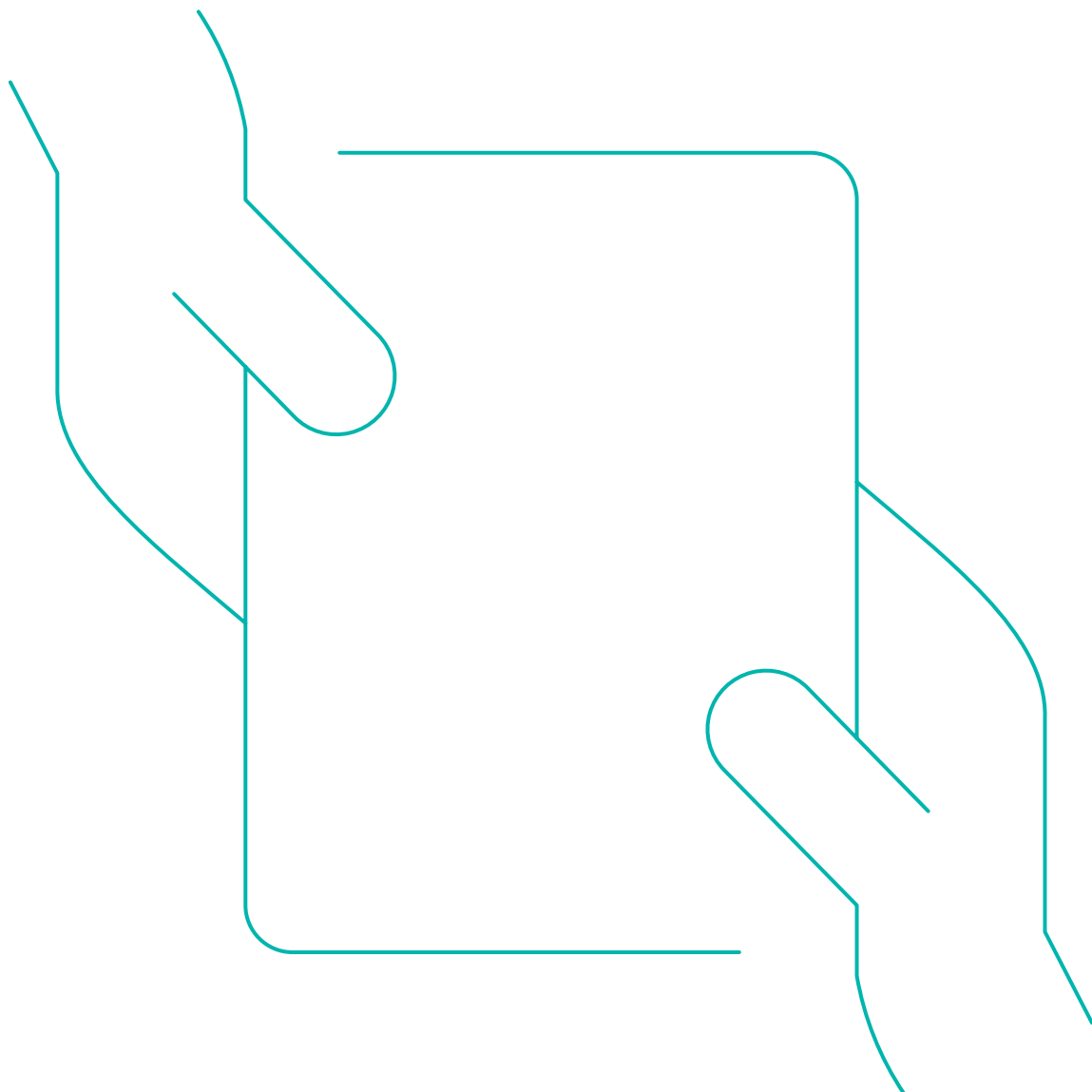


Key Features of the Retirement Annuities (Section 226 Increments) Plan



Please read this document along with your personal illustration before you decide to buy this plan. If you would like a copy of your personal illustration please refer to our “Get in touch” section for contact details provided. It's important you understand how the Retirement Annuities (Section 226 Increments) Plan works, the benefits and associated risks.

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We would like you to find it easy to deal with us. Please let us know if you need information about our plans and services in a different format.

All our literature is available in audio, large print or braille versions. If you would like one of these please contact us using the details on the last page.

