru FRP Technical Guides** apply to payments invested in the **SIF** (apart from "in specie" payments – see section B4.3). The relevant allocation rate is set out in the Illustration issued to the **Member**.

We apply the allocation rate to determine the amount to be allocated to the **SIF** in the same way as is described in relation to other **funds**, in the **main Pru FRP Technical Guides**. The resulting amount is then credited either to the **bank account** ready for investment or, in the case of regular contributions to a **PP plan(s)**, to the **Prudential Cash Fund** (see section B4.1(a)). Rounding adjustments may have a minor effect on values.

B3.5 SIF Ad hoc Adviser Charges

This section B3.5 is relevant to all **Plans**, including those which are **pre-RDR pension plans**, in relation to advice given by the **adviser** made on or after 31st December 2012.

The only type of **Adviser Charge** that can be deducted from the **SIF** is a **SIF Ad hoc Adviser Charge**. An **Ad hoc Adviser Charge** is a one-off **Adviser Charge** deducted from the **Plan** at any time during the term of the **Plan**.

A **SIF Ad hoc Adviser Charge** must be requested separately from any other **Adviser Charge** payable under the **Plan**, including **Ad hoc Adviser Charges** to be deducted from other **funds** under the **Plan(s)**. The requirements for the instruction are set out in section C9.7. A **SIF Ad hoc Adviser Charge** can only be paid from money held in the **bank account**. It is the **member's** responsibility to ensure that there is enough money in the **bank account** to meet the agreed payment, together with any other payments that are due (for example, **income payments**). If there is not sufficient money, the **SIF Ad hoc Adviser Charge** will not be paid. If a **SIF Ad hoc Adviser Charge** is paid after the **member's** death, it will normally have to be refunded to the **SIF** by the **adviser**.

B3.6 Set-up and Ongoing Adviser Charges

This section B3.6 is relevant only to **Plans** which are **post-RDR pension plans**.

B3.6.1 Set-up Adviser Charges

In the case of regular contributions to a **PP plan**, a **Set-up Adviser Charge** is a charge deducted in respect of each regular contribution when it is allocated to **units** under the relevant **Plan**.

In the case of single contributions and transfer payments, a **Set-up Adviser Charge** is a one-off **Adviser Charge** deducted from the **PP plan** or **drawdown plan** when the **Plan** is first set up.

Set-up Adviser Charges are not deducted from the **SIF**. Payments which are waiting to be invested in the **SIF** are, however, taken into account when determining **Set-up Adviser Charges**, and amounts are deducted as follows:

- (a) When deducting **Set-up Adviser Charges** in relation to regular contributions under the **Plan**, **units** are sold proportionately across all **funds** in which the relevant regular contribution is invested. This includes the **Prudential Cash Fund** in which regular contributions are held while they are waiting to be invested in the **SIF** (see section B.4.1(a)).
- (b) When deducting **Set-up Adviser Charges** in relation to single contributions and transfers-in under the **Plan**, **units** are sold proportionately across all **funds** in which the single contribution or transfer-in is invested. Where some or all of the payment is to be invested in the **SIF**, that part will be taken into account and the relevant amount is deducted from the payment before the balance is invested in the **SIF**.

B3.6.2 Ongoing Adviser Charges

An **Ongoing Adviser Charge** is an **Adviser Charge** deducted from the relevant **Plan** at regular intervals throughout the term of the **Plan**.

Ongoing Adviser Charges cannot be paid from the **SIF**. Where **Ongoing Adviser Charges** are expressed as a

percentage, investments in the **SIF** are not taken into account when determining the value to which the percentage is applied.

B3.7 Initial Charges, Establishment Charges and Surrender Charges

This section B3.7 is relevant to **Plans** which are **pre-RDR pension plans**, and to **drawdown plans** set up through converting **PP plans** which were **pre-RDR pension plans**. Initial Charges, Establishment Charges and Surrender Charges are fully explained in the **main Pru FRP Technical Guides** for **pre-RDR pension plans**.

- (a) The Initial Charges, Establishment Charges and Surrender Charges explained in the **main Pru FRP Technical Guides** apply to payments invested in the **SIF**. This includes any Establishment Charge and Surrender Charge that arise in a **drawdown plan** following the conversion of some or all arrangements under a **PP plan** to a **drawdown plan**. Initial Charges, Establishment Charges and Surrender Charges do not, however, apply to "in specie" payments. See section B4.3.

Note: The Establishment Charge is a charge arising from the commission structure that was selected for a **pre-RDR pension plan**. It is different from the **SIF** establishment fee, which is one of the specific **SIF** charges referred to in section B3.2.

- (b) The Initial Charge(s)/Establishment Charge(s) that apply to the **Plan** are those set out in the Illustration issued to the **member**. The same rates and charges apply irrespective of whether investment is in the **SIF** or other **funds**.

(c) Where an Establishment Charge(s) applies to a **Plan(s)**, we deduct the charge (or the appropriate proportion of the charge) from the **bank account** on the **monthly transaction date**. If there are insufficient monies credited to the **bank account** to meet the charge(s), we will deduct the entire charge(s) from other **funds** under the **Plan(s)**.

(d) Where a Surrender Charge(s) is to be deducted from the proceeds of a **Plan(s)**, we deduct the charge (or the appropriate proportion of the charge) from the **bank account** before we pay out the value of the **SIF**. If there are insufficient monies credited to the **bank account** to meet the charge(s), we will deduct the entire charge(s) from other **funds** under the **Plan(s)**.

B3.8 Fund-related commission

This section B3.8 is relevant only to **Plans** which are **pre-RDR pension plans**.

The value of the **member's SIF** is not taken into account in determining any fund-related commission payable to the **member's adviser** in respect of the **Plan**. Fund-related commission can be paid on investments in other **funds** following a switch from the **SIF** to **units** of another **fund** under the **Plan** so long as the commission option agreed by the **member** and his or her **adviser** at the **start date** for the relevant **Plan** included that type of commission.

The **adviser** can, however, receive payments (Ad hoc **Adviser Charges**) in respect of pensions advice provided to the **member** in relation to the **SIF** (see section B3.5).

B4. Contributions and transfers-in

B4.1 Regular contributions and Prudential Cash Fund

(a) We may allow the **member** to invest some or all of his or her regular contributions to a **PP plan(s)** in the **SIF**.

If we do allow this, then that part of the regular contribution is initially invested in the **Prudential Cash Fund**, before being invested in the **bank account** under the **SIF**.

The regular contributions are then allocated to the **SIF** on the 28th of the calendar month following the month in which the contribution was paid.

Note: We will not refuse a request to invest regular contributions in the **SIF** without valid reasons.

(b) Where the **member** has taken out additional life cover under the **Pru FRP PP Technical Guide** coded IPPB6369, the life cover cost is met by cancelling **units** proportionately across the **funds** in which **units** are held under the **PP plan** on the **monthly transaction date**. As a result, where we have agreed for the **member** to pay regular monthly contributions to the **SIF** under (a) above, part or all of the cost of the cover will be met by cancelling **units** from the **Prudential Cash Fund** where such **units** are held on the **monthly transaction date**. This will in turn reduce the amount of regular contribution subsequently allocated to the **SIF**.

This applies only to regular contribution **PP plans** which are **pre-RDR pension plans**, irrespective of when the **member** started regular contributions to the **SIF**.

(c) The amount allocated to the **SIF** will be reduced where the **member** has instructed us to deduct a Set-up **Adviser Charge** in respect of the regular contributions.

B4.2 Single contributions and transfers-in

(a) Subject to section B4.2(b), single contributions and transfers-in which are in cash form and which are to be invested in the **SIF**, will be credited to the **bank account** within ten **working days** of the date on which all of our requirements have been satisfied.

(b) Where a number of transfers-in are being paid into the **Scheme** at the same time, each separate transfer-in may in some circumstances be initially held in a **holding account** under the **Scheme** (as described in the **main Pru FRP Technical Guides**) until all such transfer payments have been received by us. The value of the transfers-in to be invested in the **SIF** will be credited to the **bank account** within five **working days** of the later of:

- the date on which all of our requirements have been satisfied; or
- the date that all transfers-in have been received by us.

- (c) If we make payment to **Suffolk Life** before a single contribution or transfer-in has been received by us as a cleared payment and the single contribution or transfer-in payment does not reach us within three **working days**, certain provisions apply (see section C18.4).
- (d) The amount allocated to the **SIF** will be reduced where the **member** has instructed us to deduct a Set-up **Adviser Charge** in respect of the single contribution or transfer-in.

B4.3 "In specie" transfers-in

- (a) Section C4.3 explains that we may agree to accept a transfer-in from another **registered pension scheme** in the form of an asset (an "in specie" transfer-in), which then becomes an investment of the **SIF**.
- (b) The allocation rate for an "in specie" transfer-in is always 100%. This applies irrespective of whether the **Plan** which is set up as a result of the transfer-in, is a **pre-RDR pension plan** or a **post-RDR pension plan**.
- (c) In the case of an "in specie" transfer-in accepted into a **Plan** which is a **pre-RDR pension plan**, no commission will have been payable by us to the **member's adviser** in respect of that transfer-in. This applies irrespective of the commission option agreed by the **member** and his or her **adviser** for any cash element of the transfer-in.
- (d) In the case of an "in specie" transfer-in accepted into a **Plan** which is a **post-RDR pension plan**, no Set-up **Adviser Charge** or Ongoing **Adviser Charge** will be payable to the **member's adviser** in respect of that transfer-in. The only type of **Adviser Charge** which can be paid is a **SIF Ad hoc Adviser Charge**, as described in sections B3.5 and C9.7.
- (e) The contract between us and the **member** in relation to an "in specie" transfer-in will be deemed to have been concluded on the date that all of our requirements in relation to the transfer-in have been satisfied. On that date we will issue the cancellation notice to the **member** and **Suffolk Life** may start the process for the legal assignment of the asset. (See also section A7.4: cancellation rights may have been waived).
- (f) "In specie" transfers-in from pension arrangements under which the **member** has not yet started to draw benefits must initially be allocated to a **PP plan**, even if the **member** intends to take **income payments** with immediate effect. The **member** cannot convert the **PP plan** to a **drawdown plan** until all assets to be transferred "in-specie" have been legally assigned to **Suffolk Life**. At this point, it is the **member's** responsibility to ask us to carry out the conversion.
- (g) "In specie" transfers-in from a **drawdown pension arrangement** must be allocated to a **drawdown plan**. **Income payments** can, however, only start once there is sufficient cash credited to the **bank account**.

- (h) The value of an asset that is transferred "in specie" to the **SIF** is available for trading within the **SIF** from the date that the transfer of that asset has been completed and the asset is legally owned by **Suffolk Life**.
- (i) Our acceptance of an "in specie" transfer-in may be subject to an additional charge which will be agreed between us and the **member** before the asset is transferred.

B5. Using the SIF assets to pay benefits to the member

B5.1 General

The **main Pru FRP Technical Guides** explain how **units** under the **Plan** are realised in order to pay benefits to the **member**. Additional provisions apply when using **investments** under the **SIF** to provide benefits, as described in the rest of this section B5.

B5.2 Income payments from the SIF

- (a) Part or all of the **income payments** may be paid from the **SIF**. Payments are always made from the **bank account**.
- (b) The **member** may (subject to the conditions in the **Pru FRP Drawdown Technical Guide** about maximum payments from the With-Profits Fund and the Prudential PruFund Pension Funds) select either Basis A or Basis B as follows:
 - Basis A: The **member** may take **income payments** proportionately across all **funds** in which he or she has invested under the **drawdown plan**, (including the **SIF**).

Basis B: The **member** may specify a percentage amount from selected **funds**.

- (c) Special provisions apply if making an **income payment** would cause the balance on the **bank account** to fall below the minimum that we require (see sections A6 and C3.2) or become overdrawn. In this case, we will in the first instance deduct the **income payments** proportionately across all other **funds** in which the **member** has invested under the **drawdown plan**, excluding the **SIF**.

If the **member** has invested in the **SIF** only or if there are insufficient **units** of other **funds** from which to deduct the **income payment**, we will contact the **member** for alternative instructions. In the event that a regular **income payment** cannot be made as normal on the usual **income payment date**, due to an insufficiency of money in the **bank account**, an Ad hoc **income payment** may be made at a later date if the **member** so requests.

- (d) When, following an insufficiency as described in section B5.2(c), the amount credited to the **bank account** is restored to an amount that is not less than the minimum level required by us, the deduction of regular **income payments** will resume on the basis chosen by the **member** as described in section B5.2(b).
- (e) If the **member** stops taking any **income payments** from a **drawdown plan**, we will seek further instructions in relation to payments from the **SIF** if and when he or she asks for **income payments** to start again.

B5.3 Processes prior to buying an annuity

- (a) The **main Pru FRP Technical Guides** explain the situations where **units** are switched to the **Prudential Cash Fund** before buying an **annuity**.

These switches to the **Prudential Cash Fund** do not apply to investments in the **SIF**.

- (b) Where there are investments in the **SIF**, the **member** will be contacted for instructions two years before the **SRA** or **anticipated annuitisation age**. The **member** must provide instructions on how assets should be disinvested, or he or she may be able to change the **SRA** or **anticipated annuitisation age** to a later date, as described in the **main Pru FRP Technical Guides**.

Note: The **SRA** is relevant only to **PP plans**. The **anticipated annuitisation age** is relevant only to **drawdown plans**.

- (c) If no instructions are provided, the **member** will be contacted again at regular intervals before the **SRA** or **anticipated annuitisation age** to prompt him or her to provide instructions.

Note: As set out in the **main Pru FRP Technical Guides**, we may re-set the **anticipated annuitisation age** if we do not receive instructions from the **member** about buying an **annuity**.

- (d) Where the **SRA** or **anticipated annuitisation age** is changed or re-set by the **member** or by us, we will contact the **member** for disinvestment instructions two years before the new **SRA** or new **anticipated annuitisation age**.

- (e) The **investments** will remain in the **SIF**, unless and until the **member** gives instructions or we exercise our right to sell the **investments** to buy an **annuity** under section C5.8.1.

B5.4 Requirement to realise investments by the final date for the Plan

- a) As set out in the **main Pru FRP Technical Guides**, and mentioned in section A1.2.3 of this **Supplement**, there is a final date beyond which no amounts can be held under a **PP plan** or a **drawdown plan**.

By that final date, all **units** and **investments** held under the **Plan(s)** must have been used to pay benefits and/or buy an **annuity** and/or make a transfer-out to another **registered pension scheme**.

The final date under a **PP plan** is not the same as the final date under a **drawdown plan**:

- In the case of a **PP plan**, the final date is the **member's** 75th birthday.
- In the case of a **drawdown plan**, the final date is the **member's** 99th birthday. This is also referred to as the **final conversion date**.

