

# Investment Pathways Guide

## Prudential Retirement Plan

# A guide to choosing Investment Pathways

You've worked hard to gather your pension savings. So, making the right choice on where to invest them is important.

Where your money is invested can have a big impact on how much you can afford to draw down in your retirement.

## Investment Pathways – Retirement focused solutions

This guide provides details of the Investment Pathways available to you through the Prudential Retirement Plan. These are four retirement focused investment solutions that are designed to help you match an investment solution to your plans for your pension pot.

As the Prudential Retirement Plan is a non-advised product, this means you will be responsible for managing your money throughout your retirement. That involves selecting an investment and managing your own withdrawals to make sure you have enough money for your retirement. You should feel comfortable with doing this without the need for financial advice. If you don't, please see page 19 to find out how you can get advice.

Although this guide covers the Investment Pathways, there are also other investment options available within the Prudential Retirement Plan. You can access our own PruFund range of smoothed funds and, if you feel comfortable choosing your own investments, you can choose from a range of hundreds of funds from a variety of fund managers to suit your investment style and appetite for risk. Visit [mandg.com/pru/prudential-retirement-plan](https://www.mandg.com/pru/prudential-retirement-plan) for more information.

### **Please read through this guide thoroughly**

It's not intended as advice or to give you a recommendation, but to give you the information you need to help you make your investment choices.

You may see words and/or terms that you are not sure about. We've included a glossary of useful investment terms on page 20 that can help with some of these.

Once you've read this guide, please see page 19 for details of what you need to do next.

## Some important notes we'd like you to read:

- We'd like everyone to find it easy to deal with us. Please let us know if you need information about our plans and services in a different format.
- **All our literature is available in audio, large print or braille versions. If you would like one of these please contact us on 0800 000 000 and we'll send these out to you.**
- The value of your investment can go down as well as up so you might get back less than you put in.
- The types of assets a fund invests in will have a significant effect on its performance. Generally, the higher the potential returns, the higher the risk.
- A fund's name isn't indicative of the risk it may take.
- This guide doesn't take account of current market conditions or other short-term fund specific changes.
- The information in this guide is correct as at 19 January 2026, unless another date is shown.
- All views are Prudential's.

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# Why would I invest my pension pot?

You've probably spent many years building up your pension pot, and now you'll want it to continue to help provide for you for years to come. Something to consider is that your pension pot might need to last for a long time, perhaps 30 years or more as people are generally living longer.

On average, a 65 year old woman is expected to live for another 21 years and a 65 year old man for 18.5.

Source: National life tables – life expectancy in the UK: 2021 to 2023 ons.gov.uk March 2025.

Because your pension pot needs to last longer, inflation could have a big effect over time, and potentially reduce the amount you can buy with your money. Here's an example in the graph below:

## How inflation can eat away at your money



Assuming 2.5% annual inflation, £10,000 today could be worth just £5,394 in 25 years' time. This is just an example, as inflation could be more or less.

## What you can do to help make your money last and combat inflation

You could invest your money, which puts it to work so that it's active on your behalf. If you left your pension pot in a low interest cash account, for example, the buying power of your money could be reduced over time. Although leaving your money in a cash account could feel safe and secure, it could give your money little chance of growth. This is because interest rates (which a cash account would likely grow in line with) may not keep pace with inflation. This could be especially true over the longer period of your retirement.

An alternative to cash accounts is an Investment Pathway – although there's no guarantee it will keep pace with inflation, it could have a better chance to grow.

Please remember the value of investments can go down as well as up and you may not get back the amount you put in.

# Risk and potential reward

In this section, you may see words and/or terms that you are not sure about. We've included a glossary of useful investment terms on page 20 that can help with some of these.

Investing is about balancing the risk you're comfortable with against the potential rewards that you want to achieve. Your attitude to investment risk is personal to you and may change in the future.

## Prudential Fund risk ratings

We give each Prudential fund and Investment Pathway a risk rating of between 1 and 6 (1 is lower risk and 6 is higher risk). For funds not managed by Prudential, you'll find a risk rating in the Key Investor Information Document available for each fund.

Generally, lower risk has the potential for a lower reward and higher risk the potential for higher reward.

The table on the next page can help illustrate this concept. It's not exhaustive, but covers a wide range of funds and investments and shows the general principle that, as the level for potential higher rewards increases so does the level of risk. On pages 8 to 10 you can see how these risk and potential reward indicator numbers relate to our Investment Pathways.