The Financial Conduct Authority is a financial services regulator. It requires us, Prudential, to give you this important information to help you decide whether our Retirement Annuities (Section 226 Increments) Plan is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

About our Retirement Annuities (Section 226 Increments) Plan

Our Retirement Annuities (Section 226 Increments) Plan gives you the chance to save for your retirement in a tax efficient way. It gives you a range of options to help you do this.

If you still have questions after reading this, your financial adviser should be able to help. Alternatively, you can call us on **0345 640 1000**. Your financial adviser may charge you for any advice given.

Its aims

What this plan is designed to do

- To build up a fund, in a tax-efficient way, to provide you with options when you take your benefits.
- provide a waiver benefit (if eligible) to those who are off work for a long time due to illness or injury and continue to make those payments on your behalf helping you financially.

Your commitment

What we ask you to do

- Make regular monthly or yearly payments, or to make a single payment.
- Stay invested until your selected retirement date before taking your benefits.
- To regularly review your payments, if you want your pension to meet your income requirements you may have to change your payments based on your personal circumstances.
- If you have purchased waiver benefit, you must tell us of any change in your health from the time you sign the application form through to the start of your plan, as this could affect your cover.
- If you stop contributions they cannot be restarted under this plan. You would need to take out a new plan.

Risks

What you need to be aware of

Investing money can be rewarding but it's not without risk. We've highlighted the key risks you should consider before investing in this product.

- Guaranteed Annuity Rates will not apply to your new plan even if they apply to your older plan(s). A Guaranteed Annuity Rate (or GAR) is a promise to use a set rate to convert a pension into an income for life (also known as an annuity).
- The value of your plan can go down as well as up and may even fall below the amount you invested – what you get back is not guaranteed.
- Inflation will reduce what you can buy in the future. As the price of everyday goods and services goes up, your money won't stretch as far as the same amount would now.
- Levels of risk and potential investment performance differ depending on the funds you choose. Please read your **Fund Guide** for more information.
- If you're invested in our With-Profits Fund and choose to withdraw your money at any time other than your selected retirement date, we may apply a Market Value Reduction. We explain this in the section 'What is a Market Value Reduction?'
- There may be a delay in buying, selling or switching to or from certain funds. There's more information on delays in the section 'Possible delays'.

Other documents

This document gives you key information about the Retirement Annuities (Section 226 Increment) Plan. If you want more detail on specific points, please read the following documents. We have highlighted when they are relevant throughout this document.

They are all available from your adviser, or direct from us. Our contact details are on the last page.

- **Policy Provisions**

Gives you the full terms and conditions of the contract.

- **Your With-Profits plan – a guide to how we manage the Fund**

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

- **Fund Guide**

This explains your investment choices.

- **Market Value Reduction – A clear explanation**

This explains what Market Value Reduction is, together with information about how and when these may be applied.

Questions & Answers

Is the Retirement Annuities (Section 226 Increments) Plan right for me?

The Retirement Annuities (Section 226 Increments) Plan might be right for you if you're looking to save tax-efficiently for your retirement and already have a Retirement Annuity (Section 226) plan you'd like to add money to.

Shop around before you decide what to do.

The retirement options you get from your pension provider might not be the best for you. It's always worth comparing what you can get from other providers too, because you might be able to get a better deal. The Pension Wise website is a good place to start, pensionwise.gov.uk/shop-around. You can speak to them too, on 0800 280 8880, and book an appointment to meet someone in person.

Is this a stakeholder pension?

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

How flexible is it?

You can increase or reduce payments at any time. If you stop paying contributions then these cannot be restarted under the same plan. A new plan would be required. If you reduce or stop making payments this will affect the size of your fund when you retire.

If your circumstances change, please speak to a financial adviser. They can advise what is best financially for you in the future. We like to ensure customers are getting the most out of their savings in preparation for retirement.

How much can I pay into my plan?

There's no limit on the amount you can pay annually to your pension plan. However, there will be a tax charge on payments made by you or on your behalf that exceed an Annual Allowance set by the Government – see "Annual Allowance" section.

Tax relief is normally applied to your contributions, however this will depend on your personal circumstances. For more information on this please see the "What about tax?" section.

Can I transfer money in?

You are unable to transfer money from another pension into this plan, you can contribute a lump sum into a plan on a one off occasion or make regular payments into your plan.

