

Your guide to  
The Prudential Retirement Plan



# Contents

Introduction to the Prudential Retirement Plan	3
Meeting a range of needs	4
Is the Prudential Retirement Plan right for me?	5
Choose the investment option that's right for you	6
Important things to consider	7
Case studies – Drawdown	9
Other information	10

# Introduction to the Prudential Retirement Plan

The Prudential Retirement Plan offers the ability to access a drawdown product without the need for advice, while also allowing you to select from a range of investment options.

Drawdown allows you to take some or all of your 25% tax-free cash (assuming you have sufficient lump sum allowance remaining) first.

Any money that hasn't been withdrawn remains invested, meaning it can grow, and be used as a taxable income.

The Prudential Retirement Plan allows you to take money out of your pension funds as and when you need to, which provides a flexible drawdown solution. This gives you control to tailor your retirement income planning to match your own needs and goals.

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.

How long your income lasts depends on a number of things. How much you pay in, withdraw, how long you live, inflation, charges, and how your funds perform are the main ones. There is a risk if you withdraw too much, you may not have enough left to support you and your loved ones throughout your retirement. You would then need to rely on other sources of income, such as the State Pension, to fund your lifestyle in retirement. You may also want to leave money for your loved ones, which you should factor in when working out your income.

How much you take out from your pension pot could affect which state benefits you're entitled to, or how much you get. Take a look at [gov.uk/browse/benefits](https://www.gov.uk/browse/benefits) to find out more.

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



# Meeting a range of needs

The Prudential Retirement Plan provides access to a drawdown solution, without using a financial adviser.

## Who can have one?

The Prudential Retirement Plan is available to you:

- if you're a UK Resident (if you move overseas all benefits must be paid into a UK bank or building society account)
- from age 55 (57 from 2028)
- if you're under 99 years old.

## Who is the Prudential Retirement Plan appropriate for?

It could help to meet your retirement needs, if you:

- are comfortable and confident enough in your understanding to make your own retirement planning decisions, without using a financial adviser
- are looking to run your fund down in a tax-efficient manner
- have already built up a defined contribution/money purchase pension (a pension pot using contributions from yourself, and those from an employer if applicable, plus investment returns and tax relief)
- have funds of £10,000 or more
- want to take tax-free cash or withdraw all your funds over the short, medium or long term and are looking for investment solutions that match your aims. Remember, the value of your investment can go down as well as up, so you might not get back the amount you put in
- looking to leave funds to your dependents on your death.

## Who is the Prudential Retirement Plan not appropriate for?

It might not be appropriate, if you:

- want advice before transacting now or in the future
- want to take your entire fund either as cash lump sum or as a transfer to another provider
- are under 55 years of age
- have a pot under £10,000
- have a complex financial situation, that would benefit from advice
- have Safeguarded Benefits (benefits which include some form of guarantee about the rate of secure pension income that you'll receive)
- have enhanced tax-free cash entitlements ie. an entitlement to take a higher tax-free cash lump sum than the standard 25%
- are a non-UK resident
- are looking to make future one-off or regular contributions
- are looking to invest directly in stocks and shares
- are looking to use UFPLS (Uncrystallised Funds Pension Lump Sum). This is where you're able to take all of a pension fund as a single or series of cash lump sums, usually from age 55. The first 25% would be tax free, with the remaining added to your income and taxed accordingly.

# Is the Prudential Retirement Plan right for me?

There are many options available when you take benefits from your pension, and drawdown is one way of doing this. It's important to ensure that this option is appropriate for your circumstances, before choosing to transfer.

Please read the benefits and considerations of drawdown before you make any important decisions.

## Benefits



- Access to up to 25% of your fund as tax-free cash at the beginning of the plan, assuming you have sufficient lump allowance remaining. See the Key Features Document or visit [hmrc.gov.uk](https://www.hmrc.gov.uk) for more information
- Access to income as and when you need it
- Allows you to keep your pension savings invested, meaning you could benefit from investment growth (investments in pensions grow free from income tax and capital gains tax)
- 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://www.mandg.com/pru/tools-calculators/sustainability-of-income-calculator) (select 'Other' within the 'Prudential Plan' dropdown option) to see how a change in the amount of income you take out might affect your pension pot. You can also use the Pension Pot calculator via [mandg.com/pru/customer/en-gb/retirement-planning/tools-calculators/retirement-planner-terms](https://www.mandg.com/pru/customer/en-gb/retirement-planning/tools-calculators/retirement-planner-terms) to help you understand how different retirement options could impact your retirement income and what your pension pot could provide
- You have the flexibility to make as many withdrawals as you like to suit your needs
- Choice of death benefits for your loved ones, when you die.