## Some key considerations

- The value of your investment can go down as well as up so you might get back less than you put in.
- The types of assets a fund invests in will have a significant effect on its performance. Generally, the higher the potential returns, the higher the risk.
- Risk Indicators have been developed by Prudential to give you a guide to the potential level of risk and reward for each fund or Investment Pathway based on the assets which may be held within it.
- Other companies use different risk descriptions, so these risk rating categories should not be considered generic to the fund management industry.
- Prudential will keep the risk rating categories under regular review, so they may change in the future.
- Where a risk rating is amended as a result of a material change in our view of the level of risk, for example due to a significant change to the assets held by a fund or

in the way the fund is managed, information will be provided on the new risk rating.

- The name of a fund is not an indicator of the level of risk involved with it.
- Past performance is not a guide to future performance.
- Before making any choice in the future, we strongly recommend that you make sure you understand the appropriate risk ratings at that time.

Sometimes we may need to make a change to a fund. For details of recent fund changes then please visit [pru.co.uk/funds/changes](https://pru.co.uk/funds/changes)

You should think carefully about how to meet your investment goals and your attitude to risk.

## The risks and potential rewards of investing your pension pot

When you're deciding where to invest, it's really important that you think about whether you could afford to lose some, or all, of your money if your investments fell in value. Some people are happy to take more risks if there is a chance for a higher return over the longer term. Whilst others might be less comfortable with that level of risk. Everyone is different.

There's a link between how much investment risk you take, and the potential rewards you could get back from your investment.

For example, putting your pension pot in lower-risk investments such as cash could mean your money would grow less but there's also less risk of you losing your investment.

On the other hand, putting your money in higher-risk investments like shares, could mean higher growth over the medium to long term (5 to 10 years or more). But there's also more chance you could lose money over time.

Some of the Investment Pathways available through Prudential Retirement Plan have different types of risk indicators associated with them because of the different types of fund available.

### Types of Fund\*

6	Higher	Single Country Equity Funds, International Equity Funds	Higher
5		Flexible Investment Funds, Global Property Funds	
4	Potential Rewards	Mixed Investment 40-85% Equities Funds, Direct Property Funds, Global High Yield Funds	Risks
3		Mixed Investment 20-60% Equities Funds, Distribution Managed Funds, Sterling High Yield Funds, Global Fixed Interest Funds, With-Profits Funds**	
2		Mixed Investment 0-35% Equities Funds, Sterling Fixed Interest Funds, Corporate Bond Funds, Protected/Guaranteed Funds	
1	Lower	Deposit & Treasury Funds, Money Market Funds	Lower

**\* Types of Fund**

These are mostly based on sector classifications by the Association of British Insurers (ABI). The description used may match an individual ABI sector name or be a Prudential suggested description for a grouping of similar sectors. The only exception to this is “With-Profits” which isn’t classified by the ABI. Where a fund is classified by the ABI then we’ll use the sector it’s in as a starting point to think about its appropriate position in the scale above. But please note that each fund is considered individually and membership of an ABI sector doesn’t automatically imply a particular risk and potential reward indicator number.

**\*\* With-Profits funds**

PruFund funds invest in our With-Profits Fund and some appear in a lower or higher risk and potential reward indicator category. This is because of the different asset mix that applies to each PruFund Fund.

**Important note**

The Prudential risk ratings above apply to our PruFund funds that form part of our Investment Pathways options. Fund information for funds managed by external fund managers can be found on the appropriate Key Investor Information Document (KIID) for each fund. To see these documents, visit [mandg.com/pru/prudential-retirement-plan](http://mandg.com/pru/prudential-retirement-plan) and scroll down to click on ‘Range of Self-Select Funds’, where you will be able to find factsheet and Key Investor Information Documents (KIID) for each available fund.

# What are my Investment Pathway options?

In this section, you may see words and/or terms that you are not sure about. We've included a glossary of useful investment terms on page 20 that can help with some of these.

Investment Pathways have been designed to help customers match an investment solution to their plans for their pension pot. If you choose to use the Investment Pathways, you'll be asked to select one of four pathway options. **These options are based on your plans for your money in the next five years** – once you have taken your tax free cash. So, you'll be asked which of the four pathway options best fits your plans for your money, based on your current circumstances. Each pathway leads to a different investment solution and the pathway you choose will take you to the one that's most suited to your requirements.

The pathway you choose depends on which of these statements fit your plans best. Please note, you can only select one Pathway.



## Pathway 1

I have no plans to touch my money within the next 5 years



## Pathway 2

I plan to use my money to set up a guaranteed income (annuity) within the next 5 years



## Pathway 3

I plan to start taking my money as a long-term income within the next 5 years



## Pathway 4

I plan to take out all my money within the next 5 years

If your plans change you should consider if the option you picked is still the right choice for you.