- (b) In the case of a **PP plan**, the **member** may also have the option to convert that **PP plan** to a **drawdown plan** before or at the **member's** 75th birthday, if the **PP plan** meets the conversion requirements set out in the **Pru FRP Drawdown Technical Guide**.

Where a **PP plan** is converted to a **Pru FRP Drawdown Plan**, the **investments** are not realised. The **SIF** is instead re-allocated to the new **drawdown plan**. See section B5.6.

- (c) We contact the **member** for disinvestment instructions through regular reminders starting two years before the final date for the **Plan(s)** (see section B5.4(a)).
- (d) If the **investments** have not been fully realised by the final date for the **Plan(s)** (see section B5.4(a)), the **Plan(s)** will be treated according to **HMRC** requirements, but no income will be payable.
- (e) On or after the final date for the **Plan(s)** (see section B5.4(a)), if the **member** has not by then used the **Plan(s)** to pay benefits or buy an **annuity** (or, in the case of a **PP plan**, has not converted that **PP plan** to a **Pru FRP Drawdown Plan**), he or she will need to take an "in specie" transfer payment to another **registered pension scheme** (see section B7) that allows "SIPP" pension savings to continue to be held after the final date.
- (f) If there are any amounts remaining in the **SIF** by the day before the first anniversary of the final date for the **Plan(s)** (see section B5.4(a)), we may sell the **investments** and use the money to buy an **annuity** for the **member**.

- (g) If the **member** does not provide instructions or take a transfer-out (for example, if he or she has not maintained contact with us), we will not normally take any action in relation to the investments under the **SIF**. The **member** and the **SIF** will continue to be liable for all **costs** and charges under the **SIF** including any annual administration fee that becomes payable. The **member** will then be told of his or her options when he or she subsequently makes contact with us.

If no instructions are received, we can, at any time from the final date for the **Plan** (see section B5.4(a)), sell **investments** without permission in accordance with section C5.8.1 in order to buy an **annuity** chosen by us.

B5.5 Realisation of investments, payment of benefits and annuity purchase

- (a) Unless section C5.8 applies, no **investments** under the **SIF** can be realised without the express permission of the **member** (or **adviser**). This may mean that payment of benefits or the purchase of an **annuity** is delayed. The realisation of **investments** is also subject to the delays described in section C12.1.
- (b) When selling **investments** to buy an **annuity**, the proceeds of selling each **investment** under the **SIF** will, unless the **member** instructs us otherwise under section B5.5(c), be held in the **bank account** until all of the **investments** that are then to be used to provide benefits have been realised.

- (c) Some **investments** may take longer to realise than others. In this instance, instead of leaving all cash credited to the **bank account** as described in section B5.5(b), the **member** can if he or she so wishes, instruct us to use part or all of that cash to purchase an **annuity** (using the option to phase **annuity** purchase described in the **main Pru FRP Technical Guides**). The remainder of the value of the **SIF** can then be used to purchase an **annuity** once the proceeds of selling the remaining **investments** have been credited to the **bank account**.

- (d) Where an **income payment** is due to be made under a **drawdown plan** at the time when we receive a request to cash in a **drawdown plan** to purchase an **annuity**, the **annuity** purchase may be delayed until the **income payment** has been made (see also the **Pru FRP Drawdown Technical Guide**).

- (e) Once the **investments** have been realised, the **member** will be offered all the pension options generally available under the **Pru Flexible Retirement Plan**.

B5.6 Conversion of PP Plan to Drawdown Plan

- (a) If the **member** converts his or her **PP plan** to a **drawdown plan**, the investments are not sold. The **SIF** is re-allocated to the **drawdown plan** on the date that the **drawdown plan** is set up.

In the case where some but not all of the **member's PP plans**, or some but not all **arrangements** under a **PP plan**, are converted to a **drawdown plan**, the relevant proportion of the **SIF** is re-allocated to the **drawdown plan**.

(b) All conversions of one or more **arrangements** under a **PP plan** to a **drawdown plan** are subject to the requirement for an **HMRC valuation** to be carried out.

As set out in the **Pru FRP Drawdown Technical Guide**, the **drawdown plan** is set up as at the date we have all of the information and forms that we need in order to carry out the conversion. Where there are investments in the **SIF**, there may be a delay between the time that the **drawdown plan** is set up and the payment of any benefits including the pension commencement lump sum. This is because the level of benefits cannot be determined until the **HMRC valuation** has been completed, and due to the nature of investments under the **SIF**, the **HMRC valuation** may not be complete at the **start date**.

(c) Where there are investments in the **SIF** under the **PP plan**, no conversion can be carried out until sufficient cash stands credited to the **bank account** to:

- pay any pension commencement lump sum (or part of this sum) that is to be paid from the **SIF**;
- pay any **income payment** (or part payment) that is due to be paid from the **SIF** following the conversion;

- pay for the charges associated with obtaining the **HMRC valuation**; and
- pay any **SIF Ad hoc Adviser Charge** that the **member** has agreed should be paid to the **adviser**.

B6. Death benefits

B6.1 General

The **main Pru FRP Technical Guides** set out how **units** under the **Plan(s)** are used to provide benefits for the **member's** beneficiaries on his or her death before buying an **annuity** or taking a transfer-out.

Where there are **investments** in the **SIF**, the value of the **Plan(s)** available to provide lump sum death benefits and/or **dependants** or **nominees' annuities** and/or (in the case of a **drawdown plan**) **dependant's** or **nominee's income payments** includes the value of the **SIF**.

The value available from the **SIF** will comprise:

- the value of the **bank account** at the date we pay out the benefit following the sale of investments under the **SIF** as described in section B6.2; and/or
- where any **investments** are not to be sold, but are to be paid "in specie" as described in section B6.2, the value of those **investments** on the date that they are transferred as an "in specie" lump sum death benefit to the relevant beneficiary.

The value available is reduced by any **costs** or **liabilities**, as mentioned in section C10.1 and any taxes due on the payment. In the case where a **dependant** or **nominee** selects a **drawdown plan**, the death benefit is the value of investments under the **SIF** (or the proportion of the **SIF** that is allocated to the **dependant** or **nominee**).

B6.2 Selling or transferring assets to pay lump sum death benefits

Once a beneficiary has been selected in the way described in the **main Pru FRP Technical Guides**, he or she may be asked whether he or she prefers to receive any lump sum death benefit as a cash lump sum or in the form of an asset. We will take into account the wishes of the beneficiary(ies), but the ultimate decision on whether to sell and pay as cash or whether to transfer **investments** lies with Prudential and our decision is final.

As set out in section C5.8, we and **Suffolk Life** can decide to sell **investments** without the consent of the beneficiaries in order to pay death benefits. We and **Suffolk Life** can also at our discretion choose to transfer an asset, for example, where realisation is not practicable (see section C11.2).

Where a cash lump sum death benefit is payable, we will instruct **Suffolk Life** to sell the **investments**. The proceeds will (subject to the deduction of any **costs**) be credited to the **bank account** and will earn interest at the relevant rate (see section C3.2.2) until the benefits are paid out as described in the **main Pru FRP Technical Guides**.

Where paying a lump sum in the form of an asset, we will instruct **Suffolk Life** to arrange for the asset to be transferred to the beneficiary (subject to the payment of **costs**).

Lump sum death benefits will be paid free of income tax if the **member** dies before reaching age 75 and they are paid within two years of us being notified of the **member's** death (or when we could first reasonably have been expected to have known of the **member's** death, if earlier).

Any lump sum death benefit that is paid if the **member** dies after reaching age 75, or is not paid within the two year time limit mentioned above, will be taxable at the recipient's highest marginal rate of income tax.

The realisation of **investments** to pay death benefits is also subject to the delays described in section C12.1.

B6.3 SIF charges and costs

Until all benefits have been paid out of the **SIF**, the **SIF** remains liable for any charges that become payable to us, including any annual administration fee and/or annual drawdown fee that becomes due. The **SIF** is also liable for the settlement of any **liabilities** and for the payment of the **costs** of selling or transferring **investments**.

B6.4 Payment of lump sum death benefit

The total lump sum death benefit will normally be paid out all at one time. This may mean that payment of benefits is delayed due to the time scales involved in selling some **SIF investments**. As a result, the payment of benefits from any **units** of other **funds** held under the **Plan(s)** or from any additional life cover (see the **Pru FRP PP Technical Guide**) will be delayed until the **SIF** investments have all been liquidated.

The value payable in respect of **units** of other **funds** is the value at the date of the **member's** death, as set out in the **main Pru FRP Technical Guides**.

B6.5 Two year limit

The **Pru FRP PP Technical Guide** explains that there is a two year limit for payment of a lump sum death benefit on the **member's** death before taking any benefits under a **PP plan**. It is important for **investments** under the **SIF** to be sold or transferred to beneficiaries before that deadline, in order to avoid a tax charge.

B6.6 Dependant's or Nominee's drawdown Plan

A **dependant** or **nominee** of a **member** with a **drawdown plan** may on the death of the **member**, subject to the terms of the **Pru FRP Drawdown Technical Guide**, select to take death benefits in the form of **income payments**. In this case:

- › the **dependant** or **nominee** will have a **drawdown plan** in his or her own name and may continue to invest in the **SIF** that was held under the **member's drawdown plan**;
- › the **SIF**, or that part of the **SIF** which relates to the **dependant's drawdown plan** (which is paid as a **capped drawdown**), is subject to an **HMRC valuation**. The **dependant** should note that **costs** may be incurred in obtaining the **HMRC valuation**, which are payable from the **SIF**;
- › where there is more than one **dependant** or **nominee**, the value of the **SIF** is apportioned appropriately;
- › if the **SIF** (or part of the **SIF** as described above) is held under a **dependant's** or **nominee's drawdown plan**, the **dependant** or **nominee** assumes all of the rights and responsibilities of the **member** in relation to this **Supplement**. This provision is subject to the terms and

conditions of the **Pru FRP Drawdown Technical Guide** regarding benefits payable to and in respect of the **dependant** or **nominee**;

- › where the **dependant's** or **nominee's final conversion date** is the 99th birthday, any remaining value under his or her **drawdown plan** must be converted at that date to an annuity, or transferred out.

B7. Transfers-out

B7.1 General

The **main Pru FRP Technical Guides** explain how **units** may be sold to provide a transfer-out to another pension scheme.

In the case where there are **investments** in a **SIF** under the **member's Plan**, the **investments** are either realised to provide a cash transfer-out or the **investments** may in some cases be transferred "in specie" to the receiving scheme.

Unless section C5.8 applies, no **investments** will be realised or transferred "in specie" without the express permission of the **member**, confirmed in writing where so required. This may mean that payment of the transfer-out is delayed.

Where an **income payment** is due to be made under a **drawdown plan** at the time when we receive a request to transfer out, the payment of the transfer-out may be delayed until the **income payment** has been made (see also the **Pru FRP Drawdown Technical Guide**).

Where transferring-out both **PP plans** and **drawdown plans**, these will not be carried out separately. No transfers-out will be carried out until sufficient cash is held in the **bank account** to cover all transfers-out.

Note: All **drawdown plans** must be transferred out at the same time and cannot be split for transfer-out. **PP plans** and **PP plan arrangements** can, however, be transferred out individually.

B7.2 Cash transfers-out

- (a) The realisation of **investments** to provide a cash transfer-out is subject to the delays described in section C12.1.
- (b) Until all **investments** have been realised, the proceeds of selling each **investment** to provide a cash transfer-out will be held in the **bank account**.
- (c) Where there are **units** held in other **funds**, the realisation of those **units** to provide a cash transfer-out will be delayed until the proceeds of the **investments** have been credited to the **bank account**. The realisation of **units** is also subject to any delay(s) and/or waiting period as set out in the **main Pru FRP Technical Guides**.
- (d) Once the proceeds of all **investments** are held in the **bank account** and all **units** of **funds** have been sold, we will pay the transfer-out as a single cash sum to the receiving scheme.

B7.3 "In specie" transfers-out

- (a) A transfer-out paid as an "in specie" transfer of assets will be subject to payment of legal and other **costs** and may be subject to additional charges to be agreed between the **member**

and us before the asset is transferred out. The legal work to effect an "in specie" transfer of assets will only start once all of our and **Suffolk Life's** requirements have been met.

- (b) Where there are other **investments** that are not to form part of an "in specie" transfer-out, these will be sold (subject to any delays as described in section C12.1). The proceeds will be credited to the **bank account** until all such **investments** have been liquidated and the "in specie" transfer-out has been completed. At that time **Suffolk Life** will pay the cash to us and close the **bank account**.
- (c) Where **units** are held in other **funds** under the **member's Plan(s)** (including any other **Plan(s)** that is to be transferred out, even if that **Plan(s)** is not invested in the **SIF**), we will switch these **units** into the **Prudential Cash Fund**. The date on which we switch any such **units** will be the date on which all of our requirements in relation to the transfer-out have been satisfied (subject to any delay(s) and/or waiting period as set out in the **main Pru FRP Technical Guides**). These amounts will remain invested in the **Prudential Cash Fund** until **Suffolk Life** pay us any other amounts to be transferred out in cash form as described above. At that time (and subject again to any delay(s) as set out in the **main Pru FRP Technical Guides**), we will realise the **units** and pay out any cash element of the transfer-out as a single payment.

B8. Divorce and dissolution

B8.1 Pension sharing orders

The **main Pru FRP Technical Guides** explain that a pension sharing order may be made as part of a divorce or dissolution settlement, with a transfer-out being made to another pension plan selected by the ex-spouse or ex-civil partner.

A pension sharing order is normally implemented by selling **units** of **funds** and/or **investments** under the **Plan(s)**, in order to raise the sum specified by the court, but "in specie" settlements are also possible.

B8.2 Disinvestment of units and investments

The **member** must provide disinvestment instructions for his or her **Plan(s)** as soon as the court order has been made. If such instructions are not received by us within 28 days of the date on which we receive the final court order and the relevant decree, we will cancel **units** of **funds** and/or sell **investments** under the **SIF** without the **member's** consent, as follows:

- › In the first instance, we cancel **units** proportionately from **funds** held under the **Plan(s)** excluding the **SIF**.
- › If the amount produced by cancelling **units** is not sufficient to cover the sum specified by the court, we will then use money in the **bank account** to make up the balance.
- › If there is still a shortfall, we will exercise our powers in section C5.8 to sell **investments** without the **member's** consent.

Section C5.6 also explains that investment instructions may be refused if they are incompatible with a pension sharing order or an earmarking order.