## Considerations



- You could run out of money. How much you withdraw, fund performance, how long you live, inflation and charges will all have an impact on how long your money will last
- Future investment returns are not guaranteed
- The more income you take, the less you are leaving for your loved ones, when you die
- If you prefer a guaranteed income, you may want to take an annuity
- Remember, the value of your investment can go down as well as up so you might not get back the amount you put in
- Inflation will reduce the value of your income, so your money may not stretch as far in the future
- Taking money out of your pension will sometimes lower the amount you can pay into all the pensions you may have while still benefitting from tax relief. This limit is called the Money Purchase Annual Allowance (MPAA). Your pension scheme administrator or provider will have told you if you are subject to the MPAA at the time they started to pay you
- If you change your mind about making a pension transfer, after your cancellation period has expired we may not be able to return the transfer to your previous pension scheme.

## Online access



You can monitor your Prudential Retirement Plan online, at any time, by Online Services.

Online Services allows you to manage your policies in one simple place. It gives you the ability to:

- check the value of your policy 24/7
- view your important documents online.

# Choose the investment option that's right for you

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.

How your money is invested will have an impact on the value of your pension fund. The Prudential Retirement

Plan offers a number of investment options that you can choose from:

- Investment Pathways
- PruFund
- Wide range of other funds.

## Investment Pathways

Investment Pathways are a way for you to select the funds you want when you're in drawdown. There are four Investment Pathways designed to align to your plans for retirement. So, if you choose the Investment Pathways option, you'll be asked which of the four pathways best fits your plans for your money.

Here's a summary of the Investment Pathways available:



### 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

\* Choose this option if you plan to take out some money, as and when you need it, within the next 5 years.

## PruFund

We offer access to our own PruFund range of funds. PruFunds are multi asset funds which are part of Prudential's With-Profits Fund, which is the largest with-profits fund in the UK. There are differences across the range of PruFund funds, in terms of asset mix and objectives which means the returns received will vary based on fund choice. The PruFund funds have an established smoothing process which uses Expected Growth Rates, and where required, Unit Price Adjustments, seeking to deliver a smoothed investment journey. It aims to provide you with some protection from the short-term ups and downs of markets.

## Wide range of other funds

We also offer a wide range of other funds, from a wide variety of fund management groups, to suit your investment style and appetite for risk.

Before you make your important investment decisions, please remember:

- You are moving to a new product
- The investment options for your pension pot are also new.

It's important that you regularly review your investments so that you get the best out of your plan and ensure they continue to meet your investment objectives, along with your risk appetite, which can change over time.

Please refer to the **Prudential Retirement Plan Fund Guide** and the **Investment Pathways Guide** for more information about these investment options.

# Important things to consider

## Charges

The annual charges for the Prudential Retirement Plan could be higher or lower than what you're paying now. This will depend on your current and future investment choices and will vary by the value of your plan. It's best to check the charges for both your current product and the Prudential Retirement Plan to see how it might impact you.

You can see your current product charges in your Annual Statement and the charges for the Prudential Retirement Plan in your Illustration.

## Financial Guarantees

If you're currently invested in the With-Profits Fund, any guarantees applicable to your plan won't apply if you switch to the Prudential Retirement Plan. You can see the guarantees on your current plan in your Annual Statement. The current guarantees you have could be valuable during extremely volatile market conditions, like a market crash. So, it's important to think about whether you need these guarantees before deciding to switch.

## Smoothing

The 'smoothing process' aims to provide you with some protection from the short-term ups and downs of markets. In other words, it gives you a more stable rate of growth than you would get if you were directly exposed to changes in the fund's underlying investment performance. So, whilst you won't generally benefit from the full upside of any potential stock market rises, you won't generally suffer from the full effects of any downsides either.

