

# What are our lifestyle options and how do they work?

A lifestyle option is an investment option that is basically made up of two phases.

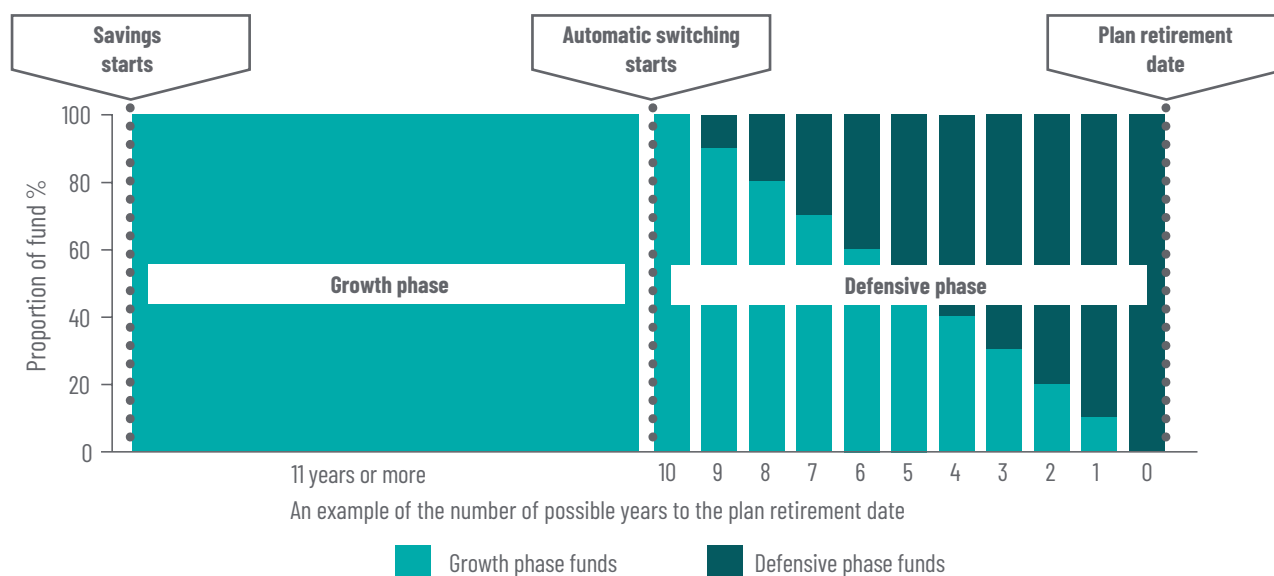
The first (or “growth”) phase aims to grow your pension savings by more than inflation – to provide a “real return”.

The second (or “defensive”) phase uses funds to prepare those pension savings for retirement. Those funds depend on the sort of benefit you plan to take.

The move from growth to defensive begins as you get closer to your Selected Retirement Date (SRD).

Prudential offers four of these options called Lifetime Investment Profiles. These help savers take advantage of the benefits brought by Pension Freedoms.

This example graph demonstrates how a typical lifestyle option works



A lifestyle option can be selected when the plan is first taken out, or at any time during its term, and can apply to both regular and single contributions.

The switches between the funds are done on a monthly basis using an automated process and are normally free of charge. However, there may be a cost to you caused by the process of buying and selling funds. For example there could be a short period during the switching process when your money won't be invested. For further details of the advantages and disadvantages of lifestyling please visit [pru.co.uk/lifestyling](http://pru.co.uk/lifestyling)

The funds being used, their risk ratings and the point where automatic switching starts, will depend on the lifestyle option you're invested in. We've provided more information on this in the tables below.

You can only choose one lifestyle option but you can also choose to invest another part of your pension pot in the Prudential With-Profits Fund.

You can remove the automatic switching, or switch to other funds or lifestyle options available within your plan on request. You can find details of all your investment options, including fund costs and charges, and risk ratings, in your fund guide.