B8.3 "In specie" settlement of pension sharing order

Instead of making a cash transfer, a pension sharing order may in some cases be implemented in part or in full by making an "in specie" transfer of assets to the ex-spouse's or ex-civil partner's chosen pension plan. Any such transfer is subject to:

- › the agreement of all parties: i.e. the **member**, the ex-spouse or ex-civil partner, Prudential and **Suffolk Life**;
- › the chosen pension plan being able to accept such a transfer; and
- › the payment of any **costs** and/or charges that we may require.

B8.4 Pension sharing and HMRC valuations

As set out in the **main Pru FRP Technical Guides**, in order to implement a pension sharing order it is necessary to obtain **HMRC valuations** of the **member's Plan(s)**. Where **SIF investments** are concerned, this may result in additional **costs**, which will be deducted from the **SIF**.

B9. Form of communication for SIF investment instructions

Full details are set out in the **main Pru FRP Technical Guides** about the acceptable forms of communication for notices to Prudential and investment instructions.

Instructions to **Suffolk Life** to acquire or sell an **investment** under the **SIF** may be given in writing, by e-mail, by fax or by telephone. When sent by e-mail, the instruction must be in a written document signed by the **member**, which has been scanned and attached to the e-mail.

C. Operation of the Self-Invested Fund

C1. Introduction

This section C describes the specific operation of the **SIF**. In the event of any conflict between this section C and the other terms and conditions of the **Plan** (including the rest of this **Supplement**), this section C will prevail.

C2. The member, dependant, nominee or successor, and adviser.

For the purposes of this section C, references to the **member** include (where appropriate) the **member's adviser**, to the extent that such **adviser** has been appointed for the purposes of the **SIF** under section C13.

Where the **SIF** is held under a **dependant's, nominee's or successor's drawdown plan**, for the purposes of this section C, references to **member** include that **dependant, nominee or successor** and references to the **member's adviser** include the **dependant's, nominee's or successor's adviser**.

C3. The SIF

C3.1 Investment details form

If the **member** wishes to use a SIPP option under the **Pru Flexible Retirement Plan**, he or she must first complete, sign and deliver to us an **investment details form**. After we receive the **member's** properly completed and signed **investment details form**, we will set up a **SIF** to which benefits under the **member's Plan(s)** will be linked.

C3.2 SIF bank account

C3.2.1 General

All payments to the **SIF** will be credited to a **bank account** opened by **Suffolk Life** for the purposes of the **SIF**. The **bank account** is a corporate account of **Suffolk Life** and they are the authorised signatory. **Suffolk Life** will credit payments to the **bank account** when they receive them in cleared funds. Until they receive cleared funds, the payments are not **Suffolk Life's** assets for the purposes of the **member's SIF**.

C3.2.2 Interest

(a) Credit balances

Interest may be payable on any cleared credit balance on the **bank account**.

The basis of the rate of interest the member's SIF receives from the **Bank** is as set out in the current **SIPP Bank Accounts and Valuation Principles Leaflet**, as updated from time to time.

The basis of interest and the interest rate applying to the SIF **bank account** are subject to change from time to time (see section C3.2.6).

Where the **Bank** pays **Suffolk Life** a higher rate of interest across all the accounts they have with them than the amount earned by the **bank account** in accordance with the information set out in the current **SIPP Bank Accounts and Valuation Principles Leaflet**, **Suffolk Life** will be entitled to keep the difference.

On the closure of the **SIF**, any accrued interest will be credited to the **SIF**.

(b) Overdrawn balances

If the **bank account** goes overdrawn interest will be charged and added to the debt daily. The interest rate used will be the **Bank's** appropriate overdraft rate (see also section C8.2).

C3.2.3 Amounts are held in bank account until investment instructions are received

The **member** can ask us to invest amounts credited to the **bank account** in accordance with sections C5, C6, C7 and C8. Until the **member** gives us instructions, the relevant amounts will continue to be held in the **bank account**.

C3.2.4 Minimum balance

We require at least £1,000 to remain credited to this **bank account** at all times, until the **member** switches out of the **SIF** or uses all money and/or **investments** under the **SIF** to pay benefits or take a transfer-out of the **Scheme**.

This minimum amount is increased where the **member** has a **drawdown plan(s)** and an **income payment** is due to be paid from the **SIF**. In this instance the minimum balance under the **bank account** is increased on the **working day** before the **income payment date** to £1,000 plus the value of the **income payment** (or part payment). It is the **member's** responsibility to ensure that this minimum is met, in order to ensure that **income payments** are made. **Income payments** may fail if the **bank account** does not hold this minimum amount (see section B5.2).

C3.2.5 Monitoring the bank balance

It is the **member's** ultimate responsibility to ensure that sufficient cash is credited to the **bank account** at all times to meet our requirements.

Suffolk Life also monitor the **bank account** to check that the £1,000 minimum is maintained.

We or **Suffolk Life** will however only enforce section C5.8.1 where the balance falls below £1,000. Section C5.8.1 will not be enforced in order to make an **income payment**.

See also section C5.8.1, which explains that we or **Suffolk Life** can sell other **investments** without the **member's** consent if the balance falls below this amount and the **member** fails to take action to ensure that the minimum is restored.

C3.2.6 Changes to interest rates

We may change the basis of interest and the interest rate applying to the SIF **bank account**. If we do so, we will notify the **member** in writing.

C3.3 Notional allocation of assets

The **member's SIF** will be part of the **funds** maintained by Prudential and by **Suffolk Life** for the purpose of our and their long-term insurance business.

Benefits under the **member's Plan(s)** which are linked to his or her **SIF** will be determined (subject to section C18.3) by reference to the value of the assets and **liabilities** which **Suffolk Life** hold in respect of that **SIF**, including the balance on the **bank account**.

These assets and **liabilities** are notionally allocated to the **SIF** but the **member** does not have any legal or

beneficial interest in them or in the **SIF**. All references in this **Supplement** to assets and **liabilities** of the **member's SIF** are to be construed accordingly.

C3.4 Assets and liabilities

Any investment income or capital gains arising from the assets of the **member's SIF** and interest earned on the balance on the **bank account** will be credited to, and form part of, the assets of the **member's SIF**. Any loan or interest expense relating to the **member's SIF** will be debited to, and form part of, the **liabilities** of the **member's SIF**.

C3.5 Discounts, rebates etc.

A company within the **Suffolk Life Group** may receive discounts, rebates, commissions or other payments relating to the **investments** of the **SIF**. In this event, we or **Suffolk Life** will have notified the **member** prior to the relevant company's entitlement arising relating to the **investments** of the **SIF**. The amount will not be credited to the **SIF** but will be retained by the relevant company within the **Suffolk Life Group**.

C3.6 Suffolk Life's central clearing account

- (a) If the **member** gives instructions under section C5 to acquire an **investment**, the amount to be invested will be transferred from the **bank account** to a central clearing account of **Suffolk Life** when they process the **member's** instruction.
- (b) If we or **Suffolk Life** are required to pay expenses (including fees to an **adviser** authorised by the **member**), the amount of the expenses will be transferred from the **bank account** to a central clearing account of **Suffolk Life** when they process the payment.

- (c) If the member (or an investment manager) gives instructions to us to transfer monies (other than regular transfers) to an investment manager, the amount to be transferred will be transferred from the bank account to a central clearing account of Suffolk Life when they process the member's instruction.
- (d) **Suffolk Life** will retain any interest arising on any such central clearing account.

C4. Contributions and other amounts invested in the SIF

C4.1 Contributions and amounts switched from other funds

Subject to section C4.2 and as otherwise provided in this section C, the **member** (and other parties who can make payments to the **Plan(s)** on his or her behalf) may pay contributions for allocation to his or her **SIF** at any time. Subject to the terms and conditions in the **main Pru FRP Technical Guides** and in section B, the **member** may also instruct us to sell **units** held in other **funds** under his or her **Plan(s)** and switch the proceeds for reinvestment into his or her **SIF**.

C4.2 Minimum amounts

- (a) The **member** must comply with any restriction on the minimum amount of any contribution payment and any other requirements relating to contribution payments specified in the **main Pru FRP Technical Guides** or in this **Supplement** (see section A6), or made under this section C.

(b) We reserve the right to:

- › refuse or accept at our discretion any amount below the minimum requirement for initial investment in the **SIF**. Our acceptance in any particular case of an amount less than the minimum amount shall not create a precedent; and/or
- › specify or vary the minimum amount and impose or vary any other requirements subject to which the **member** may pay any contribution.

(c) Except for the minimum amount required to be maintained in the **bank account** (see section A6) there is currently no minimum amount that must be invested in or disinvested from any particular type of **investment** under the **SIF**.

Sections C5.6 and C5.7 would, however, allow us or **Suffolk Life** to refuse to make an investment or a disinvestment if we or they consider that the amount requested is impracticable. There may also be a minimum investment amount imposed by the institution providing the proposed investment.

C4.3 "In specie" transfer payments

Subject to our agreement on each occasion, a transfer-in payment from another **registered pension scheme** may be made into the **Plan(s)** by an "in specie" transfer of assets to **Suffolk Life**. The terms of any such transfer, including the payment of **costs**, will be as agreed between the **member** and us. (See also section B4.3).

C5. Investments and investment instructions

Note: As explained in section A7.2, if any investment transaction is to be carried out between the **SIF** and the **member** or any of his or her **connected parties**, then the transaction must take place at **market value**.

See section B9 about the means by which **SIF** investment instructions may be given.

C5.1 Buying investments

The **member** may give us (or any relevant **investment manager** appointed in accordance with section C6) instructions for the acquisition of investments for the **SIF**. This is subject to:

- › the limitations set out in the **SIPP Allowable Investments Leaflet** on the types of investment that may be acquired;
- › the minimum amount of any investment set out in this **Supplement**, the **Key Features document**, the **SIPP Allowable Investments Leaflet** and/or any other document that we issue;
- › the retention by the **member's SIF** of any minimum balance in the **bank account** specified in this **Supplement** (see section A6);
- › the appointment of an **investment manager** where required by **Suffolk Life**;
- › the completion by the **member** of additional documentation if requested by us or **Suffolk Life**, for example, if the **member** wishes us to purchase a property;

- › the legislation applicable to **registered pension schemes**;
- › all other relevant statutory provisions;
- › the provisions of section C5.12 and section C7 if applicable;
- › Prudential and **Suffolk Life's** right of veto under section C5.6; and
- › Prudential and **Suffolk Life's** right to delay investment under sections C5.14 and C5.15.

C5.2 Selling investments and reinvestment

The **member** may give us (or any relevant **investment manager** appointed in accordance with section C6) instructions for the sale or encashment of some or all **investments** under the **SIF** and for the proceeds to be used to acquire further investments.

Any disinvestment is subject to our and **Suffolk Life's** right of veto under section C5.7.

Before **Suffolk Life** (or any relevant **investment manager**) apply the proceeds of sale or encashment to acquire new investments, any appropriate charge due to us or other parties and any **costs** relating to the expenses of sale will be deducted from the proceeds.

Any such reinvestment is subject to the provisions of section C5.1. The proceeds of any sale or encashment will not be reinvested until such time as cleared funds have been credited to the **bank account**. Pending reinvestment, any cash proceeds will be credited to the **bank account**.

C5.3 Carrying out investment instructions

Suffolk Life will use all reasonable endeavours to pass on investment instructions promptly for execution. This is not always possible, (see, for example, sections C5.14, C5.15 and C12), so provided **Suffolk Life** have not acted unreasonably, **Suffolk Life** will not be liable for any loss or profit forgone between the time an investment instruction was received and when it was executed. **Suffolk Life** will not be responsible for any non-performance on behalf of any third party manager or provider.

Similar provisions will normally apply in respect of the execution of investment instructions by any **investment manager**.

Unless section C5.6, C5.7, C5.14 or C5.15 applies, **Suffolk Life** will transmit the order in accordance with the order transmission policy. A copy of this is available on request.

C5.4 Changes to allowable and excluded investments and minimum amounts

We reserve the right to amend the types of allowable and excluded investments and/or introduce further restrictions on any allowable investments and/or the minimum amount of any investment stated in this **Supplement** (and/or the **SIPP Allowable Investments Leaflet**) at any time. In the case of a change to the allowable or excluded investments or the introduction of a further restriction on allowable investments, we will give the **member** such notice as is reasonably practicable given all of the circumstances of the

change, if his or her **SIF** is invested in assets of the type affected and we will contact the **member** to agree the action required in relation to the **investment**. Unless we are required to stop allowing an **investment** by law, we or **Suffolk Life** will meet the reasonable **costs** incurred in its disposal. **Investments** can be sold without the **member's** consent where the **investment** is no longer lawful or permitted by us. (See also section C5.8).

We will on request provide the **member** with a copy of the current **SIPP Allowable Investments Leaflet** applicable to his or her **SIF**.

C5.5 Investment pending valid investment instructions or implementation of instructions

If the **member** has not asked us to appoint an **investment manager** and has given us no instructions as to the investment or application of the whole or any part of any monies allocated to his or her **SIF**, or if any such instructions cannot be implemented, or pending implementation of any instructions, the relevant monies will be held in the **bank account**.

C5.6 Prudential's and Suffolk Life's right of veto – proposed investments

We and/or **Suffolk Life** (or any **investment manager**) will be entitled to refuse to follow the **member's** investment instructions to acquire an investment if:

› such instructions are not given or confirmed in writing, where we or **Suffolk Life** require written instructions; or

- › insufficient cleared funds are available in relation to the **member's SIF**; or
- › the amount to be invested would be less than any minimum investment size determined by us from time to time; or
- › in our or **Suffolk Life's** reasonable opinion, the carrying out of the instruction is impossible, unlawful or contrary to any agreement by which we or **Suffolk Life** are bound, or to any applicable court order; or
- › the **member** has exercised his or her right to cancel a contract for the payment of a single contribution or a transfer-in, to which the investment instructions relate; or
- › we or **Suffolk Life** have given the **member** notice to encash the whole of his or her **SIF** in accordance with section C17.2 and in our or their reasonable opinion the proposed investment is illiquid (i.e. there is not an active market for the investment and it may therefore be difficult to sell) or it is not practicable to complete the purchase of the investment before the date on which the **member** is required to encash his or her **SIF**; or
- › in our or **Suffolk Life's** reasonable opinion, the purchase of the proposed investment may impose tax or other **costs** on us or them or the **SIF**, or expose us or them or the **SIF** to **liabilities** which in each case the **member's SIF** may be unable to meet; or

- › in our or **Suffolk Life's** reasonable opinion, making or holding the proposed investment may expose any company within **M&G plc** or the **Suffolk Life Group** or their directors or employees or members of their families to threats of or actual violence; or
- › in our or **Suffolk Life's** reasonable opinion, making or holding the **investment** may give rise to an unauthorised payments charge, unauthorised payments surcharge or a scheme sanction charge, each in accordance with the Finance Act 2004; or
- › in our or **Suffolk Life's** reasonable opinion, acquiring the proposed investment may require us or them to offer to purchase further investments pursuant to the City Code on Takeovers and Mergers or any other code or legislation in force from time to time, or any further assets.