You have complete control of your own investment(s). You can use the Sustainability of Income Calculator via [mandg.com/pru/tools-calculators/sustainability-of-income-calculator](https://mandg.com/pru/tools-calculators/sustainability-of-income-calculator) to see how a change in the amount of income you take out might affect your pension pot.

## Pathway 1 – I have no plans to touch my money within the next 5 years

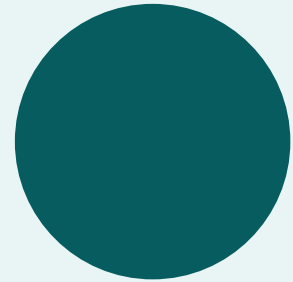
The fund selected for Pathway 1 is the **Prudential PruFund Risk Managed 3 Fund**.

PruFund Risk Managed 3 aims to provide you with steady growth over the medium to long term while offering some protection from the impact of short term market volatility.

It won't protect you from the full impact of any extreme or sustained market changes, but it does aim to limit the impact of these.

The value of your investment can go down as well as up so you might not get back the amount you put in.

Fund invested in



■ Prudential PruFund Risk Managed 3 100%

The Prudential PruFund Risk Managed 3 Fund aims to produce growth over the medium to long-term (5 to 10 years or more) while smoothing some of the ups and downs of short-term investment performance. The fund spreads investment risk by investing in a range of different asset types, which currently includes UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. The fund is actively managed and aims to limit the fluctuations ('volatility') the fund experiences, to 12% per annum (before smoothing). There is no guarantee that the fund will achieve its objective of managing the volatility below this limit.

The value of your investment can go down as well as up so you might not get back the amount you put in.



## Pathway 2 – I plan to use my money to set up a guaranteed income (annuity) within the next 5 years

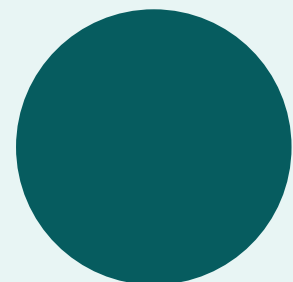
The fund selected for Pathway 2 is the **M&G Corporate Bond Fund**.

This fund can help maintain the buying power of your money.

This is important because when you come to buy your annuity, the level of income you can get will depend on a number of things including the value of your pension pot, at that time.

The value of your investment can go down as well as up so you might not get back the amount you put in.

Fund invested in



■ M&G Corporate Bond 100%

The M&G Corporate Bond Fund is a collective investment fund and is not managed by Prudential. Each of the collective investment funds we offer has a Key Investor Information Document, or KIID for short, that gives key information on the fund.

To see this document, visit [mandg.com/pru/prudential-retirement-plan](http://mandg.com/pru/prudential-retirement-plan) and scroll down to click on 'Range of Self-Select Funds', where you will be able to find factsheet and Key Investor Information Documents (KIID) for each available fund.

\* Investment Pathway 2 is made up of an M&G Corporate Bond Fund which is an Open Ended Investment Company and not managed by Prudential. However, in our opinion, Investment Pathway 2 has a Prudential risk and reward rating of 2.



### Pathway 3 – I plan to start taking my money as a long-term income within the next 5 years

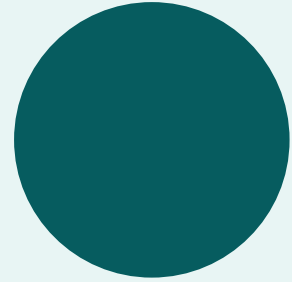
The fund selected for Pathway 3 is the **Prudential PruFund Risk Managed 2 Fund**.

PruFund Risk Managed 2 aims to provide you with steady growth over the medium to long term while offering some protection from the impact of short term market volatility.

This fund can help maintain the buying power of your money. This is important because the level of long term income you can take will depend on a number of things including the value of your pension pot, at that time.

The value of your investment can go down as well as up so you might not get back the amount you put in.

Fund invested in



■ Prudential PruFund Risk Managed 2 100%

The Prudential PruFund Risk Managed 2 Fund aims to produce growth over the medium to long-term (5 to 10 years or more) while smoothing some of the ups and downs of short-term investment performance. The fund spreads investment risk by investing in a range of different asset types, which currently includes UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. The fund is actively managed and aims to limit the fluctuations ('volatility') the fund experiences, to 10% per annum (before smoothing). There is no guarantee that the fund will achieve its objective of managing the volatility below this limit.