Where are my payments invested?

We'll invest all your payments to your plan in up to 20 funds from a wide range of investment options available to you. These options include the With-Profits and Unit-Linked Prudential Funds.

A Market Value Reduction may apply to switches out of the With-Profits Fund – see 'What is a Market Value Reduction?' section later in this document. You can also change the funds in which future payments are invested or switch existing funds free of charge.

Payments into Unit-Linked Funds will buy units in the funds you choose. The price of each unit depends on the value of the investment in the fund and also whether more money is going into or out of the fund.

We work out the value of your plan based on the total number of units you have in each fund. If the unit prices rise or fall, so will your plan value. Money in the various funds may be invested in a wide range of shares and other investments in the UK and abroad. Please refer to your "Fund Guide" which is available at: pru.co.uk/funds/guides for more information.

The With-Profits Fund aims to smooth some of the extreme ups and downs of short-term investment performance in order to provide a more stable return. We do this by holding back some of the investment returns in good years with the aim of using this to support bonus rates in the years where the investment returns are lower. Your payments are pooled with those of other Prudential With-Profits investors to form a fund. We invest this fund in a wide range of investments including company shares, property, Government bonds and deposits. You can get further information from “**Your With-Profits Plan – a guide to how we manage the Fund**”.

We allocate your share of the profits of the fund by adding bonuses. There are currently two types of bonus:

- **Regular**, which we add throughout each year. We can change the rate of regular bonus at any time without telling you beforehand. It is not guaranteed that a Regular Bonus will be added each year, although once added these bonuses are guaranteed on death and at selected retirement date.
- **Final**, which we may pay when you take money out of the With-Profits Fund although this may vary and is not guaranteed.

Speaking to a financial adviser can help you select which investments are most suited to you. If you would like to know more about financial advice please visit pru.co.uk/financial-advice which details the types of services we can provide. You can also visit the Financial Conduct Authority’s (FCA) website for details on securing the right financial advice at fca.org.uk/consumers/finding-adviser

How funds invest

Some of the Prudential funds listed in your **Fund Guide** may invest in ‘underlying’ funds or other investment vehicles. Have a look at a fund’s objective and that will tell you where it invests – including if that’s in an underlying fund or funds.

If the Prudential fund is investing in just one underlying fund then it’s what’s known as a ‘mirror’ fund, as the performance of the Prudential fund broadly aims to reflect the performance of the underlying fund it invests in. The performance of our Prudential fund, compared to what it’s invested in won’t be exactly the same. The differences between the underlying fund and our fund can be due to:

- additional charges,
- cash management (needed to help people to enter and leave our fund when they want),
- tax,
- timing of investments (this is known as a fund’s dealing cycle, it varies between managers and can be several days).

Possible delays

There may be circumstances that delay the buying, switching and selling of units in any fund. We would not expect these delays to be longer than six months for units that invest in property or land, and one month for units that invest in other asset types. But, we cannot guarantee that delays will never be longer.

If a delay will apply to you, we’ll let you know. There’s more information in the Policy Provisions. There are other delays which apply to PruFund and With Profits funds which are outlined in your With-Profits Plan – a guide to how we manage the Fund – PruFund range of funds.

What is a Market Value Reduction?

If you take money out of the With-Profits Fund, we may reduce the value of your fund if the value of the underlying assets is less than the value of your plan including all bonuses. This reduction is known as a Market Value Reduction (MVR). It’s designed to protect investors who are not taking their money out and its application means that you get a return based on the earnings of the With-Profits Fund over the period your payments have been invested.

We apply the MVR to your plan’s value including regular and final bonuses. Please read “**Your With-Profits Plan – a guide to how we manage the Fund**” for more information on bonuses. An MVR will reduce the value of your plan you may even get back less than you have invested in your plan.

We guarantee not to apply an MVR at your selected retirement age or on any claims due to death.

Our current practice on applying a MVR

We may apply a MVR to any switches or transfers out of the With-Profits Fund.

We reserve the right to change our current practice on MVR at any time, without prior notice, and this would apply to existing plans and any new plans or top-ups.

Examples of reasons for a change would include:

- significant changes in the investment market.
- the number of people moving out of the fund increasing substantially.

For more information on MVR please see “**Market Value Reduction – a clear explanation**” which can be found at pru.co.uk/pdf/PRUS6165.pdf

What if I stop making payments?