We or **Suffolk Life** will tell the **member** if we or they have exercised the right of veto in accordance with this section C5.6 and the proposed investment has therefore not been made.

C5.7 Prudential's and Suffolk Life's right of veto – proposed disinvestments

We and/or **Suffolk Life** will be entitled not to dispose of an **investment** in accordance with the **member's** instructions if:

- › such instructions are not given or confirmed in writing, where we or **Suffolk Life** require written instructions; or

- › in our or **Suffolk Life's** reasonable opinion, the disposal of the **investment** is impossible, unlawful, or contrary to the terms of any agreement to which we or they are bound, or to any applicable court order.

C5.8 Circumstances in which investments may be sold without consultation or consent

C5.8.1 Selling without member's consent

We and/or **Suffolk Life** may decide, or direct the **Investment Manager**, to dispose of any **investment** of the **member's SIF** without consultation with the **member** and/or without his or her consent if, in our or **Suffolk Life's** reasonable opinion:

- (a) continued retention of the **investment** would be unlawful or would impose tax or other **costs** on Prudential or **Suffolk Life**, or expose us or them to **liabilities** which in each case the **member's SIF** may be unable to meet; or
- (b) we or **Suffolk Life** need to dispose of the **investment(s)** to meet any fees or charges, **costs** or **liabilities** payable from the **member's SIF** which may not otherwise be met from the **SIF**; or
- (c) the **investment** is no longer of a type which is permitted by law and/or allowed by us (as reflected in the current version of the **SIPP Allowable Investments Leaflet**); or

- (d) the **investment(s)** must be sold by the final date for the **Plan(s)** (see section B5.4(a)), or to comply with a pension sharing order (see section B8) or to comply with any other Court Order; or

- (e) the **investment(s)** must be sold because benefits are forfeited through an enforcement against the **member** of sections 273 to 278 of the Proceeds of Crime Act 2002; or

- (f) disposal of the **investment** is required by the terms of any agreement to which **Suffolk Life** are a party (for example, an agreement that sets out the terms of disposal of a co-owned property – see section C7.8); or

- (g) following reasonable notice from us to the **member** that the **bank account** balance has fallen below the minimum amount required under sections A6 and C3.2, the **member** has not taken adequate action to ensure that the minimum balance is restored.

Investments are sold in accordance with the **order of disposal policy**.

We will tell the **member** if **Suffolk Life** dispose of any **investment** under this section C5.8.1.

We and/or **Suffolk Life** may also sell **investments** in the event that we or **Suffolk Life** discontinue the **SIF** under section C17.2.

C5.8.2 Selling investments after the member's death

Following the *member's* death, we and/or **Suffolk Life** can decide to sell any *investments* without consultation with, or without the consent of any person(s) claiming to have an interest in the *investment*, if:

- › in our or **Suffolk Life's** reasonable opinion any of the circumstances set out in section C5.8.1 arise; or
- › we decide to pay death benefits as cash benefits.

C5.9 Prudential and Suffolk Life are not liable for losses to the SIF

(a) Neither Prudential, nor any company within **M&G plc**, nor **Suffolk Life** nor any company within the **Suffolk Life Group** will be responsible for any loss (including loss of profit) in relation to or reduction in value of any *investment*:

- › acquired for the *member's SIF* at the *member's* request unless such loss or reduction results from our fraud, wilful misconduct, negligence or breach of regulatory duty, or the fraud, wilful misconduct, negligence or breach of regulatory duty of any company within the **Suffolk Life Group** or any of their employees or agents; or
- › not acquired for the *member's SIF* or not disposed of in accordance with our or **Suffolk Life's** rights under section C5.6, C5.7 or C5.14; or

- › disposed of in accordance with section C5.8, unless such loss or reduction results from our fraud, wilful misconduct, negligence or breach of regulatory duty or the fraud, wilful misconduct, negligence or breach of regulatory duty of any company within the **Suffolk Life Group** or any of their employees or agents; or
- › which results from any action or omission of any nature whatsoever by any *investment manager* or by any nominee, banker, custodian or other person providing services to any *investment manager*.

(b) **Suffolk Life** may receive information from *investment managers* or fund providers notifying *them* of any corporate actions in respect of *investments* held. Whilst **Suffolk Life** will take all reasonable endeavours to send these notices to the *member* in a timely manner, neither Prudential nor any company within **M&G plc**, nor **Suffolk Life** nor any company within the **Suffolk Life Group** shall be responsible for any loss or foregone profit resulting from the *member* not receiving these notices in good time. **Suffolk Life** will however be responsible if such loss or foregone profit results from fraud, wilful misconduct, negligence or breach of regulatory duty on the part of any company within the **Suffolk Life Group**, or the fraud, wilful misconduct, negligence or breach of regulatory duty of any of their employees or agents.

C5.10 Prudential and Suffolk Life do not advise on investments

Neither we nor **Suffolk Life**:

- › will be under any duty to consider, or advise on, the general or specific merits or suitability of any actual or proposed *investment* or disposal. Subject to our and **Suffolk Life's** right of veto and right to disinvest (see sections C5.6, C5.7 and C5.8), we and/or **Suffolk Life** follow the *member's* (or his or her authorised *adviser's*) instructions;
- › have any responsibility in connection with the performance of investments; and
- › have any responsibility for any advice given or action taken by an *adviser* or *investment manager*.

C5.11 Exercise of voting rights under investments of the SIF

Suffolk Life will not exercise voting rights in respect of any *investment* unless the *member* so requests, but **Suffolk Life** are not under any obligation to vote in accordance with the *member's* wishes. **Suffolk Life** will not appoint a representative to vote in respect of any *investments* in the *member's SIF*.

C5.12 Term deposits and money market accounts

If the *member* tells us that he or she wishes to invest in a term deposit or money market account with a bank or building society, **Suffolk Life** will at their discretion endeavour to open the relevant account provided the account is in accordance with the current **SIPP Allowable Investments Leaflet**.

Suffolk Life will not enter into a term deposit of more than one year unless the bank or building society agrees that **Suffolk Life** may withdraw the deposit during the term. Any penalty charged by the relevant bank or building society as a result of withdrawal of a deposit during the term will be payable from the **member's SIF**.

C5.13 Custody

Suffolk Life will make arrangements for the custody of any **investments** which are not held by an **investment manager**.

C5.14 Delay in carrying out investment/disinvestment instructions where member has not waived cancellation rights

We reserve the right to instruct **Suffolk Life** to suspend all or any investment and/or disinvestment transactions on the **SIF** if, for any reason, the **member** has not waived his or her right to cancel a contract for the payment of a single contribution or transfer-in. The implementation of any investment or disinvestment instructions will be delayed until such time as the cancellation period has expired.

C5.15 Delay in carrying out investment instructions where member has requested certain types of investment

As set out in section A7.4, the **member** agrees through the application form to waive in advance his or her cancellation rights on single contributions or transfers-in where he or she has requested certain types of investment. Section A7.4 further states that we and/or **Suffolk Life** may in some instances ask the **member** to re-confirm that he or she waives such cancellation rights. If the **member** fails to

re-confirm his or her agreement, then we reserve the right to instruct **Suffolk Life** not to carry out the relevant investment instructions until the expiry of the cancellation period.

C5.16 Directions to investment manager not to acquire an investment

Where an **investment manager** is appointed under section C6, we and/or **Suffolk Life** are entitled to direct that **investment manager** not to acquire an **investment** in the circumstances referred to in section C5.6, and we and/or **Suffolk Life** may direct that **investment manager** not to dispose of an investment in the circumstances referred to in section C5.7.

We or **Suffolk Life** will tell the **member** if we or they direct the **investment manager** in accordance with this section C5.16.

C5.17 Directions to investment manager to sell a disallowed investment

Where an **investment** is purchased by the **investment manager** that is not an allowable investment, we and/or **Suffolk Life** will have the right to instruct the sale of that **investment** as soon as reasonably practicable after we or they become aware. We and/or **Suffolk Life** will not be responsible for any loss to the **SIF** which may arise as a consequence of selling the **investment**.

C5.18 Taxable property

As stated in section A7.5, if tax charges arise under **HMRC's** taxable property rules in respect of an investment purchased for the **SIF**, such tax charges must be borne by the **SIF** or by the **member** personally as the case may be. Certain **investments** may result in the

SIF holding taxable property either directly or indirectly (i.e. held within certain **investments** unless covered by specific exemptions). Taxable property may include residential property and physical assets, for example cars, art or stamps. Neither we nor **Suffolk Life** will be liable for any tax or scheme sanction charge arising from the **SIF** holding taxable property.

C5.19 Corporate actions

Suffolk Life may receive information from **investment managers** or **fund providers** notifying them of any corporate actions in respect of **investments** held. Whilst **Suffolk Life** will take all reasonable endeavours to send these notices to the **member** in a timely manner, we and/or **Suffolk Life** shall not be responsible for any loss or foregone profit resulting from the **member** not receiving these notices in good time unless such loss or foregone profit results from fraud, wilful misconduct, negligence or breach of regulatory duty on the part of any company within **M&G plc** or the **Suffolk Life Group**, or the fraud, wilful misconduct, negligence or breach of regulatory duty of any of their employees or agents.

C5.20 Responsibility for notifying authorities about reportable shareholdings

The **member** is responsible for notifying the appropriate parties where a holding in the **SIF** together with those holdings held personally by the **member** and his or her **connected parties** require reporting under the rules of the Takeover Panel, Financial Conduct Authority's disclosure rules or any other similar requirements in place from time to time.

C6. Investment managers

C6.1 Appointment of investment manager(s)

If the **member** so chooses, **Suffolk Life** may open an investment dealing account with a person chosen by the **member** to acquire and dispose of **investments** for the **member's SIF**. The **investment manager** can be appointed to act:

- › on an execution-only basis, where the **member** makes all decisions on which investments should be purchased or sold; or
- › on an advisory basis, where the **investment manager** may advise on the acquisition or disposal of an investment, but the **member** makes all decisions; or
- › on a discretionary basis, where the **member** authorises the **investment manager** to make investment decisions for the **SIF**.

Where the **member** asks **Suffolk Life** to appoint an **investment manager**, the **member** is responsible for ensuring that the terms of appointment are acceptable to him or herself, including the fees payable to the **investment manager**.

The **member** may choose different **investment managers** to be appointed for different parts of the **SIF**. If the **member** does not choose for any **investment manager** to be appointed, he or she may be restricted in the types of investment **Suffolk Life** can be instructed to acquire.

Suffolk Life reserve the right not to appoint any person chosen if they do not meet **Suffolk Life's** requirements. These requirements include a

requirement that the **investment manager** is based in the United Kingdom, has the necessary regulatory permissions, will report transactions to **Suffolk Life** in a timely manner and in a suitable format and will act on instructions given by **Suffolk Life**.

If the **member** is unsure whether his or her chosen **investment manager** is acceptable to **Suffolk Life**, he or she should contact them. The **member** will be responsible for notifying **Suffolk Life** of the **investment manager** that he or she would like to have appointed in respect of the **SIF**. Notification may be given verbally or in writing although where given verbally **Suffolk Life** reserve the right to request that such notification be made in writing. **Suffolk Life** will not appoint an **investment manager** in respect of the **SIF** without the **member's** direction.

C6.2 Terms of appointment

Any appointment of an **investment manager** for the **member's SIF** (or any part of his or her **SIF**) will be on such terms as **Suffolk Life** may agree with that **investment manager**. These terms will be available to the **member** and form part of the terms of the appointment. **Suffolk Life** may require the **member** to enter into the agreement with the **investment manager**. The **investment manager** will be responsible for:

- › setting up the necessary client account;
- › the registration and safe custody of **investments** in relation to which the **investment manager** is appointed;
- › accounting to **Suffolk Life** regularly for all transactions and interest in relation to the relevant **investments** in a form acceptable to them; and

- › unless the **member** requests otherwise, carrying out investment transactions for the **SIF** (or the relevant part of the **SIF**).

Where an **investment manager** is appointed, **Suffolk Life** will be authorised and entitled to accept written instructions from the **investment manager** to transfer money from the **bank account** to the **investment manager**.

Where an **investment manager** is appointed on a discretionary or advisory basis, the **member** will agree with the **investment manager** an appropriate investment strategy (after taking into account the level of risk to be assumed). Responsibility for each and every investment transaction and responsibility for the short and long-term performance of the **investments** held by an **investment manager** are entirely matters for the **member** and for the **investment manager**. See also sections A8, C5.10 and C6.9.

Where the **member** asks **Suffolk Life** to appoint an **investment manager**, the **member** is responsible for ensuring that the terms of appointment are acceptable to him or her, including the fees payable to the **investment manager**. In certain cases **Suffolk Life** will have arranged formal agreements with the **investment manager** in respect of all accounts they have with them. Details of those **investment managers** with whom **Suffolk Life** have formal agreements is available on request. If the **member** has any queries in respect of these agreements, he or she should direct them in the first instance to the **investment manager**.

C6.3 Investment manager is Suffolk Life's delegate and Suffolk Life has right to terminate agreement

Where a person is appointed as an *investment manager*, the duties and rights of the *investment manager* are carried out or exercised by the *investment manager* as **Suffolk Life's** delegate and on their behalf.

Subject to the agreement between **Suffolk Life** and the *investment manager*, **Suffolk Life** may terminate those delegations and delegate the investment management of the *member's SIF* (or relevant part of the *SIF*) or other duties as applicable to another person. **Suffolk Life** will do this where the *investment manager* ceases to be regulated by the Financial Conduct Authority or where **Suffolk Life** have severe doubts as to the financial stability of the *investment manager*. If **Suffolk Life** do this, we will tell the *member* in writing as soon as possible.

C6.4 Appointment of investment manager applies only to the SIF

The appointment of any *investment manager* under section C6.1 applies only in relation to the operation of the *member's SIF*. It does not apply to investments in other *funds* under the *Plan*.

C6.5 Pooling of client money and investments by investment manager

The investment management arrangements referred to in section C6.2 may include a bank account operated by the *investment manager* to pay for *investments* purchased and expenses arising, to receive income arising on *investments* and to receive the proceeds of *investments*. Money in this bank account and *investments* for which the *investment manager* is appointed will all be held by the *investment manager* in accordance with the terms of **Suffolk Life's** (and, where applicable, the *member's*) agreement with that *investment manager*. These terms may permit the *investment manager* to pool monies and *investments* held by the *investment manager* in respect of the *SIF* with monies and *investments* held by the *investment manager* for its other customers. In the event of any shortfall arising in any such monies and/or *investments* on the default of the *investment manager*, the *SIF* may be responsible for its share in the shortfall proportionately with the other customers of the *investment manager*. **Suffolk Life** will continue to operate the bank account alongside any account operated by an *investment manager*.