**Prudential Risk and Potential Reward Indicator**



## Pathway 4 – I plan to take out all my money within the next 5 years

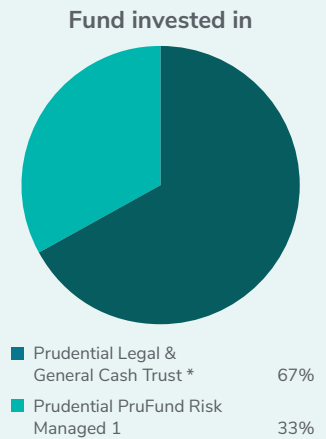
The funds selected for Pathway 4 are:

- Legal & General Cash Trust\* (67%)
- Prudential PruFund Risk Managed 1 Fund (33%)

As you're not investing for the longer term the majority of your money will be invested in a cash fund. Investing in a cash fund is safer than, for example, investing all your money in the stock market. The rest of your money will be invested in a fund which aims to provide some investment growth.

Investing in this combination of funds means that the value of your pension fund is unlikely to rise or fall significantly – an important factor when planning to withdraw your money. The aim is to provide returns that keep up with inflation and maintaining the value of your money is the primary objective.

The value of your investment can go down as well as up so you might not get back the amount you put in.



The Prudential PruFund Risk Managed 1 Fund aims to produce growth over the medium to long-term (5 to 10 years or more) while smoothing some of the ups and downs of short-term investment performance. The fund spreads investment risk by investing in a range of different asset types, which currently includes UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. The fund is actively managed and aims to limit the fluctuations ('volatility') the fund experiences, to 9% per annum (before smoothing). There is no guarantee that the fund will achieve its objective of managing the volatility below this limit.

\* Please note that the Legal & General Cash Trust is a collective investment fund and is not managed by Prudential. Each of the collective investment funds we offer has a Key Investor Information Document, or KIID for short, that gives key information on the fund.

To see this document, visit [mandg.com/pru/prudential-retirement-plan](https://mandg.com/pru/prudential-retirement-plan) and scroll down to click on 'Range of Self-Select Funds', where you will be able to find factsheet and Key Investor Information Documents (KIID) for each available fund.

\*\* Investment Pathway 4 is made up of a Prudential PruFund pension fund and a Legal & General Open Ended Investment Company (so it is not managed by Prudential) and so each has different ways of measuring risk and reward. However, in our opinion, Investment Pathway 4 has a Prudential Risk and Potential Reward Indicator rating of 2.

**Prudential Risk and Potential Reward Indicator\*\***



# What fund charges and further costs are there in my Investment Pathway?

We take an Annual Management Charge (AMC) for looking after your investment, from each of the funds within the pathway of your choice.

The funds are actively managed by expert Fund Managers who make the day to day investment decisions on behalf of investors. This active management of funds aims to achieve greater returns for investors than funds using less active management, and this can come with a higher cost.

The PruFund fund charge covers the cost of managing the fund. It is deducted from the Smoothed Price, through a reduced Expected Growth Rate. The charge reflects

the costs associated with a sophisticated investment strategy covering a range of different assets and a charge for operating smoothing. You won't see this Annual Management Charge as a separate transaction on your statement as it's factored into the daily price for the PruFund funds. The deduction will be 1/365th of the stated AMC.

Please see your copy of the Key Features Document for more information. If you don't have the Key Features Document we can send one to you. Please call us on the phone number shown in the letter we sent you with this brochure.

The costs of investing in the Investment Pathways are shown below. Note, there is also a product charge for the Prudential Retirement Plan which is in addition to these investment charges. You can find details of the product charges in your Key Features Document.

Pathway	Funds	Fund charges and further costs	
		Annual Management Charge	Further Costs
Pathway 1 – I have no plans to touch my money within the next 5 years	100% Prudential PruFund Risk Managed 3	0.76%	*
Pathway 2 – I plan to use my money to set up a guaranteed income (annuity) within the next 5 years	100% M&G Corporate Bond Fund	0.33%	0.00%
Pathway 3 – I plan to start taking my money as a long-term income within the next 5 years	100% Prudential PruFund Risk Managed 2	0.76%	*
Pathway 4 – I plan to take out all my money within the next 5 years	67% Legal & General Cash Trust	0.15%	0.00%
	33% PruFund Risk Managed 1	0.76%	*

\* For PruFund, as further costs are factored into the setting of Expected Growth Rates, they are not shown separately here.


# Case studies

We've created four example case studies that we think will help you to understand how the pathways are designed to work. There is one case study for each Investment Pathway. Each pathway covers a 5-year timeline as this is the period set by the Financial Conduct Authority and helps ensure that customers continue to review their investments in the future.

These aren't real life examples or a recommendation.