If you're thinking about switching from the With-Profits Fund to investing in PruFund within the Prudential Retirement Plan, smoothing will still be applied. However, it's important to know that it works differently in PruFund, and so will give a different level of smoothing of market ups and downs to your current plan. For more information on PruFund smoothing, visit [mandg.com/pru/prudential-retirement-plan](https://www.mandg.com/pru/prudential-retirement-plan)

You can find more information on how smoothing works in your current plan via 'Your With-Profits Plan – a guide to how we manage the Fund. Unitised With-Profits Plans originally issued by Scottish Amicable Life Assurance Society (SALAS)' [pru.co.uk/pdf/wpgb0029.pdf](https://www.pru.co.uk/pdf/wpgb0029.pdf)



## Scottish Amicable (plans purchased pre-Oct 1997 and invested in the With-Profits Fund)

If you bought your plan from Scottish Amicable before 1 October 1997 and are invested in the With-Profits Fund, you have some extra benefits:

- Each year, your investment earns an extra 0.25% on top of the usual return, which is called 'miscellaneous surplus credit'
- When you take money out of your plan, you receive a 12.4% uplift, which is included in your final bonus
- Any new payments you make into the plan also benefit from both the 12.4% uplift and the 0.25% yearly credit.

If you're thinking about switching to the Prudential Retirement Plan, it's important to consider the impact of losing these benefits and if this will make a big difference to your savings. Remember, you'll receive the 12.4% uplift on the balance of your existing plan when you exit, so you only need to consider the impact of losing out on this if you plan to make any future contributions to your pension after you have moved to the Prudential Retirement Plan.

## Extra benefits

The Prudential Retirement Plan doesn't include the option to add extra benefits, for example additional life cover or waiver of premium benefit. If your current plan includes any additional benefits, switching means you'll lose them and they may be difficult to replace.

**If you're currently investing in the With-Profits Fund and paying premiums, please note:** Your current With-Profits Fund investment includes financial guarantees on the premiums you pay, which may be especially valuable to you. These guarantees offer some protection during difficult market conditions. Since the Prudential Retirement Plan doesn't allow you to pay premiums and the financial guarantees on premiums paid recently will not apply if you switch, it's important to think carefully about whether you need these guarantees before switching products.

**If you're paying premiums into Flexipension 7 and Indepension 5 but aren't currently investing in the With-Profits Fund, please note:** Your current plan includes a Loyalty Bonus, which you can find in your Annual Statement, that lowers your annual charges and helps reduce the cost of your investment. If you move to the Prudential Retirement Plan, you'll lose this. It's important to think about whether this will make a big difference to your savings before deciding to switch.

# Case studies – Drawdown



## Example – John

John is 60 and has decided he wants to work part-time. He wants to access some of his pension savings to pay off some debt and pay for some urgent house repairs. His current pension pot is **£100,000** and he has worked out that by taking his 25% tax-free cash he can take **£25,000**.

**John takes his full 25% tax-free cash as a lump sum: £25,000**

**He leaves the remaining £75,000 invested**

John gets the £25,000 he needs and can take the rest of his pension whenever he needs it.

The rest will be taxable, but as it's invested it has the chance to grow, of course it could fall too and he could end up with less than he started with.

This isn't a real life example or a recommendation.



## Example – Helen

Helen is 60 and is retiring with a pension pot of **£50,000**. She wants to start taking regular income from her pension savings and wants to take her full 25% tax-free cash up front to pay for some new windows for her house.

**Helen takes 25% tax-free cash at the start; £12,500**

**This leaves £37,500 as a taxable amount. She decides to take £2,000 each year.**

Helen can change this amount if she wants either up or down or stop taking an income altogether. It remains invested, so it can grow (but also fall). She'll need to keep an eye on her income and review her fund choices to make sure her pension lasts as long as she needs.

This isn't a real life example or a recommendation.

For case studies focused on the Investment Pathway options, please see the Prudential Retirement Plan Investment Pathways Guide.