C6.6 Listed securities must be bought and held by an investment manager

If the *member* wants the *SIF* to hold a listed security (within the terms of the *SIPP Allowable Investments Leaflet*), **Suffolk Life** will require the *member* to request them to appoint an *investment manager* for the *SIF*.

C6.7 Authorisation of member or member's adviser to give investment instructions to investment manager

Where an *investment manager* has been appointed, **Suffolk Life** may appoint the *member* and/or *adviser* to give investment instructions to the *investment manager* on **Suffolk Life's** behalf. **Suffolk Life** may at their discretion at anytime remove this authorisation. The *member* is not authorised to transfer cash or assets away from the *investment manager*.

C6.8 Prudential and Suffolk Life not liable for investment manager

Neither **Prudential** nor **Suffolk Life** are responsible for the *member's* choice of any *investment manager* and will not be liable for any loss caused by any *investment manager*, or by any nominee, banker, custodian or by any other person providing services to an *investment manager* unless such loss is attributable, directly or indirectly, to any fraud, negligence, wilful default or breach of regulatory duty on the part of us or **Suffolk Life** or any company within the **Suffolk Life Group** or their employees or agents. See also section C5.10.

C6.9 Prudential and Suffolk Life will not act as investment manager

Neither **Prudential** nor **Suffolk Life** will act as *investment manager* for the *SIF*. See also section C5.10

C6.10 Investment management costs

Any **costs**, fees or expenses incurred as a result of the appointment of an **investment manager** will be met from the **SIF**. Where there are insufficient funds available within the **SIF**, the **member** must agree to either make a payment into the **SIF** to cover any shortfall or to settle such amounts personally.

C7. Investments in property

C7.1 General requirements

If the **member** wishes for a property (including land or any permitted interest in land) to be purchased for his or her **SIF**, or wishes to transfer property into his or her **SIF** (in accordance with section C4.3), he or she must:

- read our brochures "Buying UK Commercial Property using Prudential's SIPP" and "Prudential SIPP Property Insurance Notes" (each available on request) which set out how the proposed property purchase or transfer will proceed;
- complete a Prudential SIPP Property Form giving details of the property and how the proposed purchase or transfer is to be funded, including details of any "co-owners";
- accept the terms of the Prudential SIPP Property Form and sign both the investor's declaration and insurance declaration which are part of that form;

- agree (as part of accepting the terms of the Prudential SIPP Property Form) that **Suffolk Life's costs** and the **costs** they incur in appointing third parties to act for them in relation to the proposed purchase or transfer will be payable from the **SIF** even if the proposed purchase or transfer is not completed; and
- accept and sign a "co-owners" group investment agreement, where appropriate.

The brochures "Buying UK Commercial Property using Prudential's SIPP" and "Prudential SIPP Property Insurance Notes", the Prudential SIPP Property Form and the "co-owners" group investment agreement may be amended and/or updated from time to time and any property investment will be entered into on the basis of the then current documentation.

Note: As explained in section A7.2, any property transaction to be carried out between the **SIF** and the **member** or any of his or her **connected parties** must take place at **market value**.

C7.2 Special bank account for property

Once funds are made available for the property proposed to be acquired, **Suffolk Life** will open a bank account with the **Bank** solely in respect of the property. This will be a corporate account of **Suffolk Life**. Any credit balance may attract interest on the same basis as on the bank account which is explained in section C3.2.2. Any credit balance on the property bank account is not aggregated with a credit balance on the **SIF bank account** in calculating interest rates.

C7.3 Appointment of solicitors etc. and payment of professional fees

If the **member** asks for a property (including land or any permitted interest in land) to be purchased for his or her **SIF**, or wishes to transfer property into his or her **SIF** in accordance with section C4.3, **Suffolk Life** may appoint solicitors and/or surveyors chosen by the **member** so long as **Suffolk Life** are satisfied that there is no conflict of interest and that it is otherwise appropriate. Their fees, including applicable VAT, together with Stamp Duty Land Tax and disbursements will be payable from the **member's SIF**.

C7.4 Appointment of nominee and/or property manager

Suffolk Life may acquire and hold property or any interest in property in the name of a nominee.

Suffolk Life reserve the right if they consider it appropriate to appoint a surveyor or equivalent person (a "property manager") to manage any property acquired by, or transferred to, them as landlord for the **member's SIF**.

The nominee's and/or property manager's fees, including applicable VAT, will be payable from the **member's SIF** in accordance with section C9.

If **Suffolk Life** do not make such an appointment, they will manage the property on the terms detailed in the property form mentioned in section C7.1 and fees and **costs** will be calculated and charged in accordance with section C9.

C7.5 Custody of title deeds

Suffolk Life will make arrangements for the custody of title deeds if these are not held by any lender or the solicitors acting on any purchase or transfer of property for the **member's SIF**.

C7.6 Insurance of property

Unless a third party is legally responsible for insuring the property, **Suffolk Life** will make arrangements for insuring property held in the **member's SIF**.

Suffolk Life will make arrangements for insuring the property on their block policy. The insurance premiums payable for such insurance will be payable from the **SIF** and should be chargeable to the tenant under the lease. **Suffolk Life** receive income from the insurer of the block policy. If any income is earned by **Suffolk Life** in respect of such arrangements, they will retain it.

Where a third party is legally responsible for insuring the property, **Suffolk Life** will require either to hold the insurance policy jointly with the third party or to be named as an interested party in the insurance. If the latter applies, **Suffolk Life** will make arrangements for a further public liability insurance policy to be effected.

Where **Suffolk Life** are arranging either property insurance or public liability insurance, the insurance company will be selected by **Suffolk Life** and may include a company within the **Suffolk Life Group**. The insurance premiums payable for such insurance will be payable from the **member's SIF**.

C7.7 Responsibility for liabilities

When the **member** asks to make the property purchase, the **member** must agree to be responsible for, and remain responsible for all claims, losses and **liabilities** of any nature (including environmental claims, losses and **liabilities**) arising out of property held in the **member's SIF**. The **member** must promise to pay such amounts to us and/or **Suffolk Life** where such amounts are payable by us and/or them.

Without prejudice to the generality of this provision, if in our or **Suffolk Life's** reasonable opinion the continued holding of any property in the **member's SIF** may expose us or them to any such claims, losses or **liabilities** which the **member's SIF** may not be able to meet, we or **Suffolk Life** may at any time, if we or **Suffolk Life** so choose, require the **member** to buy that property from **Suffolk Life** at fair **market value** or £1, whichever is the greater.

The **member** must do all things and execute all documents that we or **Suffolk Life** may reasonably require to give effect to our and their rights under this section C7.7.

The above provision applies also to any **liability** we and/or **Suffolk Life** incur in respect of any borrowing undertaken in respect of the **SIF**.

C7.8 "Co-ownership" of property

A **SIF** can either be the sole investor in a property or a property purchase can be undertaken jointly with another **member's SIF** under a **Pru Flexible Retirement Plan**. In the case of "co-owned" property:

- a separate cash account may be set up by **Suffolk Life** to handle all transactions relating to the "co-owned" property. The **member** will be required to instruct **Suffolk Life** to transfer appropriate amounts from the **bank account** as necessary into this account to purchase the property, to service any mortgage loans and to pay any expenses relating to the property. Any rental income and the proceeds of any sale will be paid into this cash account before being apportioned and allocated to the relevant "co-owner";
- the **member's SIF** will have a percentage interest in the property, in any cash account relating to the property and in any mortgage loan. The percentage interest in the mortgage loan may be different from the percentage interest in the property, for example where "co-owners" have undertaken different proportions of borrowing; and
- there will normally need to be a formal group investment agreement between the "co-owners" and **Suffolk Life** setting out various provisions including the circumstances when the property must be sold.

Property can also be purchased with other external parties. Further information is available on request.

C7.9 Decisions relating to the property

As the legal owner of the property, **Suffolk Life** will make any decisions that are necessary and reasonable with respect to it. This will wherever possible be after consultation with the **member**. But neither we nor **Suffolk Life** will be obliged to take into account any representations from the **member** if either we or **Suffolk Life** consider them not to be appropriate in the interests of maintaining the property investment. We or **Suffolk Life** will advise the **member** in a timely fashion of any decisions made.

C7.10 Valuation of property before sale

Prior to any proposed sale of a property which is held as an **investment** of the **SIF**, **Suffolk Life** will require an appropriately qualified valuer to undertake a formal valuation of the property. If the **member** does not nominate a valuer, **Suffolk Life** will appoint a valuer of their choice. The valuer's fees and any other **costs** associated with the valuation will be payable from the **SIF**.

C8. Borrowing and banking overdrafts

C8.1 Borrowing to assist property purchase

In order to facilitate investment in property, the **member** may request for **Suffolk Life** to agree to borrowing. This will be subject to such conditions as we and **Suffolk Life** may impose from time to time and must be on terms satisfactory to us and them.

All borrowing must comply with Section 182 of the Finance Act 2004 and any other legal or regulatory requirements.

The borrowing must be arranged in **Suffolk Life's** name. Neither we nor **Suffolk Life** will take responsibility for arranging a lender.

C8.2 Banking overdraft

The **bank account** may be overdrawn only with our and **Suffolk Life's** prior agreement. We and **Suffolk Life** may agree to an overdraft, for example, to meet any **costs** and **liabilities** which we or **Suffolk Life** are entitled to charge to the **member's SIF** or (in the case of a **drawdown plan**) to pay benefits to the **member** pending our receipt of sale proceeds for, or income from, an **investment**.

If we and **Suffolk Life** agree to an overdraft, we or they may require for it to be repaid or reduced at any time. All interest charged by the **Bank** together with any arrangement **costs** in respect of any overdrawn balance will be a liability of the **member's SIF**. We will provide the **member** with the details of the applicable interest rate on request (see also section C3.2.2). If the **bank account** becomes overdrawn without **Suffolk Life's** prior agreement, for example because a cheque paid into the **bank account** does not clear, the **Bank** may charge a higher rate of interest. **Suffolk Life's** overdraft arrangement fees and renewal fees will be due and payable to them in accordance with the **Schedule of Fees**, in addition to any fees charged by the **Bank**.

See also section C9.6 which explains in further detail what happens when charges, **costs** and other **liabilities** cannot be met from the **bank account**.

C8.3 HMRC limits on borrowing

Any borrowing must be within **HMRC** limits imposed by the applicable law.

C8.4 Lending institution

Any lender must be a bank, building society or similar organisation. In no case may the lender be the **member** or any of his or her **connected parties**.

C9. SIF charges and expenses

C9.1 SIF charges

Details of the charges to be applied by us in relation to the **member's SIF** are set out in the **Schedule of Fees**. All such charges are deducted as they fall due from the **bank account** (see section C9.6).

In addition to the charges payable to us, there may also be other charges associated with an **investment**. These may either be implicit in the **investment** or they may result in additional **costs** being explicitly deducted from the **SIF**.

For example, a unit trust investment will be subject to implicit charges in the form of the fund management charges levied by the unit trust provider.

Examples of explicit **costs** are the expenses of buying, selling, maintaining and managing investments. For example, dealing, stamp duty and custody expenses are incurred when buying, selling and holding shares; or legal, surveyors' and property management expenses are incurred when buying, selling and holding property. All such **costs** are payable by and deducted from the **SIF** (see sections C9.2, C9.6 and C9.7).

C9.2 Other costs, liabilities and expenses chargeable to the SIF

We and **Suffolk Life** will also be entitled to charge the following **costs** and **liabilities** to the **member's SIF**:

- › all expenses incurred by **Suffolk Life** (including claims, losses and **liabilities**) in acquiring, holding, disposing of or valuing any **investment** or other asset of the **member's SIF**;
- › any taxes (for example, VAT) to which our charges or any other **costs** under the **SIF** may become liable;
- › all **SIF Ad hoc Adviser Charges** payable to the **member's adviser** for verifiable pensions advice (see section B3.5), and all fees, charges, disbursements and other **costs** charged by any **investment manager**, nominee, banker, custodian, solicitor, surveyor, mortgagee or anyone else providing related services or any **adviser** appointed in relation to the **member's SIF** or any part of the **member's SIF**;
- › all taxes, duties or levies to which **Suffolk Life** become liable as a result of acquiring, holding or disposing of any **investment** or other asset allocated to the **member's SIF**;
- › any other **liabilities** or scheme sanction charge or unauthorised payments charge or tax refunds due;
- › an amount equal to any tax for which we or **Suffolk Life** become (or reasonably expect to become) liable in respect of the **member's SIF**, if the **member's Plan(s)** does not constitute or ceases to constitute pension business as defined in section 58 of the Finance Act 2012;

- › any taxes, duties or levies (including VAT) in respect of fees, charges or **costs**, or amounts for which we or **Suffolk Life** become responsible as described in section C9; and
- › any administrative **costs** incurred by us (including legal expenses, disbursements or other **costs**) in complying with any court orders served on us relating to the **member**, the **Plan(s)** or investments relating to the **SIF**.

Provided that this section C9.2 will not apply to the extent to which such **costs** are attributable, directly or indirectly, to any fraud, negligence, wilful default or breach of regulatory duty on the part of any company within **M&G plc** and/or the **Suffolk Life Group** or any of their employees or agents.

C9.3 Other future charges

If one of the following events occurs:

- › any company within **M&G plc** and/or the **Suffolk Life Group** become liable to pay any levies in relation to the Financial Services Compensation Scheme; or
- › any company within **M&G plc** and/or the **Suffolk Life Group** become liable to pay any tax or levies imposed on the **member's Plan(s)** in relation to the **member's SIF** or on any payment made to the **Plan(s)**; or
- › any company within **M&G plc** and/or the **Suffolk Life Group** become liable to make any other payment to the UK Government or any governmental agency or self-regulatory organisation of which the relevant company within **M&G plc** and/or the **Suffolk Life Group** are

(or become) a member, to the extent directly or indirectly attributable to the **member's Plan(s)** in relation to the **member's SIF** or any payment made to the **Plan(s)** which is allocated to the **SIF**,

we and/or **Suffolk Life** may reimburse ourselves or the relevant company within **M&G plc** and/or the **Suffolk Life Group** in respect of the liability or **costs** which we or they have incurred in consequence of such event by way of making a charge to the **member's SIF** as we or **Suffolk Life** may reasonably determine. The charge will be based on the liability or **costs** incurred.