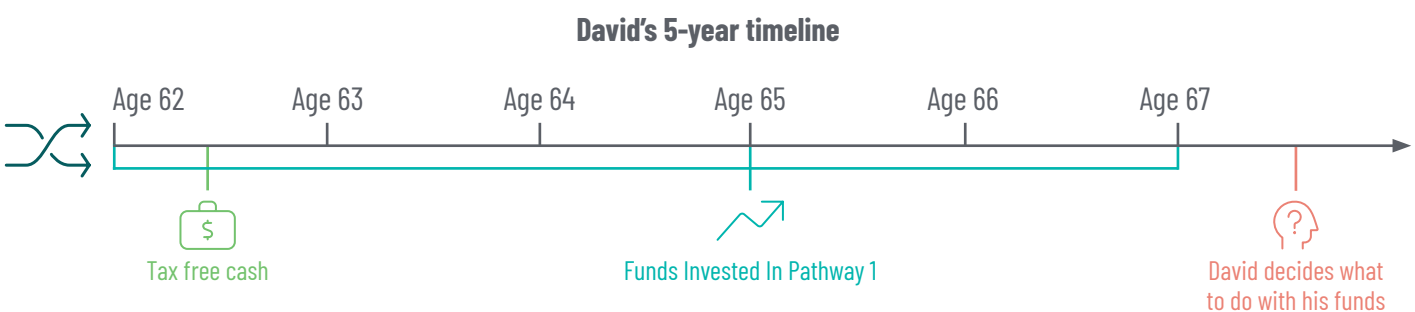
## Example of using Pathway 1

Customer who only needs access to their tax-free cash.



**Pathway 1**  
 I have no plans to touch my money in the next 5 years  
 Investments that aim to offer the potential for the best possible long-term growth, with a medium level of risk.

<b>Name:</b> David	<b>Age:</b> 62	<b>Goal:</b> Pay off his remaining mortgage
<ul style="list-style-type: none"> <li>David will receive a full state pension at age 67 and plans to continue working until then.</li> </ul>		<ul style="list-style-type: none"> <li>He does not need to take any further income for the next 5 years so moves his fund to Pathway 1.</li> </ul>
<ul style="list-style-type: none"> <li>He is keen to pay off his remaining mortgage now, so he moves his fund to drawdown and takes his full 25% tax free lump sum which he then uses for this.</li> </ul>		<ul style="list-style-type: none"> <li>When he receives his State Pension at 67 David can re-assess his options for his remaining funds.</li> </ul>



## Example of using Pathway 2

Customer planning to buy an annuity after they have used up their tax-free cash



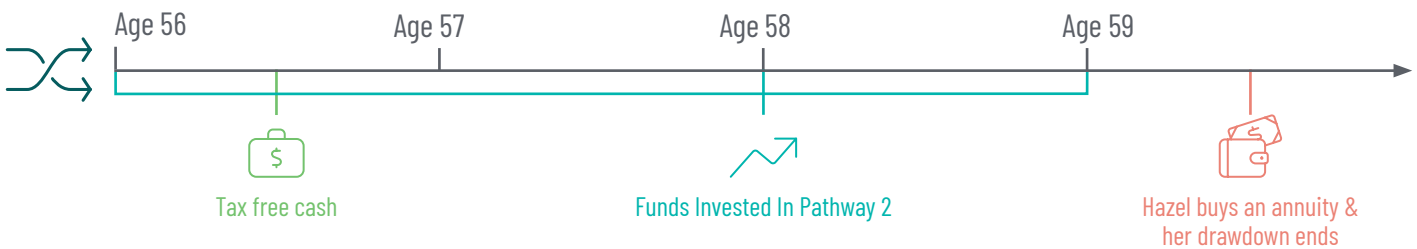
### Pathway 2

I plan to use my money to set up a guaranteed income (annuity) within the next 5 years

Investments that aim to protect the level of income you can get when you come to buy your annuity, for a medium level of risk.

Name: Hazel	Age: 56	Goal: Stop working now
<ul style="list-style-type: none"> <li>Hazel wants to give up work now.</li> </ul>		<ul style="list-style-type: none"> <li>After 3 years Hazel uses her fund to buy her annuity.</li> </ul>
<ul style="list-style-type: none"> <li>As she can use her tax-free lump sum to fund her income for the first few years of retirement, she decides to do this and then set up an annuity once these funds have run out.</li> </ul>		<ul style="list-style-type: none"> <li>Hazel's funds are invested in Pathway 2 which aims to protect the level of income she could get when she comes to buy her annuity.</li> </ul>

### Hazel's 3-year timeline



## Example of using Pathway 3

Customer using drawdown to pay a flexible income for life.