Reducing or stopping your payments will reduce your future pension benefits. Even if you stop paying into your pension pot, we may still take charges out of your plan.

Can I transfer money out?

You can transfer your fund to another pension arrangement at any time. Making a decision on your pension(s) is an important life decision to make, please speak to a financial adviser if you need help with this.

If you have more than one pension you might want to keep all your pensions in one place. This may be of benefit to you depending on your circumstances.

Any other pension plans you have might have valuable guarantees you'd lose if you transfer your pension away. You should check with your previous scheme regarding any guarantees before you transfer, as these guarantees would be lost immediately on transfer and, once the transfer is paid, the guarantees cannot be reversed. You should also consider speaking to a financial adviser before you make a decision.

What are the charges and costs?

For Unit-Linked Funds:

- We deduct an Annual Management Charge from the funds.
- This charge is already deducted when we work out the full value of your policy.
- The charge amount depends on the funds you choose to invest in and the amount of your original investment.

For the With-Profits Fund, there are various costs involved with setting up and managing your policy. A charge is deducted from the With-Profits Fund each year to cover these costs.

You won't see this charge being taken from your policy because it is deducted from the underlying With-Profits Fund and is already taken into account when we calculate bonus rates for our With-Profits Fund. The charge is currently 0.875% a year.

Further information on the operation of the With-Profits Fund is contained in “**Your With-Profits Plan – a guide to how we manage the Fund**”.

In addition to our charges, there may be further costs incurred, which can vary over time. Where these are applicable, they are paid for by the relevant fund and will impact on its overall performance.

For more information on these further costs, please look at the current **Fund Guide** for this product.

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

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

We might change our charges in the future. Further details can be found in the **Policy Provisions**.

Please see your personal illustration for details of the charges and costs, if you would like a copy of your personal illustration please contact us using the details in the "Get in touch" section.

Deductions	
Unit Allocation	The percentage of the payment which is used to buy units. This will be shown on your personal illustration.
Initial Charge	Units are bought at the offer price and sold at the bid price. The bid price is approximately 95% of the offer price.
Annual Fund Management Charge	A fund management charge applies to each Unit-Linked Fund. It is currently 0.875%. This is calculated and charged to the funds on a daily basis. This charge is accounted for in the unit price.

What other benefits can I choose?

If you're making regular payments you may be able to buy a waiver benefit depending on eligibility. Waiver benefit will maintain the regular payments into your pension fund until your selected retirement date if you're off work due to illness or injury.

If your claim for waiver benefit is valid, we'll cover your payments after the initial waiting period of six months.

This cover will stop if you stop making payments to the plan.

Please ask your financial adviser for further details on waiver benefit.

What might I get back?

There is no guaranteed amount and the final fund value will depend on factors such as:

- how much has been paid in,
- how long the fund has had to grow,
- our investment performance,
- our charges,
- any MVR that we may deduct from the value of your fund invested in the With-Profits Fund.

The amount of pension you can buy will depend on the size of your fund when you retire and the interest rates at that time.

There are no guarantees on the rates for buying your pension even if there are guaranteed rates for your older plans.

Please refer to your personal illustration for future projections on your investment.

When can I take my benefits?

When you join this plan, the age you would like to retire is shown on your illustration. The government currently allows people to start taking their benefits from the age of 55, even if you're still working. You may be able to start taking your benefits earlier if you're in ill health. The minimum age from which you can access your personal pension is expected to increase from 55 to 57 in 2028 and remain at 10 years below the State Pension age.

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

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

There are four main options which may be used in combination:

- **Uncrystallised Funds Pension Lump Sum (UFPLS)**
 - Take a single or series of lump sums from your pension savings.
- **Flexible cash or income (also known as drawdown)**
 - a form of drawdown which will allow you to take an unlimited amount of income or lump sums from a pension fund.
- **Guaranteed income for life (also known as an annuity)**
 - an annuity that guarantees to pay a secure income for the rest of your life, regardless of how long you live.

Please contact us as you approach retirement and we'll let you know which of these options we may be able to offer you. You may have to transfer to another pension arrangement to take advantage of them all.

When you're deciding what you want to do with your pension, you should consider all the options and their tax implications. Pension providers offer different products with different features and options, including the product terms, rates, funds or charges that might be appropriate for your individual needs and circumstances. That's why it's important you shop around. So whatever you decide to do – whether that's a guaranteed income for life (also known as an annuity), flexible cash or income (also known as drawdown) or something else, it's the right decision for you.

