

## Technical Guide

Including Terms and Conditions

# Pru Flexible Retirement Plan – Personal Pension Option (FRPT10363)

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## 1. Introduction

This Technical Guide contains the detailed terms and conditions of the Pru Flexible Retirement Plan's Personal Pension Option. It also gives general information about personal pensions and membership of the Prudential (SAL) and Prudential (M&G) Personal Pension Schemes.

This Technical Guide is for Pru FRP Personal Pension Plans which are post-RDR pension plans taken out on or after 1st December 2021. It also contains the updated terms and conditions for existing post-RDR Pru FRP Personal Pension Plans.

### 1.1 Definitions and interpretation

The words and expressions shown in **bold italic** are explained in section 29 of this **Technical Guide**.

Where the words "**Prudential**", "**Scheme Administrator**", "we", "us" or "our" are used they refer to The Prudential Assurance Company Limited.

Where the word "**Trustee**" is used it refers to Prudential Corporate Pensions Trustee Limited (or any new or replacement trustee(s) that may be appointed from time to time). The **Trustee** is the policyholder.

Where the word "**member**" is used, it refers to:

- the member of the **Scheme** named as planholder in the Certificate of Membership;
- an individual whose transfers-in are invested in a **holding account**, the terms and conditions of which are set out in this **Technical Guide**.

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

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

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

### 1.2 The Pru Flexible Retirement Plan and its options

The **Pru Flexible Retirement Plan** offers:

- a "personal pension" option (called the **Pru FRP Personal Pension Plan**), which is a pre-retirement savings vehicle available up to an individual's 75th birthday. This option offers the individual a wide range of investment options managed by companies both within and outside **M&G plc**.
- a "drawdown" option (called the **Pru FRP Drawdown Plan**), which is a **drawdown pension arrangement**. This option allows an individual to draw an income until his or her 99th birthday, while investing in the wide range of investment options available under the **Pru Flexible Retirement Plan**. Until 11th November 2013, the drawdown option allowed drawdown up to an individual's 75th birthday. The option was changed with effect from that date for both new and existing members to allow drawdown up to an individual's 99th birthday.

On and from 6th April 2015, new money can only be paid for a **member** to a **drawdown plan** which is a **flexi-access drawdown plan** (although a new **capped drawdown plan** can still be set up as a result of a transfer from an existing **capped drawdown plan**).

- a "SIPP" (self-invested personal pension) option, which allows an individual to choose and manage his or her own investments under the **Scheme**. By means of a private "Self-Invested Fund" (called a **SIF**), investment is permitted in a range of own-choice investments. The SIPP option has two levels: the "full SIPP" option and the "FundSIPP" option. The SIPP option is available under both the **Pru FRP Personal Pension Plan** and the **Pru FRP Drawdown Plan**.

The terms and conditions of each of these options are set out in different Technical Guides. See section 1.3.

**Note:** Where the **PP plan** has been set up as a result of advice provided by M&G Wealth Advice Limited some of the product features explained in this **Technical Guide** may not be available. Further information is available from M&G Wealth Advice Limited.

## 1.3 Technical Guides

### 1.3.1 General

Each time the **member** takes out a new **Pru Flexible Retirement Plan**, we issue the relevant Technical Guide to him or her, according to the option(s) he or she has selected. Separate pension plans may be set up for separate or different types of payments, as described in section 8 of this **Technical Guide** (and in the other Technical Guides). Different terms and conditions may therefore apply to separate or different payments.

Different terms and conditions, and therefore different Technical Guides, also apply according to whether the relevant pension plan is a **pre-RDR pension plan** or a **post-RDR pension plan** (see section 1.3.6).

A **member** may therefore receive one or more Technical Guides according to when the relevant pension plans were set up and the options selected.

The latest Technical Guide issued to the **member** will, however, normally contain the terms and conditions for all pension plans of that type taken out up to and including the most recent pension plan (subject to any addendums and/or customer letters subsequently issued – see section 1.3.2). For example, if an individual has taken out a number of **PP plans** which are all **post-RDR pension plans**, the version of the Technical Guide coded FRPT10363 most recently issued to him or her will contain the terms and conditions for all of his or her **post-RDR pension plans** (subject to any addendums and/or customer letters subsequently issued).

If the **member** has taken out a number of pension plans some of which are **pre-RDR pension plans** and others which are **post-RDR pension plans**, he or she will need to refer to both versions of the Technical Guide.

If the **member** thinks that we have issued the wrong Technical Guide, he or she should contact us at the address given in section 1.10.

### 1.3.2 Addendums and customer letters

The terms and conditions in the Technical Guides may be affected by changes set out in addendums or customer letters, which we may issue from time to time. Any such addendums or letters form part of the Technical Guide(s) issued to the **member** and all of these documents need to be read together.

Any particular version of a Technical Guide may have been updated to include changes made through an addendum or customer letter previously issued.

### 1.3.3 Technical Guides for the Pru FRP Personal Pension Plan

There are two Technical Guides which cover the **Pru FRP Personal Pension Plan**:

- The Pru Flexible Retirement Plan – Personal Pension Option Technical Guide coded FRPT10363, which is relevant to and issued in respect of a **PP plan** which is a **post-RDR pension plan**.
- The Pru Flexible Retirement Plan – Personal Pension Option Technical Guide coded IPPB6369 which is relevant to and was issued in respect of a **PP plan** which is a **pre-RDR pension plan**.

This **Technical Guide** is the **Technical Guide** coded FRPT10363 and it:

- contains the terms and conditions for new **PP plans** taken out on or after 1st December 2021;
- contains the updated terms and conditions for existing **PP plans** which are **post-RDR pension plans** taken out before 1st December 2021; and
- is therefore relevant to all **PP plans** which are **post-RDR pension plans**.

### 1.3.4 Technical Guides for the Pru FRP Drawdown Plan

There are two Technical Guides which cover the **Pru FRP Drawdown Plan**:

- The Pru Flexible Retirement Plan – Drawdown Option Technical Guide coded FRPT10364, which is relevant to and issued in respect of a **drawdown plan** which is a **post-RDR pension plan**.
- The Pru Flexible Retirement Plan – Drawdown Option Technical Guide coded IPPB6373, which is relevant to and was issued in respect of a **drawdown plan** which is a **pre-RDR pension plan**.

### 1.3.5 Technical Guide Supplement for the SIPP option

The terms and conditions of the **Pru Flexible Retirement Plan** SIPP option are set out in the **SIPP Supplement** coded FRPT10379. The **SIPP Supplement** needs to be read in conjunction with the Technical Guide for the relevant pension plan.

The **SIPP Supplement** coded FRPT10379 is for all **Pru FRP Personal Pension Plans** and/or **Pru FRP Drawdown Plans** that have investments under the SIPP option, irrespective of when the pension plan was started. It applies both to **pre-RDR pension plans** and **post-RDR pension plans**. It also replaces the previous version of the SIPP Supplement coded IPPB6370 with effect from 31st December 2012.

### 1.3.6 Post-RDR pension plans and pre-RDR pension plans

- (a) Pension plans which fall under our regulator's rules on advice and adviser charging effective from 31st December 2012, are known as **post-RDR pension plans**. A **PP plan** or **drawdown plan** is a **post-RDR pension plan** where:
- the **start date** of the **PP plan** or **drawdown plan** falls on or after 2nd January 2013; and
  - the **PP plan** or **drawdown plan** is not being treated as a **pre-RDR pension plan** (as described in (b) below).

- (b) Pension plans which fall under our regulator's rules on advice and adviser charging which applied before 31st December 2012 are known as **pre-RDR pension plans**. Unless we specifically agree otherwise in any particular case, a **PP plan** or **drawdown plan** is treated as a **pre-RDR pension plan** where:

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

### 1.4 The importance of ensuring that Adviser Charges are for pensions advice

The main distinction between **post-RDR pension plans** and **pre-RDR pension plans** is the way in which the **member's** financial adviser is paid for pensions advice.

Under **post-RDR pension plans**, the **member** and his or her financial adviser agree how much the **member** will pay the financial adviser for pensions advice. The payments that the **member** agrees to make to the financial adviser can, if required by the **member**, be funded from the **PP plan** through charges known as **Adviser Charges**, or they can be paid direct by the **member**. This **Technical Guide** covers the deduction of **Adviser Charges** (see section 20). See sections 20.4 to 20.7 inclusive for further information on the distinction between Set-up **Adviser Charges**, Ongoing **Adviser Charges** and Ad hoc **Adviser Charges**.

Because **Adviser Charges** are explicit deductions from the **PP plan** which are paid direct to the financial adviser, they must be made in accordance with **HMRC** rules to ensure that they are not considered to be "unauthorised payments" (see section 24.4). Specifically, to meet **HMRC** rules, the deductions and payments must be in respect of verifiable pensions advice. This means that any **Adviser Charges** must represent genuinely commercial remuneration arrangements between the **member** and his or her financial adviser and must be appropriate in relation to the pensions advice and service provided by the financial adviser to the **member**. In particular, any Set-up **Adviser Charges** must be solely for the initial advice to set up the **PP plan(s)** and any Ongoing **Adviser Charges** must relate to ongoing pensions advice and/or service.

There are severe tax penalties on “un-authorised payments” (see section 24.4).

**Note:** Under **pre-RDR pensions plans**, the financial adviser was normally paid commission by **Prudential**, which was indirectly funded through various charges under the **pre-RDR pension plan**. The Technical Guides for **pre-RDR pension plans** explain these charges – see sections 1.3.3 and 1.3.4.

### 1.5 The Schemes and legal relationships

The Prudential (SAL) Personal Pension Scheme and the Prudential (M&G) Personal Pension Scheme are known as the **Schemes**.

The **Schemes** are **registered pension schemes**. This means that there is valuable tax relief on contributions and investments and certain tax advantages on some of the benefits that can be provided.

The **Schemes** have been set up under trust documentation which adopted **Rules**. The **Schemes** operate in accordance with the terms set out in the trust documentation and **Rules**. The **member** (and advisers) can get a copy of the trust documentation and **Rules** of the relevant **Scheme** on request.

As well as the detailed terms and conditions of the **Pru FRP Personal Pension Plan**, this **Technical Guide** also reflects some of the terms set out in the trust documentation and **Rules**. Where this **Technical Guide** reflects the terms set out in the trust documentation and **Rules**, every effort has been made to ensure that this **Technical Guide** reflects those terms as accurately as possible. However, in the event of any conflict between such information, the trust documentation and **Rules** (being the governing documentation) will in most circumstances override this **Technical Guide**. An example of a circumstance when the **Rules** may not be overriding is when the Government makes changes (either overriding legislation which we must implement or optional changes which we can make available if we so choose) which do not have to be reflected in the **Rules** in order for them to be operative: in such cases, we may reflect the up to date position in the **Technical Guide** before we change the **Rules**.

Individuals who invest in a **Pru FRP Personal Pension Plan** normally become members of the Prudential (SAL) Personal Pension Scheme. Where, however, an existing member of the Prudential (M&G) Personal Pension Scheme invests in a **Pru FRP Personal Pension Plan**, his or her **PP plan** will be held under the Prudential (M&G) Personal Pension Scheme.

All transfer payments made into a **Pru FRP Personal Pension Plan** are, however, held under the Prudential (SAL) Personal Pension Scheme, so any individual who makes a transfer-in will become a member of that **Scheme**. This includes an existing member of the Prudential (M&G) Personal Pension Scheme who makes a transfer-in (including a transfer from a **Prudential** pension plan that is not a **Pru FRP Personal Pension Plan**).

Because the **Schemes** have been set up under trust, the **member** has a direct legal relationship with the **Trustee** under the trust documentation and **Rules** of the relevant **Scheme**. The **Trustee** has a direct legal relationship with us under the terms and conditions set out in this **Technical Guide**.

Although the **Trustee** is, technically speaking, the policyholder, this **Technical Guide** is sent to the **member**. This is because the **member** has a beneficial interest and therefore needs to be aware of the full details of the terms and conditions. Also many of the options and obligations set out in this **Technical Guide** affect the **member** or require him or her personally to make a choice or take some action.

Payments to the **Schemes** are accepted under the terms and conditions set out in this **Technical Guide** and are used to provide certain benefits for the **member**.