### Pathway 3

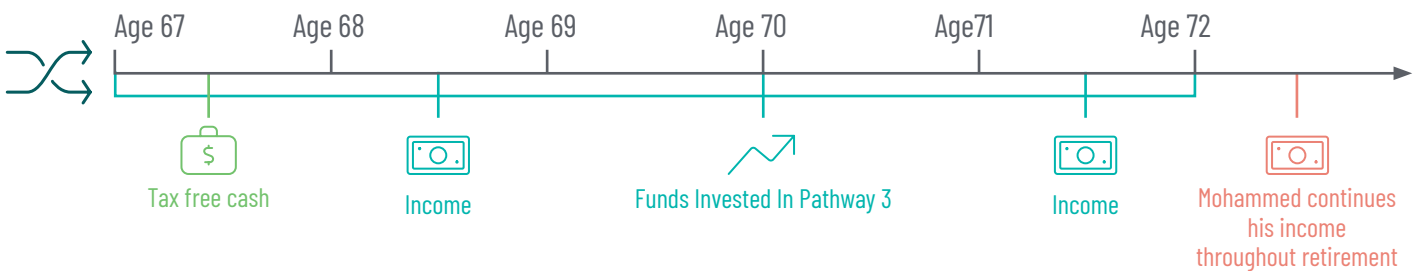
I plan to start taking my money as a long-term income within the next 5 years.

(This includes taking money as and when you need it over the longer term.)

Investments that aim to offer the potential for some long-term growth, with a medium level of risk.

Name: Mohammed	Age: 67	Goal: Goal – fully retire and use fund for retirement income
<ul style="list-style-type: none"> <li>Mohammed has built up a large pension pot and is now looking to retire.</li> </ul>	<ul style="list-style-type: none"> <li>He takes his 25% tax free cash to help with some home improvements and take a well deserved holiday.</li> </ul>	
<ul style="list-style-type: none"> <li>He invests in Pathway 3 and sets up an annual income of £15k from his drawdown. In addition, he has a State Pension of £11,973 per year.</li> </ul>	<ul style="list-style-type: none"> <li>He can flex his income amount as and when required and also take ad hoc withdrawals.</li> </ul>	

### Mohammed's 5-year timeline



## Example of using Pathway 4

Customer using their drawdown pot to fund short term income needs

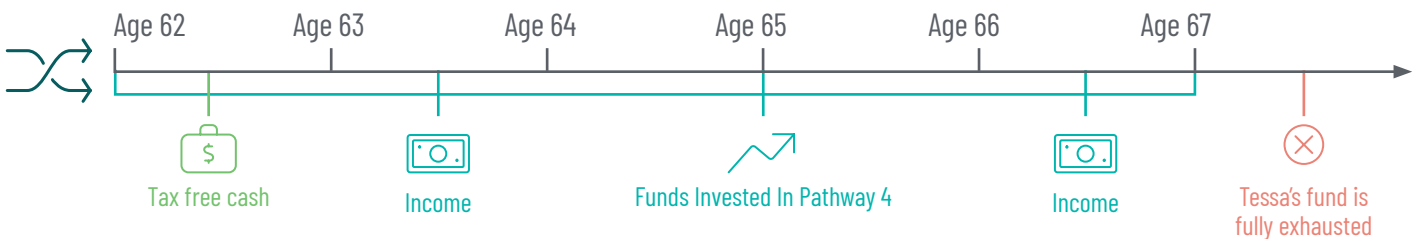


### Pathway 4

I plan to take out all my money within the next 5 years.  
Low risk investments that aim to keep pace with inflation.

Name: Tessa	Age: 62	Goal: retire now & use up her fund quickly
<ul style="list-style-type: none"> <li>Tessa is 62 and is looking for options to give up work early.</li> </ul>		<ul style="list-style-type: none"> <li>She will receive her State Pension and her main workplace pension at age 67 which will cover her income needs.</li> </ul>
<ul style="list-style-type: none"> <li>Tessa has a relatively small personal pension pot. She is happy to exhaust that now by maximizing the income she can take from it.</li> </ul>		<ul style="list-style-type: none"> <li>Tessa moves her fund to Pathway 4. She takes her full tax-free lump sum and withdraws the remainder of her fund as and when she needs it over the next 5 years until it is fully exhausted.</li> </ul>

### Tessa's 5-year timeline



# Further information

## The Fund Value

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

For the PruFund range of funds, what you receive will depend upon:

- the value of the underlying investments
- Smoothing, including the level of Expected Growth Rates and any applicable Unit Price Adjustments
- our charges
- and when you take your money out.

Please visit [pru.co.uk/investments/investment-fund-range/prufundrange](https://pru.co.uk/investments/investment-fund-range/prufundrange) for more information on PruFund and how it works, including an explanation of Expected Growth Rates.