State Pension

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

Introduction of a single tier pension

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

For more information visit our website at pru.co.uk or speak to your financial adviser. Alternatively you can get more information on this if you visit gov.uk/state-pension

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

Pension Wise

The Government created Pension Wise for people over 50 to give free and impartial guidance about what you can do with your pension pot. They can help face to face, over the phone and through their website.

They can't recommend specific products or tell you what to do with your money. But they can help you understand all your options and their potential tax implications to help you make the right decision for you.

Website: pensionwise.gov.uk

Telephone: **0800 1383944**

The Pensions Advisory Service

If you have general requests for information or guidance concerning your pension arrangements contact:

The Pensions Advisory Service (TPAS)

**11 Belgrave Road
London
SW1V 1RB**

Telephone: **0800 011 3797**

Website: pensionsadvisoryservice.org.uk

Money Advice Service

The Money Advice Service also offers free and impartial guidance on anything and everything to do with money, not just pensions. They also have a handy guide called 'Your pension: your choices' that outlines all the options for taking your pension benefits at retirement.

Website: moneyadvice.service.org.uk

Telephone: **0800 138 7777**

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

What about tax?

Tax Relief

Tax relief will normally apply to your payments, including the cost of any waiver benefit.

Payments into the plan are currently paid gross and you claim your tax relief through your tax return.

The funds into which pension payments are invested are free of capital gains tax.

Annual Allowance

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

Before you make a decision, you might want to speak to a financial adviser. They can help you understand the tax rules and how they'll affect you. For more information please visit pru.co.uk/tax or visit the HMRC website at hmrc.gov.uk

Money Purchase Annual Allowance

The Money Purchase Annual Allowance (MPAA) will apply to you if you have flexibly accessed pension benefits on, or after, 6 April 2015. Your pension scheme administrator or provider paying these benefits will have informed you if you're subject to the MPAA at the time they paid the flexible benefits. In any year where you exceed the MPAA you may incur a tax charge and you should seek financial advice if you feel this may affect you.

Examples of drawing benefits flexibly include taking income from flexi-access drawdown or taking a cash lump sum direct from your pension plan as an Uncrystallised Funds Pension Lump Sum.

In any year when you exceed the MPAA, your annual allowance for other types of tax-relieved pension saving, such as defined benefits, is reduced by the MPAA.

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

Lifetime Allowance

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

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

Before you make a decision, you might want to speak to a financial adviser. They can help you understand the tax rules and how they'll affect you.

Capital Gains Tax

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

Income Tax

Any pension income will be taxed as earned income.

We've based this information on our understanding of current law & HM Revenue and Customs practice. Your individual circumstances and future changes in law and tax practice could affect the amount you pay. For more information please visit pru.co.uk/tax, visit the HMRC website at hmrc.gov.uk or speak to your financial adviser.

How will I know how my plan is doing?

You can get an up-to-date valuation from our Customer Services Department, by phoning or writing to us at the address provided. We'll also send you an annual statement.

What happens to the Retirement Annuities (Section 226 Increments) Plan if I die?

The value of the accumulated fund, calculated at bid price, will be payable on death before benefits are taken. Different terms may apply to death benefits payable from older Section 226 plans. Death benefit will be paid to your estate or to the trustees of a trust you set up for this purpose. Payment to a trust may mean that the benefit will not be subject to Inheritance Tax. You should discuss this with your Financial Adviser.

What happens if I move abroad?

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

What if the Retirement Annuities (Section 226 Increments) Plan isn't right for me?

You can change your mind within 30 days from when you get your plan documents. If you decide, for any reason, within this period, that you don't want the plan, we'll give you your money back.

However, if you start the plan with a single payment and cancel within 30 days, you may get back less than you paid in if the value has fallen.

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

If you wish to exercise your right to cancel, you should complete and return the Cancellation Notice you will receive or write to us at:

**Prudential
Lancing
BN15 8GB**

Your right to cancel is 30 days.

Appendix for FlexiPension (Series 5) and IndePension (Series 3)

The following notes apply only in respect of an increase invested in a FlexiPension (Series 5) or IndePension (Series 3) as a top-up to an existing FlexiPension (Series 1, 2, 3 or 5) or IndePension (Series 1 or 3). These plans were approved under what was commonly known as “Section 226” legislation.