All payments to the **Schemes** will be paid to us.

The benefits payable under the terms and conditions set out in this **Technical Guide** shall correspond with the liabilities of the **Trustee** under each **Scheme** in so far as these liabilities are or are intended to be secured through a contract with us. **Prudential** as **Scheme Administrator**, acting on behalf of the **Trustee**, will pay all benefits direct to the **member** or beneficiary as the person entitled under the **Rules** of the relevant **Scheme**.

Any options or provisions set out in this **Technical Guide** will be exercised in such a manner and to the extent permitted by the **Rules** and in the form and at the time permitted by the **Rules**.

## 1.6 Incorrect or incomplete information

The contract, or contracts, with us are set up by an application and declaration made to us by or on behalf of the applicant and any other information which the application authorises us to obtain. If any of the information is later found to be incorrect or incomplete, we have the right to alter the terms and conditions of any **PP plan** which would not have been agreed if we had known the full facts. If such alteration is necessary, we will notify the **member** and provide full details of the change(s). We will not refund any charges already made in respect of the altered provisions and we reserve the right to apply a charge for making the change(s).

## 1.7 Notices to us and date we treat items, payments and communications as being received

### 1.7.1 Form of communication

All notices and communications to us must be in writing and sent to us by post, unless we state in the relevant section of this **Technical Guide** that another form of communication, such as e-mail, fax or telephone, is also acceptable to us.

Instructions to switch between **funds** (see section 11) and instructions to stop or reduce **Adviser Charges** (see section 20) are the only instructions which we will accept by e-mail or fax. Instructions to stop or reduce **Adviser Charges** are the only instructions which we will accept by telephone.

### 1.7.2 Effective date of receipt by us

(a) A number of sections in this **Technical Guide** refer to the effective dates used for transactions, notices and requests. The effective date is determined once we have all of the information and other items (including payments) that we need from the **member** and others, to enable us to carry out the transaction or act upon the notice or request. The effective dates depend on the day and time we receive these, and the means of communication.

- (b) We normally treat any notice, request, information or item sent to us by post, as having been received on the **working day** that we receive it at our office. If the day we receive the item is not a **working day**, we will treat it as having been received on the next **working day**.
- (c) Subject to section 1.7.2(d), the effective date of any notice, request or information received by us by e-mail, fax or telephone by 5.00 p.m. (London time) on a **working day**, is that same **working day**. If the time we receive that communication is after 5.00 p.m. (London time) on a **working day** or not on a **working day**, the effective date is the next **working day** following the date of receipt.
- (d) The effective date of a request by e-mail or fax which involves switching **units** between **funds** (see section 11) and which is received by us by 5.00 p.m. (London time) on a **working day**, is normally the next **working day** following the date of receipt.

The effective date where such a request is received by us either after 5.00 p.m. (London time) on a **working day** or on a day that is not a **working day**, is normally the second **working day** following the date of receipt.

### 1.7.3 Effective date where multiple items are required

In some cases, we may need more than one item or piece of information to carry out a transaction. In this case, the effective date will be determined by reference to the date on which we have everything we need, or the next **working day** following that date, in the way described above.

## 1.8 Monthly transaction dates and other events

If the **monthly transaction date** or any other event under a **PP plan** would fall on the 29th, 30th or 31st day of any month, we may substitute the 28th day of that month for that day.



## 1.9 Payments from the Scheme

All payments from the **Scheme** will be made by cheque unless we agree to a different payment method in any particular case. Where a different payment method is agreed, additional banking and/or administrative charges may be payable by the **member** or the recipient. Before making payment, we may need to carry out a number of checks to ensure that we are paying to the correct person.

## 1.10 Our contact details

Further information can be obtained by either:

- writing to **Prudential** at:  
Prudential  
Lancing  
BN15 8GB  
  
or
- telephoning **Prudential** on 0345 6403000. Calls may be monitored or recorded for security, quality purposes, staff training and/or dispute resolution.

## 1.11 Advice

The provision and taxation of pension scheme benefits is a very complex area and individuals are strongly advised to seek advice to ensure that the arrangements meet their financial needs and that all taxation issues are fully understood. **Prudential** will not pay for the costs of any such advice.

If the member is aged 50 or over, he or she can get free and impartial guidance from Pension Wise which is part of the government-backed MoneyHelper service. Pension Wise has been set up to help people understand their benefit options. The member can arrange a phone or face-to-face appointment with a Pension Wise agent by calling 0800 280 8880. He or she can obtain further information about Pension Wise by visiting its website at [moneyhelper.org.uk/pensionwise](https://moneyhelper.org.uk/pensionwise)

## 2. Eligibility and membership

### 2.1 Eligibility

Contributions can be accepted to the **Pru FRP Personal Pension Plan** by or in respect of any individual who:

- is aged 16 or over, but under age 75; and
- either
  - (a) has relevant UK earnings (as defined by **HMRC** – broadly, earnings from employment or income earned direct from a trade or profession) chargeable to income tax for the **tax year** in which the contribution is paid; or
  - (b) is resident in the UK at some time in the **tax year** in which the contribution is paid; or
  - (c) was resident in the UK at some point during the five **tax years** preceding the **tax year** in which the contribution is paid. In this case, the individual must have been a UK resident when he or she joined the **Scheme**; or
  - (d) is a Crown Servant or the spouse or civil partner of a Crown Servant.

An individual can join the **Scheme** at the same time as being a member of one or more other pension schemes.

The **member** needs to be aware, however, that contributions to all **registered pension schemes** count towards the **annual allowance**. Also the value of the **member's** benefits under all **registered pension schemes** is tested against his or her available **personal lifetime allowance** when the benefits are paid (or at age 75, if later).

### 2.2 Certificate of membership

The **member** will receive a Certificate of Membership. The Certificate, and any later letters about changes to the Certificate, confirm individual membership and payment details.



## 2.3 Existing members of the Prudential (SAL) and Prudential (M&G) Personal Pension Schemes

### 2.3.1 Individual members

This section 2.3 applies to “individual” members of the Prudential (SAL) and Prudential (M&G) Personal Pension Schemes who have a pension plan other than a **Pru Flexible Retirement Plan** under either of those **Schemes**. It does not apply to members of grouped personal pension arrangements. A member will be an “individual” member if he or she took out his or her personal pension plan entirely independently, not through an employer or other sponsoring organisation. A member will also be an “individual” member if he or she remains a member after leaving the employment to which a grouped personal pension arrangement relates.

### 2.3.2 “Advised” single contributions

Existing “individual” members of the Prudential (SAL) Personal Pension Scheme or Prudential (M&G) Personal Pension Scheme who wish to invest “advised” one-off single contributions, must do so via a **Pru Flexible Retirement Plan**. Their existing personal pension plans (including Prudential Premier Personal Pension Plans) are no longer open for “advised” single contributions. See the Premier Pensions Technical Guide (PENB6591) for further information.

**Note:** “Advised” single contributions are single contributions that have been arranged on the advice of a financial adviser.

### 2.3.3 Transfers-in

Existing “individual” members of the Prudential (SAL) Personal Pension Scheme or Prudential (M&G) Personal Pension Scheme who wish to invest transfer values must do so via a **Pru Flexible Retirement Plan**. Their existing personal pension plans (including Prudential Premier Personal Pension Plans) are no longer open for transfers-in from 31st January 2006.

We do not accept any transfers-in unless these have been arranged through a financial adviser.

### 2.3.4 Increases to regular contributions

Existing “individual” members of the Prudential (SAL) and Prudential (M&G) Personal Pension Schemes can, subject to section 6.4, either make increases to regular contributions under a Prudential Premier Personal Pension Plan or under a **Pru FRP Personal Pension Plan**.

### 2.3.5 Scheme membership

Where an existing “individual” member of the Prudential (SAL) Personal Pension Scheme takes out a **Pru FRP Personal Pension Plan**, payments made by or in respect of him or her to that new **PP plan** will be paid under the Prudential (SAL) Personal Pension Scheme and the **Rules** of that **Scheme** will apply to the benefits.

Where, however, an existing “individual” member of the Prudential (M&G) Personal Pension Scheme takes out a **Pru FRP Personal Pension Plan**, payments made by or in respect of him or her to the new **PP plan** (except for any transfers-in) will be paid under the Prudential (M&G) Personal Pension Scheme and the **Rules** of that **Scheme** will apply to the benefits. All transfers-in are, however, held under the Prudential (SAL) Personal Pension Scheme. This means that an “individual” member of the Prudential (M&G) Personal Pension Scheme who makes a transfer-in to a **Pru FRP Personal Pension Plan** will also become a member of the Prudential (SAL) Personal Pension Scheme for the purposes of that transfer-in.

## 3. Regular contributions

### 3.1 General

The **Pru FRP Personal Pension Plan** can accept regular contributions paid by the **member** and/or the employer and/or by a third party on the **member’s** behalf. In general, payments made by a third party on the **member’s** behalf are treated as payments made by the **member**.

### 3.2 Basis of regular contributions

Any regular contributions are expressed as a specified amount. The **member** decides on the contribution basis and confirms this in the application sent to us to set up the **PP plan**. Any employer contribution (agreed with the employer) will also be confirmed in the application or other form we agree.

The **member's** regular contributions confirmed in the application are "gross" amounts, before the deduction of basic rate tax relief. Although the **member's** contract is to pay the full "gross" amount, the **member** actually pays contributions "net" of basic rate tax relief and we claim the tax relief amount from **HMRC** for investment in the **PP plan** (see also section 24.1). If the basic tax rate changes, the "net" amount payable by the **member** will likewise change. Employer contributions must always be the full "gross" amount that the employer has agreed to pay.

Regular contributions can either be level amounts or can be set up to increase automatically (see section 3.6 for details of automatic indexation).

If the **member** and the employer are contributing to the same **PP plan**, contributions must be on the same basis i.e. both contributions must be level amounts or both on an indexed basis.

**Note:** Section 9.6 describes certain restrictions on investments in a **PruFund Protected Fund**.

### 3.3 Payment method

Regular contributions are payable by direct debit mandate.

The amounts collected under the direct debit mandate stay the same unless:

- the **member** and/or the employer (as appropriate) instruct us (in a form acceptable to us) to collect a different amount;
- automatic indexation applies (see section 3.6); or
- the basic rate of tax changes with a corresponding change to the "net" amount of any regular contributions payable by the **member**.

If both the **member** and the employer are making regular contributions, the total payment will normally be collected through one direct debit mandate operated by the employer.

### 3.4 Monitoring regular contributions

There are legal requirements on monitoring the payment of regular contributions to all pension plans where the payment comes from or via an employer – to help ensure greater protection of pension savings.

As such, we will ask for details of the reasons for any missing expected regular contributions where these come from or via an employer.

The expected contribution amounts against which we monitor are the amounts shown in the application form, subject to any changes made under sections 3.5 and 3.6.

### 3.5 Changes to regular contributions rate

Regular contributions can, on written request to us, be increased at any time.

It is also possible to reduce or to stop paying regular contributions on either a temporary or permanent basis. **Member** and employer contributions can be reduced or stopped independently of each other, provided that there is no infringement of the contract of employment or employment law.

There is no charge for increasing, reducing or stopping contributions.

Where regular contributions are reduced, we reserve the right to refuse contributions below the minimum amount set out in section 6.2.

### 3.6 Automatic indexation

#### 3.6.1 General

Automatic indexation is a facility that enables regular contributions to be increased automatically each year.

The **member** can select automatic indexation only when the **PP plan** is first set up: it cannot be added to a **PP plan** after that **PP plan** has been set up. Automatic indexation can be removed at any time by written request.

If the **member** has more than one regular contribution **PP plan**, automatic indexation can be selected individually for each **PP plan**: the **member** can choose for some **PP plans** to have automatic indexation and others not. If selected for more than one **PP plan**, the same rate of automatic increase must apply to all such **PP plans**.

We reserve the right to apply different terms to an automatic increase, but these terms will be no less favourable than those applying at that time to new members.

### 3.6.2 Rate of automatic increase

The rate of automatic increase can be:

- a fixed percentage rate between 1% and 10% each year (whole percentages only); or
- increases in line with the **Average Weekly Earnings index** (subject to a maximum increase of 15%).