### Effect of inflation

You should also consider that inflation may reduce what you could buy in the future with your pension savings. Inflation could mean your money is less able to buy what it could before. If inflation is high it could cancel out returns that you make on your pension investment.

### Taxation of funds

If the taxation treatment of the funds changes, we reserve the right to change the arrangements for the investment of the underlying assets of the fund.

## Switching

**You can switch to different Investment Pathways or investments at any time.** Where you are switching out of a PruFund Fund there will be a 28-day waiting period. For more information, please see the Terms and Conditions.

### Delay in buying, selling or switching.

For any fund, there may be a delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances. We wouldn't expect delays to be longer than six months for units that invest in property or land and one month for units that invest in other funds. However, we can't guarantee that we'll never delay longer than these timescales. If these delays apply to you, we'll let you know.

## Fund charges and further costs

### Annual Management Charge

We take an Annual Management Charge (AMC) for investments in the PruFund funds. This charge covers the cost of managing the fund. It is deducted from the Smoothed Price, through a reduced EGR and is factored into the daily price. The deduction will be 1/365th of the stated AMC. We might change our charges in the future.

For other funds, the fund manager applies a daily charge for the management and administration of your fund which is reflected in the unit price. The charges are detailed in your personal illustration and in the Key Investor Information Document (KIID).

The total cost to Prudential Retirement Plan customers is made up of a product charge and investment charges – Fund Charges and Further Costs.

Your illustration, or projection (if switching funds) will show the AMC and further costs applicable to your chosen Investment Pathway.

Fund charges and further costs may vary in the future and they may be higher than they are now. We'll write to you if an AMC goes up for an Investment Pathway you're invested in. As it's normal for further costs to vary over time we won't contact you when they change. If fund charges and further costs exceed the return earned, the fund will go down in value.

The further costs listed in this guide are indicative, based on the current levels of costs, and are correct as at 19 January 2026, unless another date is shown.

## PruFund range of funds charges explained

There are a range of costs related to investing; some of these are directly charged whereas others are reflected in the overall fund performance of PruFund; what these are and how they are applied are covered in the table below. Your personalised illustration will also set out the applicable charges.

Name	Description	How it is disclosed
Annual Management Charge/Fund Charge	<p>This charge covers the cost for managing the fund. It is deducted from the Smoothed Price, through a reduced EGR.</p> <p>You won't see this AMC as a separate transaction on your statement as it's factored into the daily price for the PruFund funds.</p>	On illustrations and benefit statements.
Product/Wrapper Charge	<p>This covers the cost of managing the product. It is deducted from a customer's investment through the deduction of units.</p>	On illustrations and benefit statements.
Further Costs	<p><b>Miscellaneous fund administration fees and costs</b></p> <p>There can be a number of different administration fees and costs associated with funds. These can include, for example, audit fees, custody fees, infrastructure costs, registrar fees, regulatory fees, stock lending fees, and trustee fees.</p> <p><b>Property expenses</b></p> <p>For funds that invest in property, either directly (i.e. the fund owning physical property) or indirectly (i.e. owning units in a property fund or shares in a property company) there are costs incurred for managing these properties.</p> <p>These can include costs for development, maintenance, oversight and renovation of the properties held, collecting rents, and managing tenants, as well as running costs that cannot be passed onto tenants.</p>	These are factored into the setting and reviewing of Expected Growth Rates, so aren't shown separately in any projections covering PruFund. For completeness we have listed them here.
Performance Fees	In some funds the fund managers are paid a fee depending on how they perform.	These are not disclosed separately but if they're applicable they will impact on the performance of a fund.
Transaction Costs	When a fund manager trades the investments in a fund (for example, makes a decision to sell one holding and buy another) there are associated costs, for example taxes.	These are not disclosed separately but if they're applicable they will impact on the performance of a fund.

## Compensation

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

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

### Where does FSCS protection apply?

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

- PACL is the operator of the Prudential Retirement Plan, so if PACL defaults as operator of the personal pension plan you are protected up to £120,000.
- If you hold the Prudential PruFund funds in the Prudential Retirement Plan, then they're protected up to 100% in the event of PACL being 'in default'.

**Any further FSCS cover depends on where you invest.**

- A collective fund (often called an Open Ended Investment Company or OEIC) – These funds are protected up to £120,000 per person per firm 'in default'.
- Cash Account (HSBC) – Fully protected up to £120,000 per person, per deposit group.

You can find out more information on the FSCS at [pru.co.uk/fscs](http://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](http://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.

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.