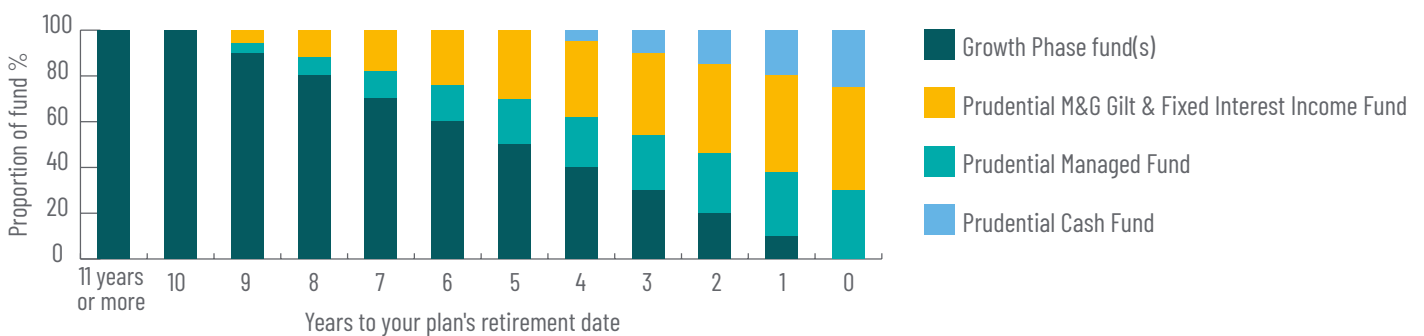
The value of your investment can go down as well as up so you might get back less than you put in.

## Lifetime Investment Profiles

There are four Lifetime Investment Profiles to choose from, which help you to take advantage of the wider choice of options bought about by Pension Freedoms. The default growth phase fund for them is the Prudential Managed Fund. You can also select your own choice of funds for this phase.

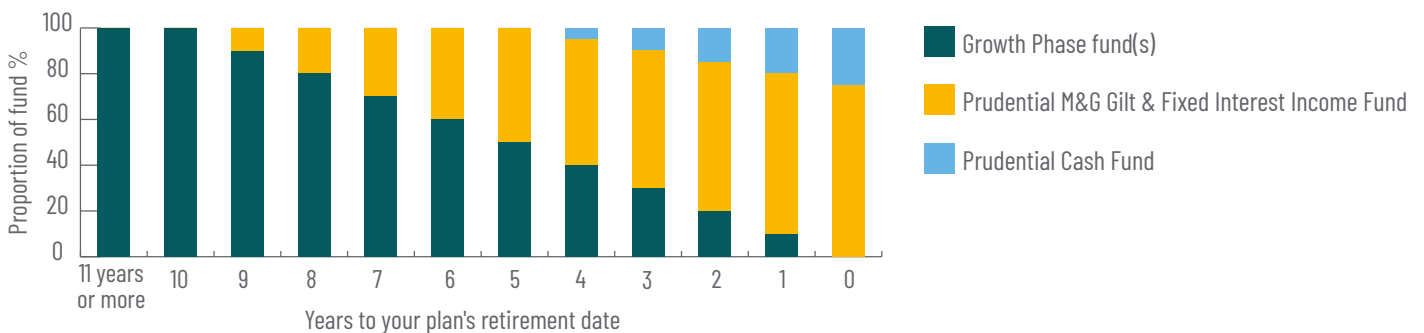
The following graphs show the year-end positions within the defensive phase. The automatic switching takes place on a monthly basis.

### Lifetime Investment Profile targeting retirement options<sup>#\*</sup>

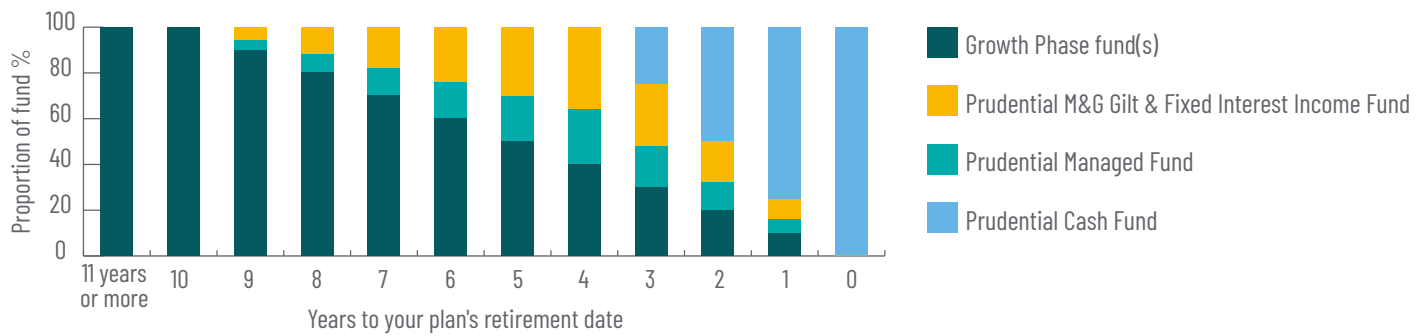


# Where no investment choice is made for a Premier Stakeholder Pension Plan or a Premier Group Stakeholder Pension, the contribution will be invested in the "default investment strategy" – the Lifetime Investment Profile targeting retirement options.