The rate chosen will be confirmed in the information that the **member** receives with the Notice of the Right to Cancel the **PP plan**.

Where the selected rate of increase is the **Average Weekly Earnings index**, the rate used will be the yearly **Average Weekly Earnings index** figure for the 12 month period ending four months before the **yearly indexation date** (subject to a maximum of 15%).

Once one of the above bases has been chosen, it cannot be changed; i.e. the **member** cannot change the indexation basis from a fixed percentage rate to increases in line with the **Average Weekly Earnings index**, or vice versa.

Where a fixed percentage rate has been selected, the **member** cannot increase the rate, but can decrease it by giving us at least six month's notice.

### 3.6.3 Yearly indexation date

The regular contributions (except any which are held under a **PP plan(s)** that started less than six months before the **yearly indexation date**) will be increased on the **yearly indexation date** each year. The selected rate of increase will be applied to the amount of regular contribution payable under the **PP plan(s)**, including any previous automatic increases.

If we agree, the **member** can pick a different **yearly indexation date**. We require at least six months' notice of any requested change to the **yearly indexation date**.

### 3.6.4 Member and employer contributions under the same PP plan

If **member** and employer contributions are held under the same **PP plan** and automatic indexation is chosen, any employer's contribution must have the same indexation rate as the **member's** contribution and increase on the same **yearly indexation date** as applies for the **member's** contribution.

Any change to the rate, or removal of the facility, would need to apply to both **member** contributions and any employer contributions where these are held under the same **PP plan**.

### 3.6.5 Cancellation of automatic indexation

If, in any year, the **member** decides not to index contributions, no further indexation increases will normally take place. Once cancelled, automatic indexation cannot be restarted.

## 4. Single contributions

The **Pru FRP Personal Pension Plan** can accept single contributions paid by the **member** and/or the employer and/or by a third party on the **member's** behalf. In general, payments made by a third party on the **member's** behalf are treated as payments made by the **member**.

Single contributions are one-off payments that are not part of an agreed series of regular contributions.

Single contributions can be paid at any time. Normally, any single contributions must be paid by cheque. Any other payment method must be agreed in advance with us.

Like regular contributions, the **member** pays any single contributions "net" of basic rate tax relief (see sections 3.2 and 24.1).

**Note:** Single contributions paid for the purposes of taking immediate drawdown are invested for one **working day** under a **PP plan**. See the **Pru FRP Drawdown Technical Guide** for further information.

## 5. Transfer payments

### 5.1 General

The **Pru FRP Personal Pension Plan** can accept transfer payments from other **registered pension schemes** or overseas pension schemes under which the **member** has benefits.

There are certain requirements that must be complied with before the transfer payment can be accepted. Further details are available from us on request.

Transfer payments can include contracted-out benefits (guaranteed minimum pensions and post-1997 contracted-out salary related benefits) from other **registered pension schemes**. On transfer, the former contracted-out benefits will be treated the same as any other benefits under the **PP plan**, without special rules. Before we accept such a transfer payment, however, the **member** must sign and provide us with a declaration to confirm that he or she understands and agrees to the loss of his or her guaranteed rights under the transferring scheme.

If an individual has been awarded any **pension credit rights** in respect of an ex-spouse's or ex-civil partner's pension rights, these **pension credits** may be transferred to a **Pru Flexible Retirement Plan**.

Transferring benefits is a very complex area and we do not accept any transfers-in unless they have been arranged through and on the advice of a financial adviser. We will not pay for the costs of any such advice.

Our acceptance of a transfer-in does not in any way imply that it is appropriate or in the **member's** best interests.

## 5.2 Multiple transfers-in to the Pru FRP Personal Pension Plan – optional holding account facility

**Note:** When determining whether a group of transfers-in falls within this section 5.2, we exclude any transfers-in which are not in cash form (i.e. "in specie" transfers into the **SIF**).

### 5.2.1 General

A **holding account** facility is, subject to section 5.2.2, available where:

- a number of transfers-in are being made to the **Pru Flexible Retirement Plan** under the same application form;
- all transfers-in are to be allocated to a **PP plan(s)**;
- the transfers-in will not be (or are unlikely to be) received by us on the same date together with all necessary information, authorities and instructions; and
- the applicant has indicated in the application form that he or she wishes to use a **holding account** facility.

**Note:** Transfers-in are the only type of payment that can be held in a **holding account**. A **holding account** is not available for regular contributions or single contributions.

### 5.2.2 Circumstances when a holding account is not available for multiple transfers-in

For the avoidance of doubt, a **holding account** is not available for:

- multiple transfers-in which are received by us on the same date together with all necessary information, authorities and instructions. These would be applied immediately to the appropriate **PP plan(s)** under section 8.1;
- multiple transfers-in which are not in cash form (i.e. "in specie" transfers into the **SIF**). The treatment of "in specie" transfers-in is set out in the **SIPP Supplement**; or a single transfer-in which is in cash form, but which is part of a multiple transfer-in where all of the other transfers-in are not in cash form. This would be applied immediately to a **PP plan** as described in section 8.1.

### 5.2.3 Application of multiple transfers-in to a holding account

Where the multiple transfers-in:

- satisfy the requirements of section 5.2.1;
- are not ruled out under section 5.2.2; and
- have not been (or are unlikely to be) received by us on the same date together with all necessary information, authorities and instructions, each transfer-in will be invested in a **holding account** until the final transfer payment has been received (together with all necessary information, authorities and instructions).

### 5.2.4 Application of amounts in a holding account to a PP plan(s)

On the date that we treat the final transfer payment as having been received by us, together with all necessary information, authorities and instructions, we will apply the total transfer payments to one **PP plan** or as few as is practicably possible.

Section 1.7 explains when we treat items as having been received by us.

Normally there will only ever be more than one **PP plan** for multiple transfers-in of benefits if:

- we agree under section 5.2.5 to invest some transfers-in before others have been received; or
- the **member** has not indicated in the application form that a **holding account** is to be used for the multiple-transfers-in.

The individual amounts cannot, unless we agree otherwise under section 5.2.5, be allocated on different dates.

The terms and conditions that will apply to each **PP plan** when set up, will normally be those in force at the **start date** of the relevant **PP plan** (i.e. not the date the transfers-in are allocated to a **holding account**).

#### 5.2.5 Twelve week limit

If all of the transfers-in have not been received within 12 weeks of the first transfer payment, we will allow the transfers-in received thus far to be applied to one or more **PP plans**. We will contact the **member** for further instructions when the first transfer-in has been held in a **holding account** for 12 weeks.

### 5.3 Multiple transfers-in to the Pru FRP Personal Pension Plan and the Pru FRP Drawdown Plan – compulsory holding account facility

**Note:** When determining whether a group of transfers-in falls within this section 5.3, we exclude any transfers-in which are not in cash form (i.e. “in specie” transfers into the **SIF**) and any transfers into a **drawdown plan** from another **drawdown pension arrangement**.

Where:

- a number of transfers-in are being made to the **Pru Flexible Retirement Plan** under the same application form;
- one or more of the transfers-in are to be allocated to a **PP plan(s)** and one or more are to be allocated to a **drawdown plan(s)**; and

- the transfers-in will not be (or are unlikely to be) received by us on the same date together with all necessary information, authorities and instructions,

all of the transfers-in will be initially held in a **holding account** until the final transfer payment has been received. In this case, there is no option to choose whether a **holding account** facility will apply. The terms and conditions of a **holding account** facility which apply to all such transfers-in, including those to be applied to a **PP Plan(s)**, are set out in the **Pru FRP Drawdown Technical Guide**.

### 5.4 Transfers-in from drawdown pension arrangements

The **Pru FRP Personal Pension Plan** cannot accept transfers-in from **drawdown pension arrangements**: these can only be accepted into the **Pru FRP Drawdown Plan**.

## 6. Minimum contributions

### 6.1 General

The minimum contribution amounts set out in this section 6 apply to the **Pru FRP Personal Pension Plan** and apply only where contributions are invested in **Unit-Linked Funds**, the **With-Profits Fund** and/or the **PruFund Funds**. The minimum amounts that apply if the **member** wishes to invest in a **SIF** under a **Pru FRP Personal Pension Plan** are set out in the **SIPP Supplement**.

The following current minimum contributions that may be made to the **Pru FRP Personal Pension Plan** apply to the aggregate contributions (the total from the **member** and the employer, if any). These minimum contribution amounts are the “gross” amounts, before basic rate tax relief is deducted from any **member** contribution (see section 24.1).

**Note:** Different minimum contribution amounts apply to the **Pru FRP Drawdown Plan**, including single contributions paid for the purposes of taking immediate drawdown which are initially invested for one **working day** under a **PP plan**. See section 4 and the **Pru FRP Drawdown Technical Guide** for further information.

## 6.2 Initial investment

The minimum initial investment is:

- a regular contribution of at least £100 each month or £1,200 each year; or
- a single contribution or transfer value of at least £5,000. This minimum amount can be met by making multiple transfers-in to the **Pru FRP Personal Pension Plan** as part of the same application (see section 5.2).

## 6.3 Subsequent investments

Once the minimum initial investment has been met, the following minimum amounts apply:

- There is no minimum increase to regular contributions.
- If regular contributions start after the initial investment has been met with a single contribution or transfer value, the minimum amount is £100 each month or £1,200 each year.
- The minimum single contribution or transfer value is £200. This minimum amount can be met by making multiple transfers-in to the **Pru FRP Personal Pension Plan** as part of the same application (see section 5.2).

## 6.4 Existing members of the Prudential (SAL) Personal Pension Scheme or Prudential (M&G) Personal Pension Scheme

As explained in section 2.3, existing “individual” members who already have a personal pension plan under the Prudential (SAL) Personal Pension Scheme or Prudential (M&G) Personal Pension Scheme and who want to pay in “advised” single contributions or transfer values, will need to take out a **Pru FRP Personal Pension Plan**. Any such payments must meet our minimum initial investment amounts set out in section 6.2.

Such members can also choose whether increases to regular contributions are made to a Prudential Premier Personal Pension Plan or to a **Pru FRP Personal Pension Plan**. An increase to regular contributions can, however, only be made to a **Pru FRP Personal Pension Plan** where the increase meets the minimum initial investment amount set out in section 6.2. Increases below that amount can be made to a Prudential Premier Personal Pension Plan, subject to the terms of that Plan.

# 7. Maximum contributions, limit on tax relief, annual allowance and pension input period

## 7.1 Maximum contributions

A maximum of £1m applies to each separate application for yearly regular contributions, single contributions and transfer payments. Where multiple transfers-in are to be held in a **holding account** as described in section 5.2.1 prior to being allocated to one or more **PP plans**, this limit applies to the aggregate value of the transfers-in.

## 7.2 Limit on tax relief

The **member** will normally receive tax relief on his or her personal contributions to the **Scheme** and to any other **registered pension scheme** each **tax year** up to the higher of 100% of earnings (as defined by **HMRC** – broadly, earnings from employment, or income earned direct from a trade or profession) and £3,600.

Contributions in excess of this limit will not get tax relief. See also section 24.1 which contains more information on the tax treatment of contributions.

It is the **member's** responsibility to monitor whether his or her contributions to the **Scheme** are eligible for tax relief. If we are subsequently informed by **HMRC** that the **member** has received tax relief on contributions in excess of this limit, we will repay the appropriate amount of tax relief to **HMRC**.

Neither we nor the **Trustee** can be held liable if the **member** suffers any loss due to our acceptance of a contribution that does not qualify for tax relief.

## 7.3 Annual allowance and pension input period

### 7.3.1 Annual allowance

There is an **annual allowance** for each **tax year** on the total contributions that can be made by or in respect of the **member** to the **Scheme** and to all other **registered pension schemes**. If the **annual allowance** is exceeded, the **member** will be liable to an **annual allowance charge**. The **annual allowance** for the tax year 2022/2023 onwards is £40,000. The Government may change the amount of the **annual allowance** from time to time.



The **annual allowance** test is carried out by comparing the total contributions made by or in respect of the **member** in any given pension input period (see section 7.3.2) with the **annual allowance** for the **tax year** in which that pension input period ends. It should be noted that the total payments measured against the **annual allowance** will include any amounts paid which do not qualify for tax relief (see section 7.2).