In determining the charge, we will ensure that the **member's SIF** is required to bear no more than its fair share of the liability or **costs**.

This section C9.3 will not, however, apply to the extent that the relevant event is attributable, directly or indirectly, to any fraud, negligence, wilful default or breach of regulatory duty on the part of any company within **M&G plc** and/or the **Suffolk Life Group**.

C9.4 Increases in charges and new or additional charges

C9.4.1 General

We may increase our charges for the operation of the **member's SIF**. We will keep any increases to reasonable amounts, reflecting any increases in our reasonable **costs** for operating the **SIF**. This may happen, for example, if **Suffolk Life** increase the charges that we pay them, or if we experience an increase in the general administrative **costs** that we incur in operating the **SIF**. In addition, we may:

- › make or introduce other or additional charges or expenses to be borne by the **member's SIF**;
- › add VAT to such charges if so required by law;
- › add VAT to any Ad hoc **Adviser Charge** if so instructed by the **adviser** (see the **main Pru FRP Technical Guides** for **post-RDR pension plans** for further information about when we can add or change VAT on **Adviser Charges**).

Other charges may, for example, be introduced in the case where a new type of allowable investment is introduced under the **SIPP Allowable Investments Leaflet** and this type of investment requires a treatment that is different from other allowable investments. An additional charge(s) may, for example, be introduced where the **member** requests an additional service(s) in relation to an existing **investment** that is not encompassed within the published **SIF** charges. Additional services are normally charged on a time/cost basis relevant to the expertise and seniority of the staff involved, as described in the **Schedule of Fees**.

The amounts and types of **SIF** charges are set out in the current **Schedule of Fees** which is available on request.

C9.4.2 Notice to member

We will give the **member** notice in advance of any increases to **SIF** charges and/or of the introduction of other or additional charges. The notice period will be such as we consider to be reasonably practicable given all of the circumstances.

If the **member** then gives instructions for all of his or her rights under his or her **SIF** to be encashed in accordance with section C11 before the end of the notice period and **Suffolk Life** have not been able to complete the encashment by the end of the notice period, the relevant changes in charges and/or expenses will not take effect in relation to the **member's SIF**.

C9.5 Charges etc. remain payable while assets continue to be held under the SIF

We will continue to be entitled to our charges and we and **Suffolk Life** will continue to be entitled to recover all **costs** and **liabilities** as referred to in sections C9.1 to C9.4 inclusive until there are no assets of the **member's SIF**, including the balance on the **bank account**, held under the **member's SIF**. This includes charges falling due and **costs** and **liabilities** incurred after the **member's** death (see section B6). Once all assets have been sold and paid out of the **SIF** or transferred out in accordance with section C11, no further charges will be due. If the **member** subsequently re-instates the **SIF**, he or she will be treated as having set up a new **SIF**.

C9.6 Charges etc. payable from bank account

- (a) All charges, **costs** and **liabilities** which we or **Suffolk Life** are entitled to charge to the **member's SIF** will be paid by **Suffolk Life** from the **bank account**.
- (b) Subject to (c) below, if at any time the credit balance on the **bank account** is not enough to cover all such charges, **costs** and **liabilities** in full, we will require the **member** either:

- › to pay us a further contribution for allocation to his or her **SIF** (taking account of the allocation rate applied in accordance with section B3.4); and/or
- › to switch amounts from another **fund(s)** in which **units** are held under the **Plan(s)** to the **SIF**; and/or
- › to dispose of **investments**;

so that all amounts due can be paid.

We will write to the **member**, giving him or her 30 days' notice to do this.

If the **member** does not comply with these requirements:

- › in the case of charges payable to us, we will normally treat the amount due to be paid as a notional debt and therefore a **liability** of the **SIF**. Interest will be payable to us at a rate of 2% per annum above the **Bank's** base rate, with effect from the end of the 30 day notice period mentioned above, until such time as sufficient money is credited to the **bank account** for the charges (including interest) to be deducted; or
- › in any other case, **Suffolk Life** may overdraw the **bank account** and/or dispose of **investments** in accordance with section C5.8 and the **order of disposal policy**, and without liability to us for any adverse consequences arising from such action, in order to pay the amounts due; or

- › we may require the **member** personally to pay the amounts due, in which case the **SIF** will cease to be liable for them.

The interest rate referred to above may be changed by us at any time without notice in line with changes to the **Bank's** base rate.

- (c) If the credit balance on the **bank account** is not enough to cover any **SIF Ad hoc Adviser Charge** that has been requested, the **SIF Ad hoc Adviser Charge** will not be paid to the **adviser**. As stated in section B3.5, it is the **member's** responsibility to ensure that there is enough money in the **bank account** to meet the agreed payment, together with any other payments that are due (for example, **income payments**).

C9.7 Claims for SIF Ad hoc Adviser Charges, fees and other amounts

Any claim for **SIF Ad hoc Adviser Charges** (see section B3.5), fees, charges, disbursements or other **costs** submitted to us or to **Suffolk Life** for payment by the **member's SIF** as described in section C9.2 must, if we or **Suffolk Life** so require, be supported by a formal invoice and the **member's** express written consent.

C10. Valuation and reporting

C10.1 General

The **member's SIF** is operated primarily in Sterling. If **Suffolk Life** acquire an investment or open a bank account for the **SIF** which is denominated in another currency, they will maintain separate

records in that other currency. If an investment is acquired by an **investment manager** which is denominated in another currency **Suffolk Life** will hold records in the currency reported to them by the **investment manager**.

When formal valuations are sent these will include a report for each currency and a valuation summary showing all currencies converted to Sterling.

The value of the **member's SIF** is those proceeds of the reinsurance agreement between **Suffolk Life** and Prudential that specifically relate to the **member's SIF** (see section C18). The value of the reinsurance proceeds in relation to the **member's SIF** for the purposes of paying benefits or a transfer-out is normally the cash value of the **investments** following realisation (or in the case of an "in specie payment", the value of the asset so paid), plus the value of the **SIF bank account**, less the value of any **costs** and **liabilities**. The value of the **SIF** excludes any amounts that we recover from **Suffolk Life** under section C18.4.

Each **working day**, we will calculate the value of each **member's SIF** using the latest available valuation information and the valuation principles set out in the current **SIPP Bank Accounts and Valuation Principles Leaflet**. This value will be used in most day to day administration activities of the **SIF**. This daily valuation is no guarantee of the true value of the **SIF** and is solely provided as an indicative value.

Each year, a formal valuation and statements will be prepared, as described in section C10.2.

The **member** must review the formal yearly valuation and statements issued under section 10.2. The **member** must contact us within three months of receipt of the formal valuation and statements if there are any questions arising from these items. In the absence of any questions raised by the **member**, we shall be entitled to assume that the formal valuation fairly reflects all instructions given by the **member** and is an accurate statement of the **investments** held under the **SIF** as at the date of the formal valuation.

It may be necessary to carry out **HMRC valuations** on certain occasions. These occasions include:

- › when converting one or more arrangements under a **PP plan** to a **drawdown plan**;
- › the initial, three yearly and other income reviews which must be carried out (or which the **member** requests) for the purposes of each **drawdown plan**, as described in the **Pru FRP Drawdown Technical Guide**;
- › when an **annuity** is purchased under a **drawdown plan**;
- › on the payment of death benefits under a **Plan**; and
- › on the implementation of a pension sharing order under a **Plan** (see section B8).

When such an **HMRC valuation** is required there may be a delay in it being produced. This is due to the requirement to obtain information from third parties on a wide range of assets, possibly including valuations that have to be specifically produced such as property or some **funds**. However, the event requiring the formal **HMRC valuation** will be treated as if occurring at the date relevant to the event.

C10.2 Annual statement

Following each reporting date for the *member's SIF*, **Suffolk Life** will provide the *member*, without additional charge, with a statement of the value of his or her *SIF*. The *member* may request valuation statements more frequently or on a different date, but we reserve the right to make an additional charge for the provision of statements in those circumstances.

The reporting date for the *SIF* will be the first day of the calendar month in which the anniversary of the establishment of the *member's SIF* falls. The value will be calculated in accordance with section C10.3 and the current **SIPP Bank Accounts and Valuation Principles Leaflet**.

Suffolk Life may make reasonable changes to their systems and processes. If **Suffolk Life** do so and as a result, we have to change the reporting date in relation to the *member's SIF*, we will notify the *member* as soon as practicably possible.

C10.3 Valuation of SIF at reporting date

The formal valuation of the *member's SIF* is based on totalling the value of the assets of his or her *SIF* at the reporting date less the value of its *liabilities* at that date. For these purposes, the *investments* allocated to the *member's SIF* will be valued at the close of business on the last **working day** before the relevant reporting date. Where there are no published prices for an *investment* (for example, property or an unquoted investment) it will usually be valued at its original cost price or the last valuation where available.

See also section C10.4 and the current **SIPP Bank Accounts and Valuation Principles Leaflet**.

C10.4 Valuation rules

We or **Suffolk Life** may, from time to time, adopt such valuation rules as may be approved by the **Actuary**. The general principles in use at the date of issue of this **Supplement** are set out in the current **SIPP Bank Accounts and Valuation Principles Leaflet**. We or **Suffolk Life** can change these principles at any time. We will provide the *member* on request with a copy of the current valuation rules adopted under this section C10.4.

Information on the value of specific *investments* of the *SIF* can be obtained from us.

C10.5 Market valuations

Where we or **Suffolk Life** are required by legislation or other regulations to value the *SIF* at **market value**, we or they will arrange for the *investments* to be so valued. This will include, but is not limited to, the appointment of an appropriately qualified valuer in respect of interests in property. Where we or **Suffolk Life** need to appoint such a valuer we or they will notify the *member* in advance for confirmation of the valuer he or she wishes to be used and agreement to the valuer's fees. If the *member* does not reply within 30 days we and/or **Suffolk Life** reserve the right to appoint a valuer of our or their choice to carry out the valuation. The valuer's fees and any other **costs** associated with the valuation will be payable from the *SIF*.

C11. Switching out of the SIF and payments out of the SIF

C11.1 Switching to another fund(s) under the Plan

The *member* may give instructions, using the appropriate **investment details form**, for **Suffolk Life** to pay us any amounts then credited to the **bank account** under the *SIF* so that we can buy **units** in another **fund(s)** selected by the *member*. Such payment is subject to:

- › the prior payment of all charges due to us;
- › the prior settlement of all fees and **costs** chargeable to the *member's SIF* and all *liabilities* of the *member's SIF*; and
- › unless the *member* requests the encashment of all of his or her *SIF*, the retention under his or her *SIF* of the minimum balance on the **bank account** specified in section A6.

C11.2 "In specie" transfers of assets

If we agree, **Suffolk Life** may transfer assets out of the *member's SIF*:

- (a) to the *member*, in payment of benefits under the *member's Plan(s)* (see section B5); or
- (b) to another **registered pension scheme** or to a qualifying recognised overseas pension scheme (see section B7); or
- (c) to a person entitled after the *member's* death, in payment of benefits under the *member's Plan(s)* (see section B6); or
- (d) in accordance with any Court Order (see section B8).

C11.3 Requirements for "in specie" transfer

We will not agree to make any transfer in accordance with section C11.2 unless:

- › in the case of a transfer under section C11.2 (a) or (b), we have received a signed request from the **member** (after payment of all charges) to make the relevant transfer;
- › in the case of a transfer under section C11.2(b), we have received all necessary declarations and information that we require from the receiving pension scheme;
- › we have received all charges due to us; and
- › all fees and **costs** chargeable to the **member's SIF** and all **liabilities** of that **SIF** (including all **costs** arising in relation to the transfer) have been satisfied.

If the **member** instructs us to transfer out **in specie** and there is inadequate cash within the **SIF** to settle any outstanding fees or **costs**, we and **Suffolk Life** reserve the right to sell **investments** in accordance with section C5.8.1 and the **order of disposal policy**, in order to cover the payment of those fees or **costs** prior to completing the transfer out.

C11.4 "In specie" transfer of asset is treated as an encashment

Any "in specie" transfer of an asset under section C11.2 or C11.3 will be treated as an encashment of rights under the **member's SIF**.

C11.5 Closure of the SIF following payment of all monies or assets from the SIF

C11.5.1 General

After satisfaction of all **liabilities** of the **member's SIF** and transfer of all assets out of the **member's SIF**, we will close the **SIF**.

C11.5.2 Closure where there are outstanding dividends or other payments due to the SIF

- (a) If there are outstanding dividends and/or other payments not exceeding £1,000 (in total) due to the **SIF**, **Suffolk Life** will credit these amounts in advance to the **bank account** before the **SIF** is closed. In such a case, when the dividend and/or payment is actually received by **Suffolk Life**, they will be entitled to retain it.
- (b) The closure of the **SIF** will, however, be delayed if there are outstanding dividends and/or other payments due to the **SIF** and the total amount due is more than £1,000. In such a case, the closure will be delayed until monies are received and the total amount outstanding (after payment of all charges) falls below £1,000. Section C11.5.2(a) will then apply.

C12. Deferral of payments from the SIF

C12.1 Delay in realising investments or making an "in specie" transfer

Notwithstanding anything contained in this section C or elsewhere in the **main Pru FRP Technical Guides** or this **Supplement**, **Suffolk Life** may defer the encashment of the **member's SIF** until they are able to realise the relevant **investments** or are able to do so on what they consider to be reasonable terms, and have received the cleared funds. **Suffolk Life** may also defer the transfer of all of any **investments** under section C11 where it is impracticable or impossible to give effect to the transfer, until it becomes practicable or possible (as appropriate) to do so. We, or **Suffolk Life**, will inform the **member** of any deferral under this section C12.1

In particular and without limiting the generality of this section C12.1, **Suffolk Life** may defer such a transfer or encashment in such circumstances until the relevant **investment** is realised, in any case where such **investment** consists directly or indirectly of property.

C12.2 Alternative to realisation of investments

Where **Suffolk Life** have been unable to realise an **investment**, we and/or **Suffolk Life** may:

- › require the **investment** to be transferred to the **member** in part or full satisfaction of any payment of benefits under the **member's Plan(s)**; or

- › require the **member** to buy the **investment** from **Suffolk Life** at fair **market value** or £1, whichever is the greater.

The **member** must do all things and execute all documents that we or **Suffolk Life** may reasonably require to give effect to our and **Suffolk Life's** rights under this section C12.2.

C13. Member's advisers

The **member** may authorise his or her **adviser(s)** to act on his or her behalf in relation to the **SIF**, including:

- › to give instructions for the purposes of sections C5.1 and C5.2 on the **member's** behalf;
- › to request the appointment of an **investment manager**; and/or
- › to receive communications in relation to the **SIF**.