FlexiPension (Series 5) applies for self-employed, and IndePension (Series 3) for employed persons. If you originally took out your base S226 plan with M&G Pensions & Annuity Company Ltd (M&G) and want to pay an additional single payment you have two choices.

You can:

- add single payments to the M&G range of funds on the terms that apply to your existing M&G S226 plan or,
- add single payments to the FlexiPension or IndePension.

Investment

The plans offer the choice of investment in a unitised With-Profits Fund, investment-linked funds or a combination of both. The With-Profits Fund is not available for new investments in the three years before Selected Retirement Age.

Lifetime Investment Profiles

You may wish to consider one of our lifestyle options, the Lifetime Investment Profiles (LIPs). There are four LIPs with different aims in line with how you might want to take your benefits. This is achieved by gradually switching units from the selected investment linked funds into differing proportions of the Managed, Fixed Interest and Cash funds as you approach your Selected Retirement Age.

Please speak to your financial adviser for more information.

Switching and redirection of investments

Switching (changing the funds in which units already held are invested) and redirection (changing the funds in which units are bought with future payments) may normally be carried out at any time. However, switches and redirection into the With-Profits Fund are not allowed within three years of your Selected Retirement Age. Redirection will always take place with effect from the payment due date when units are next allocated.

A Market Value Reduction (MVR) may apply to switches out of the With-Profits Fund, for more information on MVR, see section ‘What is a Market Value Reduction?’.

Rounding adjustments in the bid and offer prices could also have an effect on overall values. No charge is made for redirection or switching. The maximum number of funds in which investments may be held is 20.

If you elect to take benefits before or at the Selected Retirement Age, all units will be switched into the Cash Fund, but not earlier than one month before the chosen Retirement Age.

If you decide to delay benefit payment until after the Selected Retirement Age we will not switch you to cash unless you ask us to do so. You will remain in your selected fund until you reach age 75 or advise us that you want to take benefits.

The value of the cash fund can fluctuate depending on the underlying assets.

For more information on funds please refer to our “Fund Guide” which is available at: pru.co.uk/funds/guides

Exceptional circumstances

We reserve the right to defer any early encashment or switching between funds for a period not exceeding one month for investments in any funds, and up to six months in the case of units held in the funds investing in property and land. The unit prices applicable to the deferred transaction will be those prevailing at the expiry of the period of deferment. We also reserve the right to recover the amount of any levy which may be imposed by the Government, such as any levy under the Financial Services Compensation Scheme or the Policyholders Protection Act 1975, as amended, from the funds.

Selected retirement age

For increments to an existing FlexiPension (Series 1) plan and to plans originally taken out with M&G, you should confirm a Selected Retirement Age at which you wish benefits from the initial FlexiPension (Series 1) Plan and any benefits from increments to that plan to be paid. This must be in the age range 55-75.

For increases to an existing FlexiPension (Series 2), FlexiPension (Series 3), FlexiPension (Series 5), IndePension (Series 1) or IndePension (Series 3) Plan, the Selected Retirement Age must be the same as the one you chose under the plan being increased.

However, subject to HM Revenue & Customs regulations, you can take your benefits either earlier or later than your Selected Retirement Age. The plan may be issued as a series of arrangements, the extra payments being spread evenly over the number of arrangements under the plan being incremented. This allows the benefits to be taken gradually over a period of years to help in phasing retirement.

Payments

Payments may be monthly, yearly or single.

The minimum regular payment increase is £100 per year, or £10 per month, provided you're already making a regular payment under one or more of your existing plans.

If you're not already paying regular amounts, minimum payment is £200 per year or £20 per month.

The minimum single payment is £1,000.

There is no minimum transfer value if there is an existing or concurrent regular payment. Where there is no existing or concurrent regular payment, the minimum transfer value is £1,000.

Unit prices

Each fund is divided into units. There are two prices for each unit – the offer price which is the price at which units are bought and the bid price which is the price at which units will be sold when any form of cash withdrawal or charge is made.

For the purposes of establishing the offer and bid prices of the investment-linked funds, the assets of these funds are valued, normally on a daily basis, with the value taking account of all assets of the fund adjusted to allow for accrued investment income and accrued charges. The unit price used for transactions on any working day is normally based on closing values on the same working day.