Certain payments do not count towards the **annual allowance**. These include transfer payments (as described in section 5) and some types of payments which are not relevant to the **Pru FRP Personal Pension Plan** (for example, payments for life cover which do not get tax relief and payments made after the 75th birthday).

The **annual allowance** test will also take into account the increase in value of any defined benefits that the **member** may have under any **registered pension scheme**.

Any unused **annual allowance** for the three **tax years** preceding the current **tax year** will be added to the **annual allowance** for the current **tax year** for determining whether an **annual allowance charge** is applicable for the current **tax year**. The **annual allowance** for the current **tax year** must be used first. Unused **annual allowance** is then used from the earlier **tax years**, starting with any available **annual allowance** from the earliest of the three preceding **tax years**. Unused **annual allowance** is only available for carry forward where it arises during a **tax year** in which the **member** is a member of a **registered pension scheme**, but applies to a **tax year** even if payments for that **tax year** are nil.

There is a tapered reduction in the amount of the **annual allowance** if the **member** has:

- (i) income (including the value of any pension contributions) for the **tax year** of over £240,000 – known as “adjusted income”; and
- (ii) income (excluding pension contributions) for the **tax year** in excess of £200,000 – known as “threshold income”.

The taper operates by reducing the **annual allowance** by £1 for every £2 of “adjusted income” above £240,000, subject to a minimum reduced annual allowance of £4,000. The Government may change the limits from time to time.

If the **member** is subject to the Money Purchase Annual Allowance (see section 7.3.5), the tapered reduction will apply to the **annual allowance** for the remainder of his or her pension savings – that is any defined benefits savings.

Unused **annual allowance** from the previous three **tax years** will be able to be carried forward, but where this **annual allowance** is reduced by the taper, the amount available for carry forward will be based on the unused tapered **annual allowance**.

When considering his or her options, the **member** should seek financial advice. A financial adviser can assess the **member’s** personal circumstances, talk through the options and make a recommendation based on this information.

### 7.3.2 Pension input period

The total contributions made by or in respect of the **member** over a period of time – known as the pension input period – are measured against the **annual allowance** for the **tax year** in which the pension input period ends.

Where the **start date** of the **PP plan** falls on or after 6th April 2011, the first pension input period for contributions to that **PP plan** will start on the **start date** and will end on the following 5th April (i.e. the end of the **tax year**). Each subsequent pension input period for that **PP plan** will start on 6th April and end on the following 5th April (i.e. the pension input period will be the same as the **tax year**).

If the **member** makes automatic increases to his or her regular contribution **PP plan** under section 3.6, the pension input period for those increases will be the same as for that existing **PP plan**.

Where the increases are made under section 3.5 and set up under a new **PP plan** (see section 8.1), the first pension input period for the increases will start on the **start date** of that new **PP plan**.

This is a very complex area and the **member** is strongly recommended to seek financial advice if he or she is affected by the **annual allowance**.



We will not pay for the costs of any such advice.

### 7.3.3 Situations where the annual allowance test does not apply

There is no **annual allowance** test in the **tax year** in which the **member** dies or takes benefits on the grounds of severe ill-health. The **member** will satisfy the severe ill-health condition if he or she becomes entitled under an **arrangement** to:

- (i) benefits because he or she is suffering from ill-health which makes him or her unlikely to be able to undertake work (in any capacity) at any time in the future; or
- (ii) a serious ill-health lump sum (see section 21.4.8).

### 7.3.4 Member's responsibility

It is the **member's** responsibility to keep a record of the contributions made by or in respect of him or her to the **Scheme** and to any other **registered pension scheme**, so that he or she knows if the **annual allowance** is exceeded. Neither we nor the **Trustee** can be held liable if our acceptance of a contribution results in the **member** becoming liable to an **annual allowance charge**.

In some circumstances, the **member** may be able to elect for the **Scheme** to pay an **annual allowance charge**, in return for a reduction in benefits under the **PP plan(s)**. This is known as a "Scheme Pays", and further information is available from us on request.

### 7.3.5 Money purchase annual allowance (MPAA)

There is a reduced **annual allowance** for each **tax year** on the total money purchase contributions that can be made by or in respect of the **member** to the **Scheme(s)** and to all other **registered pension schemes**. This reduced **annual allowance** is called the Money Purchase Annual Allowance (MPAA). The MPAA for the **tax year** 2022/2023 onwards is £4,000. The Government may change the amount of the MPAA from time to time.

The MPAA will apply to the **member** if one of the following trigger events takes place under the **Scheme(s)** or any other **registered pension scheme**:

- an uncrystallised funds pension lump sum is paid to the **member**;

- an income payment is made to the **member** from a **flexi-access drawdown** fund; or
- an **annuity** is paid to the **member** where the annual rate of payment can be decreased other than in permitted circumstances.

The **member** will be subject to the MPAA from the day the trigger event takes place.

If the MPAA is exceeded:

- the **member** will be liable to an **annual allowance charge** on the total money purchase contributions in excess of the MPAA; and
- the **member's annual allowance** for the remainder of his or her pension savings – that is any defined benefits savings – will be reduced by the MPAA. The **member** will be able to carry forward any unused **annual allowance** from the previous three **tax years**.

If the MPAA is not exceeded, the **member's** total **annual allowance** – for both money purchase contributions and defined benefits savings – will remain unchanged. The **member** will be able to carry forward any unused **annual allowance** from the previous three **tax years**.

The **member** will not be able to carry forward any unused MPAA from earlier **tax years** to increase the MPAA limit.

If contributions are made both before and after the trigger event in the same pension input period, the contributions made before the trigger event will be subject to the **annual allowance** and those made after the trigger event will be subject to the MPAA.

When considering his or her options, the **member** should seek financial advice. A financial adviser can assess the **member's** personal circumstances, talk him or her through his or her options and make a recommendation based on this information.

### 7.3.6 MPAA time limits

We will notify the **member** in writing within 31 days that he or she has triggered the MPAA. The **member** will then have 91 days from the day of receipt of the notice to tell the scheme administrator of any other **registered pension scheme** of which he or she is a member and to which

contributions are being made by or in respect of him or her, or that is accruing benefits for him or her, that he or she has triggered the MPAA.

If the **member** does not tell the scheme administrators of the other **registered pension schemes** within the required timescale, he or she may be liable to a penalty from **HMRC**.

## 8. PP plans, arrangements and allocation of payments to units

### 8.1 PP plans

A separate **PP plan** is set up for each of the following:

- each separate agreement for regular contributions;
- each single contribution; and
- each transfer-in.

For this purpose each separate agreement for regular contributions is normally held under a separate **PP plan**. This means that we set up separate **PP plans** for regular contributions payable by the **member** and the employer, and for increases to regular contributions made under section 3.5. Where the regular contribution **PP plan** has been set up with automatic increases under section 3.6, those automatic increases are, however, allocated to that same **PP plan**.

Except where specified otherwise, the options available and the terms and conditions set out in this **Technical Guide** apply separately to each **PP plan**.

### 8.2 Arrangements

Each separate **PP plan** is split into 10,000 **arrangements** so that the **member** can phase the start of his or her benefits (see section 21.3).

### 8.3 Allocation rate

The allocation rate is the total percentage rate that is applied to the payment before that payment is used to buy **units** under the **PP plan**. The allocation rate that applies to the **Pru FRP Personal Pension Plan** is 100%.

### 8.4 Using payments to buy units

Each payment to a **PP plan** results in a number of **units** being allocated to that **PP plan**. We determine the number of **units** to be allocated by dividing the payment by the **unit price(s)** for the **relevant date**.

If a payment is to be invested in more than one **fund**, we determine the number of **units** to be allocated in the chosen **funds** by first applying the proportions for the investment split to the total payment and then dividing each portion by the **unit price** for the corresponding **fund**.

In the case where a transfer-in is held in a **holding account** under section 5, it should be noted that the **relevant date** is set and **units** are allocated, only when we have received (or treat as received under section 1.7) the last transfer payment, together with all the information, authorities and instructions that we require.

Rounding adjustments may have a minor effect on values.

Where a regular payment is being made by direct debit mandate, we will buy **units** in anticipation of receipt of that payment. If the payment by direct debit mandate is subsequently not received, we sell the **units** that had been bought in advance.

## 9. Investment options and investment limits

### 9.1 Fund range

A range of **funds** is available under the **Pru FRP Personal Pension Plan** (subject to our powers to close, merge, wind-up and withdraw **funds** under section 13.4). Some **funds** are managed by companies within **M&G plc** whilst others are managed by **external companies**. Among the **funds** managed by companies within **M&G plc** there is a range of **Unit-Linked Funds**, a unitised **With-Profits Fund** and a choice of **PruFund Funds**. Further information about the **funds** is set out in our **funds** literature.

Investment in the **Prudential With-Profits Fund** under the **Pru FRP Personal Pension Plan** is available through the **With-Profits Fund** and the **PruFund Funds**. These are sometimes known as “unitised with-profits” funds.

In particular it should be noted that different **unit prices** may apply to different classes of “unitised with-profits” policies. Investments in the **With-Profits Fund** participate in profits through the addition of bonuses to the relevant pension plan. Some of these bonuses are added through increases in the **unit price**, whilst others may be added when **units** are sold (see section 15.2). Investments in the **PruFund Funds** (and associated **PruFund Accounts**) participate in profits exclusively through increases in the **unit price** (see section 16).

The way we operate the **funds** and calculate **unit prices** for the **funds** is set out in sections 13 to 16.

There is also a SIPP option, under which the **member** can invest in a range of “own choice” investments through a private fund called a **SIF**. Full details of the operation of the **SIF** are set out in the **SIPP Supplement**.

## 9.2 Investment strategies

The following investment strategies are available:

- (a) The **member's** own individual choice from the variety of investment **funds** available.
- (b) The Lifestyle Option which involves automatic switches to and from pre-selected **funds** at pre-selected intervals. The operation of the Lifestyle Option is described in detail in section 10.

**Note:** If the **member** does not wish or indeed fails to make his or her own choice from the variety of **funds** available, or where his or her employer has chosen to use the **Scheme** to comply with its obligations to the **member** under the **automatic enrolment legislation**, payments will be invested in the **default fund**. The **default fund** does not represent a recommendation by **Prudential** and the **member** should consider and choose **funds** to suit his or her needs. When considering his or her options, the **member** may benefit from taking financial advice. A financial adviser can assess the **member's** personal circumstances, talk him or her through his or her options and make a recommendation based on this information. There will be a charge for this service.

## 9.3 Terms and conditions relating to the selection of funds and investment strategy

- (a) A different **fund** selection and/or different strategy can be selected for each separate **PP plan**.
- (b) Where the **member** selects more than one **fund**, the investment split must be specified in whole percentages.
- (c) The **member** must confirm the chosen investment strategy to us in an application form or in any other form acceptable to us. The initial investment selection will be detailed in the documentation we send to the **member** to confirm that his or her **PP plan** has been set up.
- (d) Investment is not allowed in more than one **PruFund Protected Fund** at the same time under a **PP plan**.
- (e) When investing in a **PruFund Protected Fund**, only one **guarantee period** may be selected under each **PP plan**. Where the **member** has more than one **PP plan**, different **guarantee periods** may, however, be selected under each separate **PP plan**.
- (f) The **PruFund Accounts** cannot be selected as **fund** options: their purpose is to facilitate investment in the **PruFund Funds**.

## 9.4 Maximum number of funds

- (a) Where the individual choice strategy is selected, each **PP plan** can be invested in a maximum of 20 **funds** at any one time.
- (b) Where the Lifestyle Option (see section 10) is selected before the automatic switches start, the maximum of 20 **funds** for the pre-switching period is reduced by the number of **funds** that are to be used once the automatic switches start.
- (c) Each **PruFund Fund** counts as two **funds** (because of the **PruFund Account** used in conjunction with the **PruFund Fund**).
- (d) If the **member** has invested in the **SIF**, then this **fund** also counts towards the maximum of 20 **funds**. Also, where regular contributions are payable into the **SIF**, both the **SIF** and the **Prudential Cash Fund** count towards the maximum of 20 **funds**.