# Other information

## Shop around before you decide what to do

When deciding what to do with your pension pot, it's important to remember that each option might have different tax implications and pension providers offer different products with alternative options or features (including the product terms, rates, funds or charges) that might be more appropriate for your individual needs and circumstances.

This is why it's important you should 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.

For some products, like annuities, it's important to shop around so you can get the highest possible income. Your or your partner's health and lifestyle can increase the amount of income you or your partner can get. Different providers might use different criteria to assess your or your partner's health and lifestyle conditions. This is known as an enhanced annuity. Prudential do not offer lifetime annuities but you might qualify for an enhanced annuity with another provider and get a higher income. That's why it's very important that you should shop around.

We recommend you use Pension Wise, a government service from MoneyHelper that offers free, impartial guidance to help you understand your retirement options. You can speak to them on 0800 280 8880, and book an appointment to meet someone in person. And, you can visit [pensionwise.gov.uk/shop-around](https://pensionwise.gov.uk/shop-around).

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

Our Customer Services teams are unable to give financial advice, but we're happy to help with any queries you may have.

This product is designed for people who do not want to take advice.

By choosing the Prudential Retirement Plan, you need to feel able to make decisions on how you manage your account including investing your money.

This is an important decision. If you go ahead without advice, you'll be taking responsibility for your choices and your own decision. This means the Financial Ombudsman Service doesn't give you the same protection for the decision you make, but you can still refer any matter to them if you feel you haven't been treated fairly.

An adviser will help you review your situation and give you advice and a personal recommendation, which is tailored to your needs and circumstances, taking into account the associated risks and the different options and choices available to you.

If you already have a financial adviser, we recommend you speak to them. If after reading this information you don't have a financial adviser and would like some advice, we have a team of advisers who can help.

You can search for an independent financial adviser in your area by visiting [unbiased.co.uk](https://unbiased.co.uk). Please note that any financial advice you take will be at your own cost.

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

**Money and Pensions Service**  
**120 Holborn**  
**London**  
**EC1N 2TD**

Telephone: **0800 011 3797**

Website: [moneyhelper.org.uk/en/pensions-and-retirement](https://moneyhelper.org.uk/en/pensions-and-retirement)

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

Telephone: **0800 280 8880**

Website: [moneyhelper.org.uk/pensionwise](https://moneyhelper.org.uk/pensionwise)

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

## Stay safe from scams

Make sure you're able to spot a pension scam. If you're approached out of the blue about an investment or business opportunity you should check they're authorised to give advice on pensions. Worst case, if you fall for a scam you could lose all your money. You can find out more about pension scams and how to protect your money, by contacting the Pensions Regulator at [pension-scams.com](https://pension-scams.com), and from the government's guidance service Pension Wise, [moneyhelper.org.uk/pensionwise](https://moneyhelper.org.uk/pensionwise) or calling them on 0800 280 8880.

## What about tax?

Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances.

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

For more information visit [pru.co.uk/tax](https://pru.co.uk/tax) or the HMRC website at [hmrc.gov.uk](https://hmrc.gov.uk)

Investments in pension funds are given important tax advantages. Individual circumstances will be different and tax rules may change.

You can find details of this year's tax allowances on our website at [pru.co.uk/tax](https://pru.co.uk/tax)

Tax is a complicated subject and you may wish to seek Financial Advice if you feel this will affect you. For more information please visit [pru.co.uk/tax](https://pru.co.uk/tax) or visit the HMRC website at [hmrc.gov.uk](https://hmrc.gov.uk)

## About Prudential

We're a leading savings and investments business with a long-term outlook, caring for customers for over 170 years. We've a long history of finding innovative solutions for our customers' changing needs. Our purpose is to give everyone real confidence to put their money to work.

Prudential has an A+ rating for financial strength from Standard & Poors.\*

Our business is built on core values of care and integrity. Prudential is part of M&G plc.

\* Applies to The Prudential Assurance Company Ltd – correct as of 17 March 2025.

# Get in touch

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 NRCPD 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.



### We're here to help

If you have hearing or speech difficulties, you can contact us using Relay UK or SignVideo. For more information please visit [pru.co.uk/signrelay](https://pru.co.uk/signrelay)

## Do you need audio, braille or large print?

Please contact us and we'll send them to you.

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

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