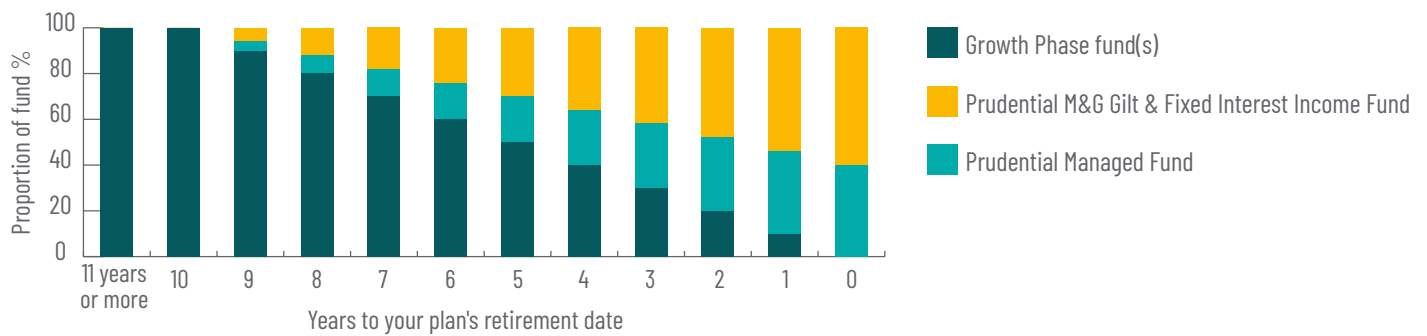
### Lifetime Investment Profile targeting an annuity\*



### Lifetime Investment Profile targeting 100% cash\*



### Lifetime Investment Profile targeting drawdown\*



\* Currently the Annual Management Charge cannot exceed 1% each year. This may restrict the choice of funds available to you. We might change our charges in the future.

The Lifetime Investment Profiles are not available to the Exempt Capital Investment Bond, the Individual Pension Arrangement, the Personal Retirement Investment Plan, any Trustee Investment Plans or the Flexible Retirement Portfolio.

For further details please contact your financial adviser who will help you choose the strategy that is the most appropriate for you.

## Fund Risk Ratings

This table highlights what risk level is associated with investing in the default funds that make up each of the lifestyle options. For details of the ratings for other funds please see your fund guide.

These risk ratings have been developed by Prudential to help provide an indication of a fund's potential level of risk and reward based on the type of assets which may be held within the fund. We'll keep the risk ratings under regular review and as such they may be subject to change in the future. We therefore recommend that before making any decisions about fund choice you understand the appropriate risk rating. Other companies may use different descriptions and as such these risk ratings should not be considered as generic across the fund management industry.

The value of your investment can go down as well as up so you might get back less than you put in.

Growth from your investment can't usually be achieved without exposure to some risk. Being too cautious can also put your investment at risk, for example it may not grow quickly enough to keep up with inflation. Inflation will reduce what you can buy in the future.

		Fund		
6	Higher		Higher	
5				
4	Potential Rewards	Prudential Managed, Prudential M&G Gilt & Fixed Interest Income	Risks	
3				
2				
1	Lower	Prudential Cash	Lower	

Our lifestyle options, from time-to-time, may not match to our risk ratings, in terms of the movement from higher to lower risk, as our risk ratings may change.

Prudential reserves the right to change the terms of any type of lifestyle option, subject to certain restrictions in respect of existing investments in the option. When moving from one lifestyle option to another, 100% of the savings invested there will also be automatically moved. Completion of an additional form will be required to authorise a switch from the With-Profits Fund to a lifestyle option. Prudential reserves the right to withdraw or change the funds available at any time, subject to certain restrictions. New funds may also be made available.