## 9.5 Minimum investment period for investments in the With-Profits Fund

- (a) No payment to a **PP plan** can be invested in the **With-Profits Fund** unless the period between the **relevant date** when **units** are allocated in that **fund** under section 8.4 (or when **units** are first allocated in that **fund** under a series of regular contributions – see section 9.5(d)) and the **SRA** meets or exceeds the **minimum With-Profits investment period**.
- (b) A switch of existing **units** under section 11 cannot be made into the **With-Profits Fund** unless the period between the date the switch is carried out and the **SRA** meets or exceeds the **minimum With-Profits investment period**.

When determining whether a switch into the **With-Profits Fund** complies with this requirement, we use the date when the switch is actually made under section 11.3, taking into account any waiting period under section 16.9 and/or any delay under section 18 which applies to the **units** to be sold.

- (c) Regular contributions cannot be redirected into the **With-Profits Fund** under section 12 unless the period between the date the redirection is carried out and the **SRA** meets or exceeds the **minimum With-Profits investment period**.
- (d) Regular contributions (including increases to regular contributions made through automatic indexation under section 3.6) can be invested within the **minimum With-Profits investment period** where:
- they form part of a series of regular contributions, with each previous regular contribution in that series having been allocated to the **With-Profits Fund**; and
  - the period between the date the first **units** were allocated to the **With-Profits Fund** under that series of regular contributions and the **SRA** meets or exceeds the **minimum With-Profits investment period**.

Where part of a regular contribution is invested in the **With-Profits Fund** and the rest in other **funds**, only the relevant proportion may be invested in the **With-Profits Fund** within the **minimum With-Profits**

**investment period** under this section 9.5(d). If part of a regular contribution is invested in the **With-Profits Fund** and the **member** wishes to increase the amount so invested, the additional amount counts as a redirection of regular contributions which needs to comply with the requirements in section 9.5(c).

- (e) Subject to section 9.5(d), if we receive an instruction to invest in, switch or redirect into the **With-Profits Fund** which would result in the **minimum With-Profits investment period** not being met, we will redirect the money to the **Prudential Cash Fund**.

## 9.6 Restrictions on investments in a PruFund Protected Fund

- (a) Regular contributions made to a **PP plan** cannot be invested in a **PruFund Protected Fund**. Subject to section 9.6(b), existing investments under a **PP plan** can, however, be switched into a **PruFund Protected Fund** in accordance with section 11.
- (b) The term for any proposed investment in a **PruFund Protected Fund** must meet or exceed the minimum **guarantee period** that we offer at that time in relation to that **fund**. As such:
- single contributions and transfers-in made to a **PP plan** cannot be invested in a **PruFund Protected Fund** unless the period between the date the **units** are allocated and the **SRA** meets or exceeds the minimum **guarantee period** that we then offer for that particular **PruFund Protected Fund**; and
  - switches into a **PruFund Protected Fund** cannot be made under section 11 unless the period between the date the switch is carried out and the **SRA** meets or exceeds the minimum **guarantee period** that we offer at that time for that particular **PruFund Protected Fund**.

When determining whether a switch into a **PruFund Fund** complies with this requirement, we use the date when the switch is actually made under section 11.3, taking into account any waiting period under section 16.9 and/or any delay under section 18 which applies to the **units** to be sold.

(c) If we receive an instruction to invest in or switch to a **PruFund Protected Fund** which would not be allowed under section 9.6(b), we will redirect the money to the corresponding non-protected **PruFund Fund** in the same **PruFund pair**.

(d) There is also a maximum **guarantee period** for investments in any **PruFund Protected Fund**.

Further restrictions are described in section 11.3.

### 9.7 Minimum investment in any fund

Where the **member** is selecting individual **funds**, the minimum investment in a **fund** is, initially, 1% of any sum to be invested.

When allocating payments to **units** and switching between **funds**, we can make any adjustments (for example, we can change the proportions allocated to each **fund**) necessary to ensure that there will never be any negative holdings in any individual **fund** under a **PP plan**.

**Note:** This does not apply to the **SIF**. The minimum investment in the **SIF** is set out in the **SIPP Supplement**.

### 9.8 Current unit prices

Current **unit prices** for the **Unit-Linked Funds**, the **PruFund Funds** and the **PruFund Accounts** can be found on our website at [www.pru.co.uk](http://www.pru.co.uk).

**Unit prices** for the **With-Profits Fund** can be obtained from us on request.

### 9.9 Unit prices used for transactions

Except for death benefits under section 22, the **unit prices** used for transactions are normally the **unit prices** for the **working day** that we treat the instruction or the request to carry out the relevant transaction as having been received by us (see section 1.7). Special provisions apply where the transaction involves selling **PruFund Fund units** to make a switch, to buy benefits or make a transfer-out (see sections 11.5, 21 and 23).

A waiting period and/or a delay in buying or selling **units** may, however, occur in the circumstances described in sections 16.9, 18, 21.4.3(d) and 23.2(f), in which case later **unit price** dates will normally apply.

See the relevant sections of this **Technical Guide** for information on how and when we carry out each different type of transaction.

## 10. The Lifestyle Option

### 10.1 General

The Lifestyle Option enables the **member** to have an investment strategy with automatic investment switches for the last 10 years of a **PP plan**, or for the whole term if less.

### 10.2 Selecting and stopping the Lifestyle Option

- (a) The Lifestyle Option can be selected when a **PP plan** is first set up or at any time.
- (b) The Lifestyle Option can be cancelled at any time before the **SRA**.
- (c) Contribution holidays do not impact on the operation of the Lifestyle Option. Automatic switches will continue if they have already started or will start at the scheduled time, even if this is during the contribution holiday.
- (d) The Lifestyle Option can also be selected during a contribution holiday.
- (e) If the **member** has more than one **PP plan**, the Lifestyle Option can be selected individually for each **PP plan**. It does not have to apply to all of the **member's PP plans**.
- (f) If selected for a **PP plan**, the Lifestyle Option applies to all investments in any **Unit-Linked Funds** and in any non-protected **PruFund Fund** (and, where applicable, the corresponding **PruFund Account**) held under that **PP plan**. Investments in these **funds** are included in the automatic switching process.

The Lifestyle Option does not apply to any investments in the **With-Profits Fund**, the **PruFund Protected Funds** (and, where applicable, the corresponding **PruFund Protected Account**) and the **SIF** held under that **PP plan**. Investments in these **funds** are "ringfenced" and are excluded from the automatic switching process.



- (g) Until the automatic switching period starts, the **PP plan** can be invested in the **member's** own choice of **funds** (including the **With-Profits Fund** and the **PruFund Funds**) subject to the maximum number of **funds** set out in section 9.4. If the Lifestyle Option is selected more than 10 years before the **SRA** and no choice is specified, contributions are allocated to the **Prudential Managed Fund**.
- (h) Contributions paid during the switching period for the Lifestyle Option will be allocated to the **funds** from which **units** are being switched; the new **units** are then taken into account in the automatic switching process at the next monthly switching date under section 10.4. If automatic switching starts immediately after the **PP plan** has been set up, contributions will be invested initially in the **funds** which would have been used if the **PP plan** had been set up before the start of the current switching period.
- (i) If the **member** wants to change **funds** once switching under the Lifestyle Option has started, the Lifestyle Option will be cancelled.
- (j) Automatic switches under the Lifestyle Option are currently free, although we do reserve the right to introduce a charge (see section 26 for further details).

### 10.3 Lifestyle Option investment strategy

Where there are 10 years or more from the selection of the Lifestyle Option to the **SRA**, the relevant **PP plan** is initially invested in the chosen **fund(s)**, or, if no choice is specified, the **Prudential Managed Fund**.

Starting 10 years from the **SRA**, monthly switches are made into the **Prudential Fixed Interest Fund**, so that five years from the **SRA** all investments are in the **Prudential Fixed Interest Fund**. Then five years from the **SRA**, switches start which result in investments being split between the **Prudential Fixed Interest Fund** (75%) and the **Prudential Cash Fund** (25%) when the **member** reaches the **SRA**. This process is summarised in the box below.

Years to the SRA	Fund(s)	No fund selection specified
10+	Chosen funds	Managed*
10-5	Switch to Fixed Interest*	Switch to Fixed Interest*
5-0	Switch to Fixed Interest*/Cash*	Switch to Fixed Interest*/Cash*

\* These are **Prudential Unit-Linked Funds**.

### 10.4 Fund switches under the Lifestyle Option

- (a) We will notify the **member** when automatic switches under the Lifestyle Option are about to begin.
- (b) Monthly switching takes place over two five year periods (each of 60 months). It starts with 1/60th of the value of the relevant **units** under the **PP plan** in month one, 1/59th in month two, 1/58th in month three and so on each month, so that, at the end of each five year period, all of the **units** have been switched.
- (c) Switches under the Lifestyle Option will be monthly on the same day of the month as the **SRA**. For example, if the **SRA** is 17th March 2030, switches will normally take place on the 17th of each month.
- (d) Automatic switching will start immediately if the term to the **SRA** from the selection of the Lifestyle Option is less than 10 years. Switching will then be as described above, with switching to achieve the correct investment split at the end of the switching period. For example, if the Lifestyle Option is to apply for a **PP plan** with eight years to the **SRA**, monthly switches would start from the chosen **fund(s)** to the **Prudential Fixed Interest Fund** so that, five years from the **SRA**, all investments are in the **Prudential Fixed Interest Fund**. Then five years from the **SRA**, switches would be made which result in investments being split between the **Prudential Fixed Interest Fund** (75%) and the **Prudential Cash Fund** (25%) at the **SRA**.

## 10.5 Increase/reduction in the SRA under the Lifestyle Option

If the **member** asks us to change the **SRA** (and we agree), future automatic switches will be related to the new **SRA**.

## 10.6 Changes to the Lifestyle Option

Investment in the Lifestyle Option is subject to our powers to close, merge, wind-up and withdraw **funds** and investment options under section 13.4.4. We can also change the terms of the Lifestyle Option at any time using our powers in section 25. In this case, we only need to tell the **member** about the changes in advance if his or her **PP plan(s)** is invested in the Lifestyle Option at that time.

## 10.7 Conversion of PP plan to drawdown plan

The Lifestyle Option under the **Pru FRP Personal Pension Plan** cannot be continued when a **PP plan** is converted to a **drawdown plan**. Different Lifestyle Option profiles are available under the **Pru FRP Drawdown Plan**. See the **Pru FRP Drawdown Technical Guide** and our **funds** literature for further details.

# 11. Fund switches requested by the member

## 11.1 General

This section 11 applies where the **member** wishes to:

- switch between **funds** under the individual choice investment strategy described in section 9.2; or
- switch to or from the Lifestyle Option described in section 10.

It does not apply to automatic switches made under the Lifestyle Option: these are covered in section 10.

**Fund** switches under this section 11 are currently free, although we do reserve the right to introduce a charge (see section 26 for further details). See also section 11.3.4 which explains how multiple **fund** switches are treated as regards switch charges.

We send the **member** a switch statement when the switches have been completed.

Section 19.7 describes the effect of switching on the **basic Annual Management Charge**, including the effect of switching between **funds** with implicit and explicit **basic Annual Management Charges**.

In some instances, we may not be able to carry out a request to switch to or from a **PruFund Fund** (see section 11.5).

In this section 11, the **funds** from which **units** are to be switched are called “outgoing **funds**” and the **funds** in which the proceeds are to be reinvested are called “destination **funds**”.

## 11.2 Switch requests

The **member** can ask for changes to be made to existing investments by making a **fund** switch request. All **fund** switch requests must be made in writing, in a form specified by us, unless we agree otherwise. We accept switch requests sent by post, fax or e-mail (see section 1.7).

All **fund** switch requests must be expressed as whole number percentages of **units**.

Switch requests may be expressed in terms of either:

- (a) the target percentages to be achieved in all **funds** in which **units** are to be held under the **PP plan** following the switch; or
- (b) the percentages of **units** to be switched from the current selection of **funds** and the way in which the proceeds should be reinvested.

When switching between a number of different **funds** under the same switch request, the destination **funds** must not include any **funds** that are already specified as outgoing **funds**.

Rounding adjustments in **unit** values could have a minor effect on the overall values actually switched.