The difference between the bid and offer prices is called the "Initial Charge". The current bid price is 95% of the offer price (subject to a rounding of not more than 1%). However, we reserve the right to vary the method of calculating both bid and offer prices to reflect whether it is appropriate to value the assets of the funds on a purchase or sale basis. These funds are also subject to an Annual Management Charge – this is currently 0.875% per year of the value of each fund. This charge, which is calculated on a daily basis, is reflected in the price of the units and is not charged directly to the plan. For more information on this please refer to your **Fund Guide**.

The bid price for the With-Profits Fund at the Selected Retirement Age, or on earlier death, will be not less than 95% of the offer price rounded to the next lower 0.1p. If units are cashed in for any other reason (such as switching or early retirement), the value of units will be determined having regard to prevailing financial conditions.

You may not get back the full amount of your investment. The value of units is not guaranteed – it can go down or up. For investments in the With-Profits Fund, the value of this plan depends on how much profit the fund makes and how we distribute it.

Buying units

Units will be bought at the offer price by the unit allocation. Units are allocated to the plan at the appropriate unit price on the due date of the payment, or the date of receipt if the payment is made after the due date.

Unit allocations

The unit allocation is the percentage of the payments which is allocated to buy units at the offer price in the appropriate fund or funds. The percentage depends on the term to Selected Retirement Age.

For regular payments, the unit allocation is 100% in years 1 to 3 inclusive, 103.5% in years 4 to 10 inclusive and 106% from the 11th year onwards.

For single payments and transfer values, the allocations are as undernoted:

Single payments below £5,000 get the allocation factors in the table opposite, subject to a shortfall reduction in allocation factor. This reduction is based on the amount by which the payment falls below £5,000.

Single payments above the minimum single payment increment level, but less than £5,000, will also get the unit allocations, please see your “Fund Guide” which is available at: pru.co.uk/funds/guides for more information. However, this is subject to a shortfall reduction in allocation based on the amount by which the single payments is less than £5,000.

Payments over £5000 get the allocation factors below:

Term (Years)	Allocation Factor
0-5	98.0%
6	98.5%
7	99.0%
8	99.5%
9	100.0%
10	100.5%
11	101.0%
12	102.0%
13	103.0%
14	104.0%
15	105.0%
16	106.0%
17	107.0%
18+	108.0%

Benefits at retirement

For all of your options at retirement, please see “What choices will I have when I take my benefits?”.

All pension income payable is taxed as earned income.

Varying payments

Payments may be increased at any time subject to the increase being not less than the minimum allowable increment at that time. It is possible to reduce or stop contributions at any time however, if you stop paying into your plan completely you cannot then restart these payments into the same plan. A new plan would be required.

The plan may be altered to a paid-up basis if payments are to be permanently discontinued. A paid-up plan would continue to share in profits (if investment is in the With-Profits Fund) or be linked to future performance (if invested in any of the other funds). Charges will continue to be taken from the fund. If charges are more than the level of growth on the fund, the fund value will go down.

If you miss payments, we reserve the right, where the value of the plan is of a trivial amount, to make the plan paid-up with no value.

One month of grace is allowed for yearly payments.

The value of your investment can go down as well as up so you might get back less than you put in. We might change our charges in the future. Further details can be found in the Policy Provisions. Full written terms and conditions of the Retirement Annuities (Section 226 Increments) Plan are available on request from Prudential.

Other information

Client category

We classify you as a 'retail client' under Financial Conduct Authority (FCA) rules. This means you'll receive the highest level of protection for complaints and compensation and receive information in a straightforward way.

Compensation

The products Prudential Assurance Company Limited (PACL) offered are covered by the Financial Services Compensation Scheme (FSCS). If we get into financial difficulties, you may be able to make a claim. The FSCS is an independent body set up by Government to provide compensation for people where their authorised financial services provider gets into financial difficulties and becomes unable, or unlikely to be able, to pay claims against it. This circumstance is referred to as being 'in default'.

Losses, which may result from poor investment performance, are not covered by the FSCS.

Where does FSCS protection apply?

There is full FSCS coverage if PACL is 'in default'.

- Your pension is protected up to 100% of the value of your claim.
- Any funds you choose to hold in your pension will be included in the value of your claim in the event that PACL is declared 'in default'.
- If you hold the Prudential With-Profits Fund in your pension, it's protected 100% in the event of the default of PACL.