Any such authority must be given in the **investment details form** or such other form as we may require.

If the **member** appoints an **adviser** in accordance with this section C13, references in section C to "the **member**" will include that **adviser** but only in respect of the specific functions that the **adviser** has been authorised to carry out. We and **Suffolk Life** are entitled to assume that any **adviser** remains authorised to act on the **member's** behalf until such time as we receive written notice of the withdrawal of that person's authority. By notifying us of the appointment of an **adviser**, the **member** agrees that he or she will ratify and confirm all actions which any **adviser** takes on his or her behalf under this section C if we or **Suffolk Life** so require.

C14. Exceptional circumstances beyond our control ("force majeure events")

C14.1 General

We and **Suffolk Life** have agreed certain provisions concerning what happens if, as a result of a "force majeure event" (see section C14.3), **Suffolk Life** are unable, wholly or in part, to carry out any of their obligations in relation to the **SIF**. Certain protections are in place to help minimise the risk and effect of a "force majeure event". Where a "force majeure event" occurs and **Suffolk Life** is therefore unable to perform an obligation in relation to the **SIF**, we will not be required to perform our corresponding obligation in relation to the **SIF**.

The "force majeure" provisions that have been agreed between **Suffolk Life** and Prudential are binding on the **member**.

C14.2 Notice to member

If **Suffolk Life** give us notice that such a situation exists in relation to the **SIF**, we will, to the extent possible, give the **member** prompt notice of that "force majeure event", if we consider that it:

- › materially affects the **member** or any transaction that he or she is then carrying out in relation to the **SIF**; and
- › is not an event of which the **member** might otherwise be aware.

When we give notice, we will also provide reasonable particulars of the "force majeure event" and, insofar as known, the probable extent to which we will be unable to perform or be delayed in performing the relevant obligation(s).

Following this notice, and for as long as the "force majeure event" continues, the obligations which cannot be performed because of the "force majeure event" will be suspended.

C14.3 Explanation of "force majeure events"

For the purposes of these terms, "force majeure events" include:

- restrictions imposed by legislation, regulation or other governmental initiatives that are not as a result of our misconduct;
- civil commotion, riot, invasion, terrorist attack or threat of terrorist attack, war (whether declared or not) or threat or preparation for war;
- strikes, lockouts, other industrial action or other interferences with work affecting employees other than our own;
- widespread failure or disruption of essential services (for example, telecommunications or electrical power);
- earthquake, storms, floods, lightning, fire, explosions or similar natural events; or
- significant economic collapse of a market, company or country leading to an unavoidable disruption.

This is in each case where the "force majeure event" is beyond the reasonable control of **Suffolk Life** and/or their agents.

C15. Pension business

The *member's SIF* is made available under the *Plan* strictly on the condition that the *Plan* is pension business as defined in section 58 of the Finance Act 2012 (see also the *main Pru FRP Technical Guides*).

If we or *Suffolk Life* discover that the *Plan* does not constitute, has ceased to constitute or never constituted pension business as so defined:

- we will tell the *member* of this;
- *Suffolk Life* will be entitled to encash the *member's SIF* (in whole or in part as *Suffolk Life* may specify) and to transfer the resulting monies to us for investment in a Prudential cash account outside the *Scheme*;
- we may modify the terms of the *Plan* in whatever way is necessary to ensure that *HMRC* do not tax any of the *funds* (including any other *member's SIF*) or do not impose any penalty on us; and
- the *member* must take such other action as may reasonably be required by us or *Suffolk Life*.

C16. Information and communications

C16.1 Information to be provided by member

We may request, and the *member* must provide, such information as we and/or *Suffolk Life* may reasonably require for the purposes of operating the *member's SIF*. We and *Suffolk Life* may use any sources that we or they consider appropriate, including electronic data sources, for the purposes of verifying any information that the *member* provides to us.

C16.2 Manner of communication

Subject to section C16.4 (b), communications may be given orally (unless otherwise specified in this section C) or in writing or via our secure Internet portal. Communications in writing may be delivered personally, posted or sent by facsimile transmission but may not be sent by e-mail. All communications must be in English.

C16.3 Address for communications to us regarding the SIF

Communications to us from the *member* must be made to the address set out in the *main Pru FRP Technical Guides* (or any other address which we may from time to time specify for this purpose to the *member*). Any communication in writing from us to the *member* or *adviser* will be sent to the relevant address provided in the *investment details form* until we are told by the *member* that he or she, or his or her *adviser*, would like communications sent to a different address.

C16.4 General

We may:

- (a) telephone the *member* at any time to discuss his or her *SIF* without having been expressly invited by the *member* to do so;
- (b) in good faith rely on any communication which we reasonably believe to have been issued by the *member* or *adviser*;
- (c) rely upon any information provided by the *member* in accordance with section C16.1;

- (d) decline to accept or act upon any communication which we reasonably believe not to have been issued in accordance with the provisions of this section C, or if we reasonably consider that compliance with such communication would be impracticable or would give rise to a breach of any applicable law or regulation. In such circumstances we will use our reasonable endeavours to tell the *member* promptly;
- (e) record telephone conversations to protect the interests of all concerned and avoid disputes; and
- (f) deem any communication received on a day other than a *working day*, or after a time determined by us or by *Suffolk Life* on a *working day*, to have been received on the following *working day*.

Where, under the terms and conditions of this *Supplement*, a period of notice is to be given to the *member*, that period of notice will be calculated from the date on which the notice was sent to the *member*.

C17. Amendment and termination

Note: This section C17 does not apply to the charges we make for operating the *SIF*. Our right to amend these charges is set out in section C9.

C17.1 Amendment of terms and conditions

Without affecting the *member's* rights under section C11, we may amend the terms and conditions contained in this *Supplement*. We will only make reasonable changes for fair and valid reasons, as follows:

- a. to reflect in our reasonable opinion a proportionate response to:
 - i. changes in general law or decisions of the Financial Ombudsman Service or The Pensions Ombudsman or the Financial Services Compensation Scheme;
 - ii. a court order or decision affecting the terms;
 - iii. legitimate cost increases or reductions associated with providing the scheme and the **SIF**.
- b. to meet regulatory requirements;
- c. to reflect new industry guidance and codes of practice which raise standards of consumer protection;
- d. to reflect a change in **Suffolk Life's** corporate structure that doesn't have an unfavourable impact on your **SIF** but which does require **Suffolk Life** to make certain changes to the terms;
- e. to provide for the introduction of new or improved systems, methods of operation, services or facilities associated with providing the **SIF**; or
- f. to correct any mistake in the **Supplement**, provided the correction does not reduce any rights you have as a result of the mistake.

to enable us to reinsure **liabilities** under the **member's Plan(s)**.

The **main Pru FRP Technical Guides** set out the circumstances in which we need to notify the **member** of any changes and when advance notice is required.

C17.2 Withdrawal of the SIF as a fund option under the Pru Flexible Retirement Plan

We can at any time:

- (a) close the **SIF** to future contributions and to switches from other **funds**;
- (b) wind up the **SIF**;
- (c) withdraw the **Pru Flexible Retirement Plan's** SIPP option in entirety, and therefore withdraw the option for the **member** to invest in a **SIF** under his or her **Plan**;
- (d) withdraw either the full SIPP option or the FundSIPP option mentioned in section A1.2.

Suffolk Life have similar parallel powers which may in turn cause us to wind up or close the **SIF**, or to withdraw the SIPP facility (or either the full SIPP option or the FundSIPP option), or to change the constitution of the **SIF** and/or the way in which it is operated (see section C18.6).

Our and **Suffolk Life's** powers can be exercised:

- › individually, that is, in relation to the **SIF** of an individual **member**; or
- › collectively, that is, in relation to the **SIFs** of any or all **members** as we and/or **Suffolk Life** decide.

We and **Suffolk Life** will exercise these powers to close, wind-up or withdraw the **SIF** only for important legal or commercial reasons. We and they will act fairly and reasonably, having regard to our duty to protect the interests of the **member** and other policyholders. If we or they exercise this power, we will give the **member** as much notice as we can,

given the circumstances. In the case of (b), (c) and (d) we will give the **member** notice that he or she is required to encash his or her **SIF** and we will seek the **member's** instructions for any amounts that need to be disinvested from the **SIF**.

If we do not receive instructions within the time scale specified in the notice:

- › we will (if (b), (c) or (d) apply) instruct **Suffolk Life** to realise the **investments** and, having settled all charges, **costs** and **liabilities**, to pay the proceeds (together with any amounts then credited to the **bank account**) to us;
- › we will (if (b), (c) or (d) apply) invest the money in the **Prudential Cash Fund**; and
- › we will in all cases redirect future payments to the **Prudential Cash Fund**.

Where we have given notice under this section 17.2, we may refuse to accept any contributions to be allocated to the **member's SIF** that we receive after the end of the period specified in the notice.

C18. Reinsurance

C18.1 Reinsurance to the Suffolk Life Group or another life assurance company

Prudential are entitled to obtain reinsurance of **liabilities** under the **member's Plan(s)** from the **Suffolk Life Group** (or any other life assurance company) to the extent that such **liabilities**:

- › are linked either to the value of the *member's SIF* or to the value of any assets and *liabilities* of the *SIF*; or
- › relate to the provision of any *annuity* from the proceeds of the *member's SIF*.

Prudential are entitled to do this without giving notice to or obtaining consent from the *member*.

C18.2 Rights of Suffolk Life

Suffolk Life are entitled (subject to obtaining our prior written consent) to further reinsure all or any *liabilities* that are reinsured to it in accordance with section C18.1.

C18.3 Limitation of our liabilities in relation to the SIF

To the extent that in accordance with section C18.1, we obtain reinsurance in respect of our *liabilities* under the *SIF*, those *liabilities* will be limited to the amount recovered by us from the reinsurer in exercising our rights under the relevant reinsurance agreement, and we will not be liable for losses caused by the acts and omissions of the reinsurer in respect of the *SIF*. (See also section C10.1, which explains that the actual value of the *SIF* is based on the reinsurance proceeds payable to us).

We will use reasonable care to ensure that the terms of any reinsurance agreement which we enter into in accordance with section C18.1 are such that the value of the *member's* rights under his or her *Plan(s)* will not be less than it would have been if we had not entered into the reinsurance agreement.

C18.4 Payments by us to Suffolk Life (or other reinsurer) under the reinsurance agreement

We shall not be required to make any payment of any reinsurance premium to *Suffolk Life* (or other reinsurer) unless and until we hold the full amount of a payment made by or on behalf of the *member*, to be invested in the *member's SIF*.

We may choose to make payment to *Suffolk Life* (or other reinsurer) before we receive the *member's* (or relevant other party's) payment in cleared funds. In the event that we do not then receive the full amount in cleared funds within three *working days* of making payment to *Suffolk Life* (or other reinsurer), we may recover from *Suffolk Life* (or other reinsurer) and retain such part of the payment as we have paid and not received from the *member* (or relevant other party). If necessary, we may recover this payment by making a surrender under the reinsurance agreement and retaining the proceeds of the surrender for ourselves.

C18.5 Financial Services Compensation Scheme

If *Suffolk Life* (or other reinsurer) becomes insolvent there is a risk that we will not be able to recover the full value of the *investments* under the *member's SIF*. If this situation arises and we cannot recover the full value of the *investments*, Prudential will not be liable for the shortfall. Because the *SIF* is an *Externally-Linked Fund*, the *member* would not be able to claim under the Financial Services Compensation Scheme. See the *main Pru FRP Technical Guides* for further information on the scope of the Financial Services Compensation Scheme in relation to the *Pru Flexible Retirement Plan*.

C18.6 Withdrawal of reinsurance

In the event that the reinsurance agreement between Prudential and *Suffolk Life* is terminated, we may:

- › change the terms and conditions of the *SIF* such that it becomes managed within *M&G plc*. In this case, the net assets of the *SIF* will be transferred to us and the *SIF* will be administered by us or a third party appointed by us for that purpose; or
- › reassure some or all of our *liabilities* under the *SIF* to another external life assurance company (reinsurer). In this case the *SIF* will remain an *Externally-Linked Fund* and ownership of the assets of the *SIF* will be transferred to the new external life assurance company (reinsurer); or
- › wind up the *SIF* as described in section C17.2(b).

In any of these cases:

- › we will give the *member* as much notice as is practicable given the circumstances; and
- › the *member* will have the option to take a transfer from the *Scheme* in accordance with sections B7 and C11.

Except where winding up the *SIF*, we will issue a new *Supplement* to describe the new terms and conditions.

If we wind up the *SIF*, the provisions of section C17.2 will apply.

C19. Waiver

We may agree in writing with the **member** to waive any condition contained in this **Supplement**.

Any waiver under this section C19 of any condition on any occasion does not bind us to waive that condition on any other occasion.

C21. Governing law

The terms and conditions in this Supplement will be governed by the laws of England and Wales and any disputes arising will be settled in the Courts of England and Wales.

C20. Rights of third parties

C20.1 Rights of the Suffolk Life Group

The provisions of this section C confer benefits on companies within the **Suffolk Life Group** and are intended to be enforceable by them by virtue of the Contracts (Rights of Third Parties) Act 1999. If, however, we change any of the terms and conditions in this **Supplement**, the **member** will be entitled to assume that we have obtained all necessary consents from the **Suffolk Life Group**.

C20.2 Rights of other third parties

Subject to section C20.1, the terms and conditions in this **Supplement** are not intended to be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person other than the **member** and us.

D. Meanings of special words and expressions

"Actuary" means the **Actuary** at the relevant time appointed by us or by **Suffolk Life**.

"adviser" means a financial adviser who is authorised and regulated by the Financial Conduct Authority (or any successor regulator) and is appointed by the **member** to receive communications in respect of the **SIF** and to give instructions on the **member's** behalf on all matters concerning the **SIF** including buying and selling investments.

"Adviser Charge" means an amount deducted from the **Plan** and paid to the **member's adviser** as his or her agreed payment for verifiable pensions advice.

There are three types of **Adviser Charge** available under the **Pru Flexible Retirement Plan**:

- Set-up **Adviser Charge**;
- Ongoing **Adviser Charge**; and
- Ad hoc **Adviser Charge**.

The only type of **Adviser Charge** which can be deducted from the **SIF** is a **SIF Ad hoc Adviser Charge**, as described in section B3.5. Amounts waiting to be invested in the **SIF** are, however, taken into account when deducting Set-up **Adviser Charges** under the **Plan** as described in section B3.6.

"annuity" means a pension contract that is purchased from an insurance company using the proceeds of cashing in a pension arrangement. In exchange, pension payments are made to the person entitled to benefit from the annuity.