Once a switch instruction has been received by us, the **member** cannot withdraw it unless we agree. We may permit the **member** to revoke a switch instruction if we have invoked our powers to delay buying and selling **units** under section 18. We will not, however, agree to cancel a switch during the 28 day waiting period when switching **units** from a **PruFund Fund**.

### 11.3 Timing of switches and unit prices

#### 11.3.1 General

Switching may normally be carried out at any time. However:

- (a) There are restrictions on when switches can be made into:
  - the **With-Profits Fund** (see section 9.5); and
  - the **PruFund Protected Funds** (see section 9.6).
- (b) Delays may occur if we have invoked our powers to delay buying and selling **units** under section 18.
- (c) A 28 day waiting period applies to switches from the **PruFund Funds** as set out in section 16.9.2, except in the circumstances described in section 16.9.4.

#### 11.3.2 Same day immediate switches

In the following instances we normally sell the existing **units** and buy the new **units** as at the same date, using the **unit prices** for the **working day** we treat the request as having been received by us under section 1.7:

- (a) Switches between **Unit-Linked Funds**.
- (b) Switches between **Unit-Linked Funds** and the **With-Profits Fund**.
- (c) Switches between **PruFund Funds** from the same **PruFund pair**.
- (d) Switches from a **Unit-Linked Fund** or the **With-Profits Fund** to a **PruFund Account**.
- (e) Switches from a **PruFund Protected Fund** to any other **fund** on the **guarantee date** as described in section 17.11.

- (f) Switches from a **PruFund Fund** to any other **fund** in the 28 days following the **guarantee date** of an investment in the corresponding **PruFund Protected Fund** from the same **PruFund pair**.

Switches cannot be made out of and back into the same **fund** on the same **working day**.

See also section 11.3.5 which explains that in some circumstances a switch from a **Unit-Linked Fund** will be delayed for one **working day**.

A delay may also apply if we have invoked our powers under section 18.

#### 11.3.3 Switches from a PruFund Fund to which the 28 day waiting period applies

This section 11.3.3 applies when switching from a **PruFund Fund** to:

- a **Unit-Linked Fund** and/or
- any other **PruFund Fund**, except where the outgoing and destination **funds** are both from the same **PruFund pair**; and/or
- the **With-Profits Fund**; and/or
- the **SIF**.

Except in the circumstances described in sections 11.3.2(e) and (f), any switch as described above (or that part of the switch) is carried out (subject to any further delays under section 18) on the 28th day following the **working day** on which we treat the switch request as having been received under section 1.7, using the **unit prices** then applicable. If the 28th day is not a **working day**, the switch will be carried out on the next **working day** following that day.

Section 11.5(i) explains how switching from a **PruFund Fund** works where there are also **units** of the corresponding **PruFund Account** under the **PP plan**.

#### 11.3.4 Multiple fund switches

(a) This section 11.3.4 explains how we carry out switches where the switch request involves more than two **funds** i.e. there is either more than one outgoing **fund** and/or more than one destination **fund**. Such switches are called “multiple **fund** switches”.

It should be noted in particular that where switching between different types of **fund**, multiple **fund** switches may be carried out in stages and on different dates (see section 11.3.4(d)).

(b) Where the **member’s** switch request is expressed in terms of target percentages of the **PP plan** to be invested in all selected **funds** following the switch (see section 11.2(a)), we calculate the percentage of **units** to be sold from each existing **fund** in which **units** are currently held and the way in which the proceeds should be applied to buy **units** in the destination **funds**, in order to achieve the desired result. Where the **member’s** switch request is expressed in terms of the percentage of **units** from the current selection of **funds** and the way in which the proceeds should be reinvested, we follow the percentages requested by the **member**.

Where a switch request involves switching from two or more **funds** including a **PruFund Fund**, the percentages achieved in the destination **funds** will vary from the requested result. This will happen where some **units** are switched immediately and some at a later date as described in section 11.3.4(d). The percentages achieved will be as close as reasonably possible to the **member’s** request.

(c) If all of the requested switches in a multiple **fund** switch are same day immediate switches as described in section 11.3.2, they are processed as one single switch as described in that section.

(d) Subject to section 11.3.5, multiple **fund** switch requests that combine both same day immediate switches and switches to which the 28 day waiting period applies, are carried out in the following sequence:

- First: If the request involves switching from one **PruFund Fund** to another **PruFund Fund** from the same **PruFund pair**, we first of all carry out this part of the switch in accordance with section 11.3.2. We switch the maximum amount possible between these **funds**.
- Secondly: We then carry out any remaining part of the request which qualifies as a same day immediate switch under section 11.3.2 (i.e. switches from the **Unit-Linked Funds** and/or the **With-Profits Fund**). The proceeds of selling the **units** of those other **funds** is allocated proportionately between the destination **funds** in accordance with section 11.3.2, having first allowed for any **PruFund pair** switches already carried out.
- Thirdly: Any amount remaining to be switched from a **PruFund Fund** to any other **fund** (excluding another **PruFund Fund** from the same **PruFund pair**) is set aside and converted to a percentage of the remaining aggregated value of the **units** of that **PruFund Fund** and the corresponding **PruFund Account**.

This calculation is carried out as at the date we treat the request as received in accordance with section 1.7, which is also the start of the 28 day waiting period described in section 16.9.

The relevant percentage is then applied to the aggregated value of **units** of the relevant **PruFund Fund** and the corresponding **PruFund Account** (if appropriate) at the end of the 28 day waiting period. **Units** to the value of the recalculated amount are then sold at the **unit price** at the end of the 28 day waiting period. The proceeds are then allocated proportionately between the requested **funds** in accordance with section 11.3.3 at the **unit prices** then applicable.

**Note:** There is an initial step prior to the sequence described above, when a switch to a **PruFund Protected Fund** is made from another **PruFund Protected Fund** alongside a **fund** switch to which the 28 day waiting period does not apply (see section 11.3.5).

- (e) See also section 11.5(k) which explains the effect on a multiple **fund** switch involving a switch from a **PruFund Fund** in the case where we are unable to carry out the **PruFund Fund** switch in the way requested, because there are insufficient **units** in that **fund**.
- (f) Only one switch charge will normally apply (where relevant) in the case of multiple **fund** switches. Where, however, we are able to carry out only part of a multiple **fund** switch and have to ask the **member** to provide replacement instructions in respect of a failed switch from a **PruFund Fund** as described in section 11.5(k), the replacement switch instructions will be treated as a separate **fund** switch request.

#### 11.3.5 Switching between PruFund Protected Funds

This section 11.3.5 applies to a multiple **fund** switch request where:

- there are two or more outgoing **funds** including a **PruFund Protected Fund** and another **fund(s)**, which would otherwise be a same day immediate switch under section 11.3.2; and
- the destination **fund(s)** is or includes a **PruFund Protected Fund** from another **PruFund pair**.

In this case:

- (a) First: We switch the **units** from the outgoing **PruFund Protected Fund** (including, where applicable, the corresponding **PruFund Account**) to **units** of the non-protected **PruFund Fund** from the same **PruFund pair**. We carry out this switch as a same day immediate switch in accordance with section 11.3.2.

**Note:** We do not carry out any other same day immediate switches at this stage.

- (b) Secondly: Where there are already **units** in that non-protected **PruFund Fund** (and/or the corresponding **PruFund Account**), we reapportion the percentages specified in the **member's** switch-out request, taking account of:
- the total **units** now held in the non-protected **PruFund Fund** (including, where applicable, the corresponding **PruFund Account**); and

- any “net” switches between **PruFund Funds**, as described in section 11.5(j).

The new percentages will be designed to achieve a result that is as close as reasonably possible to the result specified in the **member's** switch request.

- (c) Thirdly: On the next **working day**, the **fund** switch request is then processed in accordance with section 11.3, using, where appropriate, the new percentages as described in (b) above.

It should be noted that as a result of the above process, that part of the switch request which is a same day immediate switch is carried out, and the 28 day waiting period that applies to any switch from a **PruFund Fund** starts, one **working day** later than usually applies.

#### 11.4 Switches to and from the With-Profits Fund

Switches into the **With-Profits Fund** can only be made if the period between the date the switch is carried out and the **SRA** meets or exceeds the **minimum With-Profits investment period**. See section 9.5 for further details.

We may make a deduction (Market Value Reduction) from the value realised from the sale of **units** of the **With-Profits Fund** (see section 15.4).

#### 11.5 Switches to and from the PruFund Funds

- (a) Switches into a **PruFund Protected Fund** can only be made if the period between the date the switch is carried out and the **SRA** meets or exceeds the minimum **guarantee period** that we then offer in relation to that **fund**. See section 9.6 for further details.
- (b) Switches into a **PruFund Protected Fund** are not allowed whilst any **units** of that same **PruFund Protected Fund** (and/or the corresponding **PruFund Account**) are held under that **PP plan**.
- (c) Switches into a **PruFund Protected Fund** are not allowed whilst any **units** of another **PruFund Protected Fund** (and/or its corresponding **PruFund Account**) are held under that **PP plan**. If a switch request would cause **units** of more than one **PruFund Protected Fund** (and/or the corresponding **PruFund Account**) to be held under a **PP plan**, section 11.5(k) will apply.

- (d) Switches into a **PruFund Protected Fund** are not allowed where all **units** have been switched out of any **PruFund Protected Fund** under that **PP plan** in the previous 12 months, except where the **units** were switched out at the **guarantee date**.
- (e) Switches into a **PruFund Protected Fund** are not allowed while there are any other switches due to be carried out.
- (f) During the 28 days prior to the **guarantee date** of an investment in a **PruFund Protected Fund**, switches cannot be requested from that **fund** into any **fund** apart from the other **PruFund Fund** from the same **PruFund pair**.
- (g) Switch requests from the **PruFund Accounts** are not allowed.
- (h) A maximum of one switch request involving a **PruFund Fund** is allowed in each period starting on a **quarter date** and ending on the day before the next **quarter date**. Section 1.7 explains when we treat a switch request as received for this purpose.
- This maximum does not include switches:
- between **PruFund Funds** from the same **PruFund pair**;
  - from a **PruFund Protected Fund** on the **guarantee date**;
  - from a **PruFund Fund** to the **Prudential Cash Fund** for the purpose of purchasing benefits.
- Switches to a **PruFund Fund** may also be refused or restricted under sections 11.5(k) and/or 16.10.
- (i) Where a switch is requested from a **PruFund Fund** under section 11 and there are also **units** of the corresponding **PruFund Account** under the **PP plan**:
- A. When calculating the amount to be switched out of the **PruFund Fund**, we apply the requested percentage value (see section 11.2) to the aggregate value held in both the relevant **PruFund Fund** and the corresponding **PruFund Account**. We carry out the switch, however, by selling only **units** of the appropriate **PruFund Fund**.
- B. At the end of the 28 day waiting period under section 16.9.2, we reapply the percentage to the then number of **units** held under the **PP plan** in the relevant **PruFund Fund**. We sell the **units** at the **unit price** at that time. The value actually sold will be limited to the value of the **units** of the relevant **PruFund Fund**.
- C. If, at the time we receive a switch request, there are insufficient **units** held under the **PP plan** in the relevant **PruFund Fund** to meet the requested percentage value of **units** (as applied to both the **PruFund Fund** and the corresponding **PruFund Account**, as described in A. above), section 11.5(k) will apply.
- (j) When switching between **PruFund Funds** when there are already **units** of the destination **fund** held under the **PP plan**, we will switch the net amount required to achieve a result that is as close as reasonably possible to the result specified in the **member's** switch request.
- (k) In any circumstances where we are unable to carry out a switch to or from a **PruFund Fund** under this **Technical Guide** (except where we state that we will redirect the money to the non-protected version of a **PruFund Protected Fund** (see section 9.6)):
- We will not carry out any part of the switch to or from the relevant **PruFund Fund**.
  - Where the **member** has requested switches to or from one or more other **funds** as part of the same switch request which can be implemented, we will carry out that part of the switch request in accordance with section 11.3.
  - We will write to the **member** as soon as reasonably possible following receipt of the switch request to request alternative instructions for the switch to or from the **PruFund Fund**. Any switch from a **PruFund Fund** will not be carried out and the 28 day waiting period will not start until we have received the **member's** alternative instructions.