All the other funds we offer, apart from the one mentioned above, are unit-linked, and invest in other funds managed by non-PACL fund managers. FSCS cover does not apply if the non-PACL fund manager were to be 'in default'.

- There is no FSCS cover for unit-linked funds investing with non-PACL fund managers if that manager were to be 'in default'.
- See 'How funds invest' for further information on these types of fund (often called 'mirror' funds).

You can find out more information on the FSCS at pru.co.uk/fscs, or you can call us.

Information is also available from the Financial Services Compensation Scheme.

Visit their website: fscs.org.uk

Or write to:

**The Financial Services Compensation Scheme,
PO Box 300,
Mitcheldean
GL17 1DY**

Or call the FSCS: Telephone: **0800 678 1100**

Where FSCS coverage does not apply, then other factors can come in

As explained in the 'Where does FSCS protection apply?' section, the FSCS doesn't cover every situation. For example unit-linked funds that invest in the funds of non-PACL fund managers (often called 'mirror' funds).

But, where FSCS protection does not apply, there are other factors that could help if the worst happened and a provider was 'in default'. For example, the use of custodians or depositories to provide protection for fund assets, where there is separate legal ownership of assets and legal entities that aren't liable for any losses of a fund manager. In so doing, the intention is that the underlying fund will not be liable for any losses the underlying fund management company incurs.

PACL would aim to recover any money invested in an underlying fund where the fund manager has been declared 'in default', but PACL would not be liable for any loss incurred from the default of the non-PACL fund manager.

Financial Strength

Prudential meets regulatory standards for meeting its financial obligations. You can read our solvency and financial conditions reports at pru.co.uk/about_us, or if you contact us using the details on the last page, we can post some information to you.

Terms and conditions

This Key Features Document gives a summary of your plan. Full details are set out in our **Policy Provisions** booklet which is available on request using our contact information on the last page, and will also be sent to you when your plan starts.

Conflict of Interest

We want to make sure that we uphold our reputation for conducting business with integrity. If we become aware that our interests may conflict with yours we will take all reasonable steps to manage it in an appropriate manner.

We have drawn up a policy to deal with any conflicts of interest. If you would like to know the full details of our Conflict of Interest Policy, please contact our Customer Service Team using the details on the last page.

Law

The policy will be governed by the law of Scotland.

Our regulators

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Prudential Assurance Company Limited is entered on the Financial Conduct Authority (FCA) Register, FCA Reference Number 139793. The FCA Register is a public record of all the organisations that the FCA regulates.

You can contact the FCA at:

The Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Email: consumer.queries@fca.org.uk

Prudential Regulation Authority details:

The Prudential Regulation Authority
Bank of England
Threadneedle St
London
EC2R 8AH

Telephone: 020 7601 4878

Email: enquiries@bankofengland.co.uk

Communicating with you

Our plan documents and terms and conditions are in English and all our other communications with you will be in English.

How to make a complaint

If you have a complaint, please get in touch with us and we will do everything we can to resolve it. You can also ask us for details of our complaints handling process. Our contact details are in the "Get in touch" section on the last page.

If you're not satisfied with our response, you can take your complaint to the Financial Ombudsman Service who help settle individual disputes between consumers and businesses providing financial services:

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Telephone: 0800 023 4567 or 0300 123 9123

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

Help is also available from the following:

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

Telephone: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: pensions-ombudsman.org.uk

You can also submit a complaint form online:
pensions-ombudsman.org.uk/making-complaint

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

Get in touch

If you want to contact us before you buy this plan, you can contact us in the following ways:



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



Telephone: **0345 640 1000** Monday to Friday, 8.00am to 6pm (we are not open on public holidays). We might record your call for training and quality purposes. To find out more about how we use your personal data please see our Data Privacy Notice on pru.co.uk/mydata



If you are a Deaf customer, who is also a British Sign Language (BSL) user, you can contact us using a Video Relay service. The service, provided by SignVideo, connects customers to fully qualified, registered NRCPD interpreters who will relay your conversation with a member of our customer service team.

pru.co.uk/contact-us/signvideo

There is no cost for using this service to call Prudential and we're available to help you Monday to Friday, 8.30am to 6pm.

Keep in touch

It's important that we keep in touch so, if you change your address or any of your contact details, please let us know.

pru.co.uk

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