# Next steps and where to get help

We've designed the Prudential Retirement Plan so that you don't need to take advice to access it. However we recognise that investments can be confusing for some customers, so if you're not comfortable making your own investment decisions, you may want to consider another product or you might want to seek financial advice. An adviser can help you understand if investing in drawdown is right for you and fits with your aims and circumstances, which might change. Any advice you take would be at your own cost.

To find an adviser, please visit [unbiased.co.uk](https://unbiased.co.uk)

If at any time you'd like to change your Investment Pathway, or you'd like more information about the funds available to you, please contact us and we'll send you all the necessary documents for you to change investments. Our consultants are here to help with your questions and to provide you with all the factual information you need to make a fully informed decision. We can't give you advice or make fund choice recommendations. It's up to you to decide which investment is right for you.

Please remember whatever you decide, that the value of your investments can go down as well as up. Once you've made your initial investment choice, you can change which Investment Pathway you invest in.

We don't currently charge you for moving between Investment Pathways (although this could change). You can make as many changes to your investment choices as you like, although there may be some restrictions. Please speak to us for details.

If you want to contact us you can do so in the following ways:



With your online service you can check the value of your plan, contact us securely, change personal details and view your documents. If you're not registered, it's easy and only takes five minutes. You'll need your policy number, postcode and date of birth. Go to [pru.co.uk/registeronline](https://pru.co.uk/registeronline) to find out more.



Write to: **Prudential Retirement Plan, Lancing BN15 8GB UK.**



Phone: **0345 268 0488** or **+44 203 755 9358** if calling from abroad. Lines are open Monday to Friday from 8.30am to 5.30pm.



If you are deaf and 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 NRC PD interpreters who will relay your conversation with a member of our customer service team.

[pru.co.uk/contact-us/signvideo](https://pru.co.uk/contact-us/signvideo)

There is no cost for using this service to call Prudential and we're available to help you Monday to Friday, 8am to 6pm.

## Keep in touch

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

# Some useful investment terms

## Learn about some investment related terms

This is a high-level guide to some useful investment terms. It's not meant to cover every term you may come across and you may not find each item in the glossary within this guide.

### **Bonds (and Fixed Interest Securities)**

A bond is an 'I owe you' that promises to pay an amount of money on a specified date and pay a fixed rate of interest along the way. Companies and governments can issue bonds when they want to raise money. Bonds issued by companies are called corporate bonds. Bonds issued by the UK government are called gilts and those issued by the US government are called treasury bonds.

### **Collective Investment Schemes**

These are funds where many investors pool their money together within a single investment fund. This allows them access to a wider range of investments than they could on their own. You'll also share both the costs and potential benefits with other investors. Collective Investment Schemes, such as OEICs, Unit Trusts, Mutual funds, usually target investments in geographic regions (like emerging market countries) or specific themes (like technology or property).

### **Equities**

Equities are also known as shares or stocks. They are a share of the ownership of a company. When you invest in equities, you become a shareholder.

### **Index-Linked Securities**

Are similar to fixed interest securities but the payments to the investor are normally increased in line with a measure of inflation.

### **Key Investor Information Document (KIID)**

This is a two-page information document which contains important information about the nature and key risks of a fund, which can help investors make informed decisions. It is in a standardised format which can be helpful when comparing information from different funds. A KIID is the primary information source for an Open Ended Investment Company Fund.

[pru.co.uk](https://www.pru.co.uk)

### **Open Ended Investment Company (OEIC)**

An OEIC is a type of investment fund that allows investors to pool their money together to invest in a portfolio of companies, assets and other commodities with the aim of generating a return. The OEIC is equally divided into shares which will vary in price and in the number issued. When new money is invested, additional shares or units are created to match the current share price.

### **Shares**

See Equities.

### **Smoothed funds/smoothing**

Smoothed funds are investment products designed to protect you from some of the short-term ups and downs of market performance. Instead of exposing you to daily volatility, smoothed funds aim to provide more stable performance over the medium to long term (usually up to 15 years) by 'smoothing' investment returns.

### **Tax Free Cash**

Current UK pension rules mean that you can usually take up to 25% of the amount built up in any pension as a tax-free lump sum, up to £268,275. If you hold a protected allowance, this may increase the amount of tax-free lump sums you can take from your pensions. The tax-free lump sum does not affect your Personal Allowance. Rules can change in the future and you may not always be able to take an amount of cash, free of tax or at the current level.

### **Units/Unit Linked**

Unit linked funds are divided into smaller portions, called units, which represent the money you've invested. The price of units change on a daily basis and are based on the value of the assets held within the fund. This means your total fund value will go up or down depending on the unit price at any given time.