## 12. Redirections requested by the member

- (a) The **member** can ask for changes to be made to the investment selection for future contributions (redirection). All such requests must be made in writing, in a form specified by us, unless we agree otherwise.
- (b) Redirection may normally be carried out at any time. However:
- redirection into the **With-Profits Fund** cannot be made unless the period between the date the redirection is carried out and the **SRA** meets or exceeds the **minimum With-Profits investment period**. If we receive a request to redirect into the **With-Profits Fund** which would result in the **minimum With-Profits investment period** not being met, we will redirect future contributions into the **Prudential Cash Fund**;
  - redirection into a **PruFund Protected Fund** cannot be made. If we receive a request to redirect into a **PruFund Protected Fund**, we will redirect future contributions into the corresponding non-protected **PruFund Fund** from the same **PruFund pair**; and
  - delays may occur if we have invoked our powers to delay buying **units** under section 18.
- (c) Redirection will take place with effect from the contribution due date when **units** are next allocated.

## 13. Operation of the funds, further costs incurred by the funds, ownership of assets, changes to the funds and restriction of Prudential's liability

### 13.1 Operation of the funds

We use the **funds** to calculate benefits under pension plans we issue, including the **member's PP plan(s)**.

Each **fund** can be divided into parts, or sub-funds. Each part/sub-fund will be divided into **units**, which may be of different types. Each **unit** of the same type in the same part/sub-fund will have the same value.

We will calculate the benefits payable from each **PP plan** by allocating **units** to that **PP plan** from the **fund(s)** selected. Although we may use the **funds** to meet our obligations under a **PP plan**, the **member** has no legal or beneficial right either to any of the **units** or to any part of the **funds**.

We, or the **external companies**, invest each **fund** in the way set out in published descriptions of that **fund**. Our **funds** literature (which is available on request) gives more information on the investment **funds** and the **external companies**. We, or the **external companies**, may invest each **fund** in any assets we or they consider suitable. The investment objectives of the **funds** can be changed at any time. We will give the **member reasonable notice** if we make a material change to the investment objectives of a **fund** and there are **units** of that **fund** then held under the **PP plan(s)**.

A **holding account** is neither a **fund** nor an investment option that can be selected by the **member**. Certain details are, however, set out in this section 13.

The **PruFund Accounts** are **funds**, but they cannot be selected as investment options. They are used only in conjunction with the operation of the **PruFund Funds**.

The operation of the **SIF** is not explained in this **Technical Guide**, but is fully described in the **SIPP Supplement**.

### 13.2 Further Costs incurred by the funds

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 which is available from your adviser or direct from us.

### 13.3 Ownership of assets

#### 13.3.1 Prudential Unit-Linked Funds and the Prudential With-Profits Fund

We, or another company within **M&G plc**, own all the assets of the **Prudential Unit-Linked Funds** and the **Prudential With-Profits Fund** (which includes the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts**) in our own right and not as trustee for policyholders. But when we make decisions relating to the investment and valuation of assets, we will always act in good faith in attempting to protect the interests of all affected policyholders and shareholders. We aim to strike a fair balance between the interests of:

- (a) our policyholders and our shareholders;
- (b) different classes of policyholder; and
- (c) individual policyholders.

#### 13.3.2 Externally-Linked Funds

All the assets of the underlying funds of **external companies** are owned by them. Any policies issued by them to enable us to offer **Externally-Linked Funds** are owned by us. Any contracts involving **external companies** are with us. There is no contractual relationship between the **external companies** and the **member**.

#### 13.3.3 Holding account

A **holding account** is neither a **fund** nor an investment option that can be selected by the **member**. Although it is a cash deposit account held under the **Scheme**, it is not part of a **PP plan** or a **drawdown plan**.

Money held in a **holding account** is legally owned by the **Trustee**. The **Trustee** holds the money on trust for **members** whose transfer payments are held in a **holding account**.

### 13.4 Changes to the funds

#### 13.4.1 Changes to units

We can change the way we record **units** and change the number of **units** issued in the case of any particular **fund** (for example, we may combine or divide the existing **units**) and make corresponding changes to the **unit price**, but we will not do so in any way that disadvantages the **member**. If we make such a change, we will notify the

**member** at an appropriate time, taking into account all the circumstances of the change.

#### 13.4.2 New funds

We can at any time introduce new **funds**. Any new **funds** may be subject to different terms. We do not give notice when we introduce new **funds**. Information about the current **funds** is available in our **funds** literature.

#### 13.4.3 Other types of new funds

We may also introduce new **fund** options that are linked to or invest in assets other than collective investment schemes and life assurance company funds. Such **fund** options:

- (a) may include **funds** that are open only to a specified **member** or **members**; and/or
- (b) may be different from **Unit-Linked Funds**, the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** in the way that they are constituted, managed and priced.

#### 13.4.4 Closing, merging, winding-up, changing and withdrawing funds or investment options

We can also:

- (a) close any one or more of the **funds** to new investments (including switches under sections 10.4 and 11);
- (b) merge or wind-up any one or more of the **funds**;
- (c) change the **default fund**;
- (d) withdraw the option to invest in any one or more of the **funds**;
- (e) withdraw or close to new investments (including switches under section 11) investment options such as the Lifestyle Option.

In the particular case of the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts**, in addition to (a), (b), (c) and (d) above, we may close part of the **fund** or sub-fund to new investments.

For the avoidance of any doubt, in the case of a **PruFund pair**, our powers in this section 13.4.4 can be exercised separately in relation to each **PruFund Fund** in that **PruFund pair**.



The value of any amounts in a **holding account** under section 5.2 or 5.3 will be based on the value of the relevant transfers-in or the terms and conditions of a **holding account** as set out in the *Pru FRP Drawdown Technical Guide*, as appropriate.

#### 13.4.5 Notice to members and replacement fund

We will exercise our power to close, merge, wind-up, change or withdraw a **fund** or an investment option only for important legal or commercial reasons (for example, if a **fund** becomes too small for it to be cost-effective for us to operate that **fund**). We will act fairly and reasonably in the way that we do so, having regard to our duty to protect the interests of the **member** and other policyholders. Before we exercise this power, we will give the **member** **reasonable notice** if at that time:

- there are any **units** of the affected **fund** held under his or her **PP plan(s)**; or
- the **PP plan(s)** is invested in the affected investment option; or
- the affected **fund** or investment option is one of the principal features of the *Pru FRP Personal Pension Plan*.

A **fund** would, for example, be considered a principal feature if it was the only **fund** of its type available under the *Pru FRP Personal Pension Plan*; for example, a *PruFund Protected Fund* would be considered a principal feature if its withdrawal would mean that no *PruFund Protected Funds* would be available under the **PP plan**.

We will seek the **member's** instructions for any amounts that need to be disinvested from the relevant **fund**.

If we do not receive instructions within the time-scale specified in the notice, we will switch the **units** in the relevant **fund** and redirect future payments either:

- (a) to **units** of the **fund** that has the most similar investment objectives to the closed, merged, wound-up or withdrawn **fund**; or failing that
- (b) to the *Prudential Cash Fund*.

If we change the **default fund**, we will at the end of the notice period (unless the **member** instructs us otherwise) switch **units** and redirect future payments to the new **default fund**.

Where the **fund** to be closed, wound-up, merged or withdrawn is used under the Lifestyle Option, we reserve the right not to give any notice if we are providing a replacement **fund** and this replacement **fund** has broadly similar investment objectives to the closed, wound-up, merged or withdrawn **fund**.

#### 13.4.6 Withdrawal of or changes to a holding account

- (a) We can at any time withdraw a **holding account** facility. If we do so, a **holding account** will be withdrawn for all new transfers-in received on or after the date of withdrawal, including transfers-in relating to existing **members** who have previously made use of a **holding account** facility under the terms and conditions set out in this *Technical Guide*.

We will not normally give notice of our intention to withdraw a **holding account** facility. This is because a **holding account** is used when someone first applies to pay transfers-in into a **PP plan(s)** and is not normally relevant thereafter.

If any amounts attributable to the **member** are held in a **holding account**, we will give him or her **reasonable notice** of the proposed withdrawal of the facility, setting out the action we propose to take in relation to his or her transfers-in, including any options available to him or her.

If a **member** to whom this version of the *Technical Guide* has been issued, requests to use a **holding account** facility after it has been withdrawn, we will notify him or her of any options then available.

- (b) We can at any time change the terms and conditions relating to a **holding account** using our powers under section 25.2(b). If any amounts attributable to the **member** are held in a **holding account**, we will give him or her **reasonable notice**.



### 13.5 Restriction on Prudential's liability

**Prudential's** liability under any **fund** that it makes available under a **PP plan** cannot exceed the value of the **units** allocated to that **PP plan** as derived from the assets underpinning that **fund**, whether these assets be real assets, an interest in another fund or an interest in a reinsurance policy effected by **Prudential** to reinsure its liability under a **fund**.

In particular, for an **Externally-Linked Fund** (including the **SIF**), or a **fund** that is provided by, or invests solely in funds operated by, another company within **M&G plc** (a "Group Fund"), **Prudential's** liability under a **PP plan** is limited to the value of the **units** of that **Externally-Linked Fund** or Group Fund that are allocated to the **PP plan**, as derived from the assets underpinning that **Externally-Linked Fund** or Group Fund. So, for example, if the **external company**, or the other company within **M&G plc** providing or operating the Group Fund, was to become insolvent and as a result the value of the **units** of the **Externally-Linked Fund** or Group Fund allocated to the **PP plan** was significantly reduced, **Prudential** could only pay out under the **PP plan** up to the reduced value of those **units**.

In addition, we are not liable for any losses caused by the acts and omissions of an **external company** in respect of its own fund and/or the **Externally-Linked Fund**.

## 14. The Unit-Linked Funds

### 14.1 Valuation of fund assets

**Unit-Linked Funds** are valued on each **working day**. Assets may be valued in different ways and the decision of the relevant company, whether us (or another company within **M&G plc**) or an **external company**, on all valuation issues is final.

The value of each **Prudential Unit-Linked Fund** is determined by us or another company within **M&G plc**. Each **Externally-Linked Fund** is linked to an underlying fund operated by the relevant **external company**. Each **external company** values its own funds and then provides us with a unit price or prices (rounded in accordance with its own practices), which we use in valuing the corresponding **Externally-Linked Fund**.

### 14.2 Fund values and unit prices

#### 14.2.1 Prudential Unit-Linked Funds

The value of a **Prudential Unit-Linked Fund** is either based on the value of the assets relating to it, or, where the **fund** is invested solely in funds operated by another company within **M&G plc** (for example, unit trusts or **OEICs** operated by another company within **M&G plc**), on the unit price supplied to us by the other company. Certain adjustments are then made to that value (see section 14.2.3).

In some cases, there will be a range of values that can be placed on assets and therefore on the value of a **fund**. A number of factors will be relevant. The main factor when deciding how to value an asset, is whether the total amount being paid into a **fund** (including any underlying fund) is more or less than the total amount being paid out. If more money is being paid in, we, or the relevant company from within **M&G plc**, may need to buy more assets. In such a case, the purchase price of assets will normally be used in valuing the **fund** (or underlying fund). If, however, more money is being paid out of the **fund** (including any underlying fund), the sale price of assets will normally be used in valuing the **fund** (or underlying fund).

The decision regarding whether to value a **fund** using the purchase price or sale price of assets is normally taken at monthly intervals, but may be made at such other intervals as we, or the relevant company from within **M&G plc**, shall determine. A change from a purchase valuation basis to a sale valuation basis or vice versa, can have a significant effect on the **unit price**, even though the market may appear relatively stable. In particular, a change from a purchase valuation basis to a sale valuation basis will reduce the **unit price**.

We, or the relevant company from within **M&G plc**, also have complete discretion to choose to base the value of the **fund** on asset values that lie between the purchase and sale prices.

#### 14.2.2 Externally-Linked Funds

As stated in section 14.1, the **external companies** value their own underlying funds.

We base the value of each **Externally-Linked Fund** on the unit price or prices supplied to us by the relevant **external company**. Where the **external company** provides unit prices based on both sale and purchase valuations of their underlying fund, we have discretion to choose the unit price on which to base the value of our **Externally-Linked Fund** (including a unit price that lies between the values supplied by the **external company**). The main factor we consider is whether more **units** are being credited to the **fund** than cancelled from it, as described in relation to **Prudential Unit-Linked Funds** in section 14.2.1. Otherwise, the value of the **Externally-Linked Fund** is based upon the single unit price supplied by the **external company**.