"anticipated annuitisation age" means the date that we and the **member** expect to use the value of a **drawdown plan** to buy an **annuity** for the **member**. Where the **start date** of the **drawdown plan** is before 11th November 2013, the **anticipated annuitisation age** will have been set by us with effect from 11th November 2013 as at the **member's** 75th birthday. Where the **start date** of the **drawdown plan** is on or after 11th November 2013, the **anticipated annuitisation age** is a birthday selected by the **member** in the application form. The current **anticipated annuitisation age** can be changed by the **member** or re-set by us as described in the **Pru FRP Drawdown Technical Guide**.

"Bank" means the Bank of Scotland and/or such one or more other approved credit institutions as we or **Suffolk Life** may from time to time decide.

"bank account" means the bank account(s) opened by **Suffolk Life** with the **Bank** for the purposes of the **member's SIF** in accordance with section C3.2.

"connected party" or **"connected parties"** means, in relation to the **member**, a person who falls within the definition of a connected person in section 993 of the Income Tax Act 2007. This includes amongst others, the **member's** spouse, registered civil partner, children, parents, siblings and other direct descendants and ancestors of the **member** and of his or her spouse or registered civil partner.

"costs" includes (without being limited to) charges, fees and expenses of buying, selling, holding, maintaining and managing **investments**.

"dependant" means

- the **member's** spouse, civil partner, and/or children under the age of 23; or
- any person who, in our opinion, was financially dependent or interdependent on the **member** at the date of his or her death; or
- a person who, in our opinion, was dependent on the **member** at the date of his or her death due to physical or mental impairment.

"drawdown pension arrangement" means a pension arrangement under which, instead of buying an **annuity**, the individual can opt to withdraw income from the pension savings. **The Pru FRP Drawdown Plan** is a **drawdown pension arrangement**.

"drawdown plan" means a **Pru FRP Drawdown Plan** set up under the **Pru Flexible Retirement Plan's** "drawdown" option. It can also mean a **drawdown plan** set up for a **dependant, nominee** or **successor**.

"Externally-Linked Funds" means **funds** that either invest in funds operated and owned by managers of collective investment schemes (such as unit trusts and OEICs) operating outside **M&G plc**, or which are linked to funds of life assurance companies outside **M&G plc**. As a **SIF** is linked to a fund operated by **Suffolk Life** it is an **Externally-Linked Fund**.

"final conversion date" means the *member's* 99th birthday. It is the last date by which the *member* must use any remaining money under a *drawdown plan(s)* to purchase an *annuity* or take a transfer-out. Where the *drawdown plan* has been set up for a *dependant*, *nominee* or *successor*, the *final conversion date* is as determined under the *Pru FRP Drawdown Technical Guide*, taking into account the circumstances of that *dependant*, *nominee* or *successor*.

Note: Where the *start date* of a *drawdown plan* is before 11th November 2013, the *final conversion date* was changed from the *member's* 75th birthday to the *member's* 99th birthday with effect from 11th November 2013.

"FSMA" means the Financial Services and Markets Act 2000.

"fund" means one of the *fund* options we make available for investing contributions to the *Plan(s)*. The *fund* options consist of *funds* managed within *M&G plc* and a number of *Externally-Linked Funds*. The *Externally-Linked Funds* include the option to invest in a *SIF*.

The *funds* available under the *Pru Flexible Retirement Plan* are set out in our *funds* literature (available on request) and are subject to change from time to time (see the *main Pru FRP Technical Guides* and section C17.2).

"HMRC" means Her Majesty's Revenue & Customs.

"HMRC valuation" means a valuation of the investments of the *SIF* carried out in accordance with principles determined by *HMRC*.

"holding account" means the cash deposit account which is held under the *Scheme* and which used is for the consolidation of multiple transfers-in before they are allocated to a single *Plan*. The *holding account* is not a *SIF* investment, and it is not part of a *PP plan* or a *drawdown plan*. See the *main Pru FRP Technical Guides* for further information about the *holding account*.

"income payment" means a payment made to the *member* or to a *dependant*, *nominee* or *successor*, under a *drawdown plan* by selling *units* and/or by making payments from the *bank account* under that *Plan*.

"income payment date" means the date selected by the *member* (or by the *dependant*, *nominee* or *successor*, where applicable) for the payment of regular *income payments* under a *drawdown plan*.

"investment" means any stocks, shares, *units* or other securities, property (including land and interests in land), cash deposits or other investments made for the purposes of the *member's SIF*.

"investment details form" means a document or documents, in such form as we may from time to time prescribe, containing details of and instructions or requests from the *member* and signed by the *member* or on his or her behalf. The expression **"investment details form"** can include all types of form that are relevant to investments, for example, application forms, investment switch forms, or specific forms that are tailored to elicit information about a particular type of proposed investment.

"investment manager" means any person appointed by *Suffolk Life* in accordance with section C6.

"Key Features document" means a document that we issue to the *member* before he or she joins the *Scheme* and/or invests in a *SIF* under a *PP plan* or a *drawdown plan*. The *Key Features document* sets out the basic features of the contract. The *member* can obtain an up to date copy of the *Key Features document* from us.

"liabilities" includes (without being limited to) any amounts, charges, *costs*, banking charges, overdraft charges, loans, taxes and fees which the *SIF* is liable to pay but which have not at the relevant date been paid.

"M&G plc" is M&G plc and its subsidiaries as defined in the Companies Act 2006.

"main Pru FRP Technical Guides" means:

- › the *Pru FRP PP Technical Guide* coded FRPT10363 for *PP plans* which are *post-RDR pension plans*;
- › the *Pru FRP PP Technical Guide* coded IPPB6369 for *PP plans* which are *pre-RDR pension plans*;
- › the *Pru FRP Drawdown Technical Guide* coded FRPT10364 for *drawdown plans* which are *post-RDR pension plans*: and
- › the *Pru FRP Drawdown Technical Guide* coded IPPB6373 for *drawdown plans* which are *pre-RDR pension plans*.

The relevant Technical Guide or Guides are issued to the *member* on his or her acceptance by us according to the type of *Plan*.

"market value" means the price an **investment** may reasonably be expected to fetch on the open market calculated in accordance with section 272 of the Taxation of Chargeable Gains Act 1992.

"member" means the person identified in the Certificate of Membership, who has been accepted by us as a **member** of the **Scheme** and whose **Plan(s)** falls under the terms and conditions set out in the **main Pru FRP Technical Guides** and this **Supplement**.

"monthly transaction date" means the date on which certain charges are deducted as described in the **main Pru FRP Technical Guides**.

"nominee" means a person nominated by the member or the **Scheme** administrator to receive a **drawdown plan** or an **annuity** on the **member's** death, who is not a **dependant**. No individual nominated by the **Scheme Administrator** counts as a nominee where there is a **dependant**, or an individual charity nominated by the **member** before his or her death.

"order transmission policy" This sets out the terms and conditions on which Prudential and/or Suffolk Life transmit investment instructions under a Prudential Self-Invested Fund (**SIF**).

"order of disposal policy" means a separately available leaflet coded FRPT10411 that sets out the actions we and/or **Suffolk Life** will take where it is necessary to raise money to settle outstanding **liabilities** on the **SIF**, in the case where the **member** has not arranged for sufficient amounts to be available in the **bank account**. A copy is available from us on request.

"Plan(s)" means the **PP plan(s)** and/or the **drawdown plan(s)** set up for the **member** under the **Scheme**.

"post-RDR pension plan" and **"pre-RDR pension plan"**: A **post-RDR pension plan** is a pension **Plan** which is subject to our regulator's rules on advice and adviser charging, effective from 31st December 2012. A **PP plan** or **drawdown plan** is a **post-RDR pension plan** where the **start date** of the **Plan** falls on or after 2nd January 2013, and the **Plan** is not being treated as a **pre-RDR pension plan**.

A **pre-RDR pension plan** is a pension **plan** which is subject to our regulator's rules on advice and adviser charging which applied before 31st December 2012. Unless we specifically agree otherwise in any particular case, a **PP plan** or **drawdown plan** is treated as a **pre-RDR pension plan** where:

- › the **start date** of the **Plan** falls on or before 28th February 2013; and
- › the **adviser** provided the advice to the **member** in relation to the relevant **Plan** before 31st December 2012.

"PP plan" means a **Pru FRP Personal Pension Plan** set up for the **member** in order to provide benefits under the **Scheme**.

"Prudential Cash Fund" means the unit-linked cash **fund** from the Prudential **fund** range offered under the **Pru Flexible Retirement Plan** (including any successor **fund**).

"Pru Flexible Retirement Plan" means a Prudential pension arrangement which offers:

- › a "personal pension" option, under which individuals can save for benefits;
- › a "drawdown" option, under which individuals can draw an income from existing pension savings.

An individual may have one or more separate **Plans** under each of these options. Under both of these options, there is a further "SIPP" option which enables the individual to invest his or her pension savings outside the other **funds** available under the **Pru Flexible Retirement Plan**.

"Pru FRP Drawdown Plan" means the pension arrangement that constitutes the "drawdown" option under the **Pru Flexible Retirement Plan**.

"Pru FRP Drawdown Technical Guide" means the Booklet(s) described in section A2, which sets out the terms and conditions of the **Pru FRP Drawdown Plan**.

"Pru FRP Personal Pension Plan" means the pension arrangement that constitutes the "personal pension" option under the **Pru Flexible Retirement Plan**.

"Pru FRP PP Technical Guide" means the Booklet(s) described in section A2, which sets out the terms and conditions of the **Pru FRP Personal Pension Plan**.

"registered pension scheme" means a pension scheme registered in accordance with section 153 of the Finance Act 2004, or deemed registered in accordance with paragraph 1 of Schedule 36 to the Finance Act 2004.

"Schedule of Fees" means the separately available leaflet coded FRPM10017 which is entitled "A schedule of fees – Self-Invested Fund". This leaflet gives full details of the **SIF** charges and is updated from time to time. A copy of the most up to date version is available from us on request. Because the **SIF** charges may be changed at any time, the **Schedule of Fees** does not form part of the Terms and Conditions in this **Supplement**. See also section C9.4.

"Scheme" means either the Prudential (SAL) Personal Pension Scheme or the Prudential (M&G) Personal Pension Scheme, as explained in the **main Pru FRP Technical Guides**.

"Scheme Administrator" means The Prudential Assurance Company Limited. The Scheme Administrator is responsible for the administration of the relevant **Scheme**.

"SIF" means the Self-Invested Fund set up for the **member** under section C3 of this **Supplement**.

"SIPP Allowable Investments Leaflet" means the separately available leaflet coded FRPM10011 which is issued with this **Supplement** and which is updated from time to time. A copy of the most up to date version is available from us on request. Because the allowable and excluded investments can be changed at any time, the **SIPP Allowable Investments Leaflet** does not form part of the Terms and Conditions in this **Supplement**. See also sections A7.1 and C5.4.

"SIPP Bank Accounts and Valuation Principles Leaflet" means the separately available leaflet coded FRPT10383 which is issued with this **Supplement** and which is updated from time to time.

A copy of the most up to date version is available from us on request. Because the valuation principles can be changed at any time, the **SIPP Bank Accounts and Valuation Principles Leaflet** does not form part of the Terms and Conditions in this **Supplement**.

"SRA" means Selected Retirement Age. This is the date selected by the **member** under a **PP plan**, as the date that he or she expects to start retirement benefits. The **SRA** is initially selected at the start of the **PP plan** but may be changed afterwards in accordance with the terms set out in the **Pru FRP PP Technical Guide**.

"start date" means the date confirmed as such in the Certificate of Membership or in any other document issued by us to confirm the terms of a **Plan** (or to confirm the terms of an increase to regular contributions under an existing **PP plan**).

"successor" This can be an individual:

- › nominated by a **dependant**;
- › nominated by a **nominee**;
- › nominated by a previous successor; or
- › nominated by the **Scheme Administrator** (but no **individual** nominated by the **Scheme Administrator** counts as a successor where there is an individual or charity nominated by the **dependant**, **nominee** or successor before his or her death), to receive a successor's **Drawdown Plan** or an **annuity** on the death of a **dependant**, **nominee** or successor.

"Suffolk Life" means, according to the context (see section A5), either:

- › Suffolk Life Annuities Limited; or
- › Suffolk Life Pensions Limited.

The registered offices of both companies are at 153 Princes Street, Ipswich, Suffolk, IP1 1QJ.

As set out in section A5, Prudential has entered into an agreement with Suffolk Life Annuities Limited in order to reinsure its **liabilities** under each **SIF**. As reinsurer, Suffolk Life Annuities Limited makes and holds investments under the **SIF** and is liable to Prudential for the payment of **SIF** proceeds.

Suffolk Life Pensions Limited administers the SIPP options under the **Pru Flexible Retirement Plan** and is therefore authorised to deal with the **member** and **adviser**.

"Suffolk Life Group" means any holding company or subsidiary of **Suffolk Life** or any other subsidiary of any such holding company.

"Supplement" or **"SIPP Supplement"** means this Booklet coded FRPT10379, which is a supplement to the **main Pru FRP Technical Guides** and which is to be read and construed alongside whichever of the **main Pru FRP Technical Guides** is relevant to the **member's Plan(s)**.

"unit" and **"units"** have a different meaning within different types of **fund**. In particular:

- The value of each Unit-Linked Fund, each PruFund Fund and each PruFund Account is divided into equal parts, and each part is called a **unit**.
- A **unit** of the With-Profits Fund is a record of a payment made into that **fund** together with any element of regular bonus subsequently added to that payment.

Where the **member** invests in any of these **funds**, the investment will be expressed in terms of a number of **units** held in the relevant **fund**. For the avoidance of doubt, investments in the **SIF** are not expressed in terms of **units**. Further information about **units** and **unit** pricing is provided in the **main Pru FRP Technical Guides**.

"working day" means any day that we or **Suffolk Life** (as appropriate) are open for business. It does not include:

- Saturdays;
- Sundays;
- Bank Holidays; and
- any other public holiday and days that we or **Suffolk Life**, or any other organisation that performs any administrative or investment function on our or their behalf are not open for business (for example, around public holidays).

The value of an investment may go down as well as up, and may in future be less than the payment(s) made to your Plan. Information in this Technical Guide Supplement is based on Prudential's understanding of legislation as at January 2017. Legislation, particularly relating to taxation, may be subject to change in the future. Any tax reliefs referred to are those currently available and the value of tax reliefs depends on individual circumstances.



www.pru.co.uk

"Prudential" is a trading name of The Prudential Assurance Company Limited (PACL) which is registered in England and Wales. Registered Office at 10 Fenchurch Avenue, London EC3M 5AG. Registered number 15454. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.