Where the **external company** provides a single unit price, the value of the **external company's** underlying fund may be based on the sale or purchase price of assets. The basis used by the relevant **external company** may be decided at daily intervals or such other intervals as determined by that company. Because of the potentially daily switches between sale and purchase valuation bases, there may be day-to-day fluctuations in the **unit price**, even though the market appears to be relatively stable.

#### 14.2.3 Adjustments to the fund value

When valuing **Unit-Linked Funds** (and/or the funds underlying the **Externally-Linked Funds**), certain adjustments may be made to the **fund** value:

- to take account of the expenses of buying and/or selling assets;
- if the **Unit-Linked Fund** is linked to a unit trust or an **OEIC**, to take account of the expenses of maintaining and operating that unit trust or **OEIC**;
- to take account of the expenses of maintaining and operating that **Unit-Linked Fund** (for example, custodian fees or property management costs);
- to take account of the value of accrued investment income that has not yet been reinvested;
- to take account of changes in the value of underlying assets or units since their values were supplied to us; and/or

- to take account of a charge called a “dilution levy”. This type of charge covers the cost of either buying assets (where more people are investing than disinvesting) or selling assets (where more people are disinvesting than investing). A dilution levy is not designed to make a profit, but to cover expenses.

In the case of the **Unit-Linked Funds**, the **basic Annual Management Charge** (see section 19) will also be deducted before we calculate the **unit price**.

#### 14.2.4 General

Other methods of valuation may be used. In choosing any other method we (or another company within **M&G plc**) or the **external company**, will act in a fair and reasonable manner.

Asset valuations and **unit price** calculations are carried out with care, but on some occasions mistakes may occur. If this happens, the **unit price** will normally be corrected once the mistake has been detected and it is our practice to do so in relation to the **Prudential Unit-Linked Funds**. If, however, the mistake is due to an error outside our control and we are unable to obtain compensation for the mistake (for example, an error in pricing the fund underlying an **Externally-Linked Fund** due to factors outside the **external company's** control), we reserve the right not to correct the mistake retrospectively.

### 14.3 Calculation of unit prices

#### 14.3.1 Unit prices – general

Each **Unit-Linked Fund** is divided into **units**.

The **unit price** on any **working day** is the value of the **Unit-Linked Fund**:

- determined and adjusted as described in section 14.2; and
- divided by the number of **units** in issue (subject to any rounding).

If, for any reason, the value of a **Unit-Linked Fund** cannot be obtained by valuing the assets, the **unit price** may be calculated by making an adjustment to the previous day's **unit price**. This adjustment will reflect the way in which the values of the underlying assets may have changed.

### 14.3.2 Rounding of unit prices

When calculating **unit prices** for **Unit-Linked Funds**, we round our calculations to the nearer one tenth of a penny.

### 14.3.3 Single pricing

Irrespective of the basis of the **fund** valuation and/or rounding methods, the same **unit price** will be used for both buying and selling **units** on any day.

## 15. The With-Profits Fund

### 15.1 General

The assets of the **With-Profits Fund** are not separately identifiable from the other assets of the relevant sub-fund of the **Prudential With-Profits Fund**.

The **With-Profits Fund** applicable to the **Pru Flexible Retirement Plan** may also be used under other Prudential pension policies.

The **unit price** and **units** of the **With-Profits Fund** are independent of the unit prices and units under other parts of the **Prudential With-Profits Fund**.

The price of **units** in the **With-Profits Fund** will not fall, but see sections 15.3 to 15.5 on the Market Value Reduction which can reduce the value in some circumstances.

For further details of our **With-Profits Fund**, see our **With-Profits Fund** literature which is available on request.

Section 9.5 explains that a minimum period is required for investment in the **With-Profits Fund**.

### 15.2 Bonuses

We may add regular bonuses through increases in the **unit price**. The price of **With-Profits Fund units** allocated to the **PP plan** will therefore increase as regular bonuses are added. We may add a final bonus to the value realised when a **unit** of the **With-Profits Fund** is sold.

Bonuses are determined by our Board based on the actual and expected returns of the assets backing the with-profits business in the **With-Profits Fund**.

The rate of future bonuses cannot be guaranteed.

### 15.3 Market Value Reduction – general

A Market Value Reduction may reduce the value of **With-Profits Fund units** in circumstances where the value of the underlying assets is less than the value of the **units** in the **With-Profits Fund** (including any final bonus).

The intention of the Market Value Reduction is to provide a fair value for the **With-Profits Fund units** being sold, while protecting the interests of other policyholders who continue their policies until maturity. In this way, we will have regard to the need to protect both the interests of continuing **members** and policyholders and the solvency of the **Prudential With-Profits Fund**.

**Note:** Different Market Value Reduction provisions apply to the **Pru FRP Drawdown Plan** – see the **Pru FRP Drawdown Technical Guide** for further details.

### 15.4 Circumstances when a Market Value Reduction may apply

A Market Value Reduction, if any, is applied when **units** of the **With-Profits Fund** are sold in any of the following circumstances:

- when a **PP plan** is fully or partially surrendered (for example, on early retirement or on transfer to another pension arrangement);
- when one or more **arrangements** under a **PP plan** are converted to a **drawdown plan(s)**;
- when **units** are switched into another **fund** under section 11; and/or
- to pay Ongoing and/or Ad hoc **Adviser Charges** under a **PP plan** where the **minimum With-Profits investment period** for that **PP plan** is 10 years.

### 15.5 Circumstances when a Market Value Reduction does not apply

A Market Value Reduction does not apply when **units** of the **With-Profits Fund** are sold:

- to provide benefits at the **SRA**;
- to provide benefits within the month leading up to the **SRA**;

- to provide death benefits under section 22 on the **member's** death before the **SRA**;
- to deduct any charges due under the **PP plan**, apart from Ongoing and/or Ad hoc **Adviser Charges** under a **PP plan** where the **minimum With-Profits investment period** for that **PP plan** is 10 years; and/or
- to deduct any charges due under the **PP plan**, including Ongoing and/or Ad hoc **Adviser Charges** under a **PP plan** where the **minimum With-Profits investment period** for that **PP plan** is five years.

## 15.6 Partial encashments of units of the With-Profits Fund

- (a) Different rates of final bonus may apply to different investments in the **With-Profits Fund**, depending on when the investment was made. As such we have specific rules for the selection of **units** for sale, when selling some but not all **units** of the **With-Profits Fund**.
- (b) When selling some but not all **units** of the **With-Profits Fund** under a **PP plan**, we select the **units** to be sold in accordance with either Basis (1) or Basis (2) set out below:

Basis (1): We sell those **units** which have been held for the shortest time, using the **unit price** for those **units**.

Basis (2): We calculate and use a **unit price** based on the total value of **With-Profits Fund units** held under the **PP plan**, including the rate(s) of final bonus (if any) applicable to each separately made investment. We then sell a proportion of **units** from each separately made investment in the **With-Profits Fund** under the **PP plan**.

We may alternatively use a combination of Basis (1) and Basis (2) (for example, we may in the first instance sell all of the **units** allocated in the current calendar year, and then sell **units** allocated in earlier years on a proportionate basis), or we may use another basis selected by us. In selecting the basis to use, we will act in a fair and reasonable manner.

- (c) Unless we generally decide otherwise under section 15.6(b), we will use Basis (2) when selling some but not all **units** of the **With-Profits Fund** under a **PP plan**:

- to use some but not all **arrangements** to phase the start of benefits;
  - to use some but not all **arrangements** to make a transfer-out;
  - to implement a pension sharing order; or
  - to meet any **Adviser Charges**.
- (d) When selling some but not all **units** of the **With-Profits Fund** under a **PP plan** for any other purpose (for example, to collect any adjustments necessary to meet the **actual Annual Management Charge**), we select the basis to be used in accordance with section 15.6(b).

When rebating **units** to meet the **actual Annual Management Charge**, we will apply similar principles: for example, we may allocate **units** to the existing **units** bought in the current calendar year at the current **unit price** or we may allocate a proportion of **units** to each separately made investment at a specially calculated **unit price**.

## 16. The PruFund Funds

### 16.1 PruFund types

**PruFund Protected Funds** offer a guarantee in exchange for payment of a **guarantee charge**, as described in section 17.13. Non-protected **PruFund Funds** do not offer any guarantee.

### 16.2 Availability of PruFund Funds

A number of **PruFund Funds** are currently relevant to the **Pru FRP Personal Pension Plan**. These are described in our current **funds** literature, which is available from us on request.

**Units** may not be held in more than one **PruFund Protected Fund** at the same time under each **PP plan**. See also sections 9.3(d) and 11.5(c).

### 16.3 PruFund Accounts

Each **PruFund Fund** has a corresponding **PruFund Account**. Amounts to be invested in a **PruFund Fund** are initially invested in the corresponding **PruFund Account**.

## 16.4 PruFund pairs and PruFund Account pairs

A **PruFund Protected Fund** will always have a corresponding non-protected **PruFund Fund** which shares the same descriptive title. These corresponding **funds** are described as a **PruFund pair**. An example of a **PruFund pair** is the PruFund Protected Cautious Fund and the PruFund Cautious Fund (both of these **funds** being currently available under the **Pru FRP Personal Pension Plan**).

Conversely, not all non-protected **PruFund Funds** are part of a **PruFund pair**. For example, the Prudential PruFund Risk Managed 1 Fund is currently a non-protected **PruFund Fund** which does not correspond to a **PruFund Protected Fund**, and therefore that **fund** does not form part of a **PruFund pair**.

Each **fund** within a **PruFund pair** can be withdrawn under section 13.4.4 independently of the other **fund** in that **PruFund pair**.

Where two **PruFund Accounts** share the same descriptive name these form a **PruFund Account pair**.

Where a **PruFund Fund** forms part of a **PruFund pair**, both **PruFund Funds** within that **PruFund pair** are taken together when we calculate the **expected growth rate** and the **unit prices** under sections 16.8.1 to 16.8.4, or when we assess whether the smoothing process should be suspended under section 16.8.5. Likewise, where a **PruFund Account** forms part of a **PruFund Account pair**, both **PruFund Accounts** within that **PruFund Account pair** are taken together when we calculate the **expected growth rate** and the **unit prices** under section 16.8.

## 16.5 The PruFund Funds, the PruFund Accounts and the Prudential With-Profits Fund

The **PruFund Funds** and the **PruFund Accounts** form part of a sub-fund of the **Prudential With-Profits Fund**. The assets of the **PruFund Funds** and **PruFund Accounts** (with the exception of the PruFund Cautious Fund and PruFund Cautious Account) are not separately identifiable from the other assets of the relevant sub-fund of the **Prudential With-Profits Fund**.

Each **PruFund Fund** and each **PruFund Account** has its own **unit price**.

However, in the case of **PruFund pairs**, **PruFund Funds** within the same **PruFund pair** have the same **unit price**. **PruFund Accounts** within the same **PruFund Account pair** also have the same **unit price**.

The **unit prices** for the **PruFund Accounts** are, however, independent from the **unit prices** for the corresponding **PruFund Funds**.

The **unit prices** of separate **PruFund pairs** and **PruFund Account pairs** are also independent from each other.

## 16.6 Operation of the PruFund Accounts

(a) If the **member** requests for:

- a payment under sections 3, 4 and 5 to be invested in a **PruFund Fund**; or
- a switch to be made under section 11 to a **PruFund Fund** (except where **units** are switched between the two **PruFund Funds** within the same **PruFund pair**),

we first of all allocate the appropriate amount to the relevant **PruFund Account**.

**Note:** The amount is allocated to the **PruFund Account** as described above, irrespective of whether the request is carried out on a **quarter date** or between **quarter dates**. This means that where an amount is invested or switched on a **quarter date** it will (subject to section 16.6(b)) normally remain in that **PruFund Account** until it is switched to the relevant **PruFund Fund** at the next **quarter date** in accordance with section 16.6(c). If, however, the amount is allocated on a **quarter date** and there are already **units** held under the **PP plan** in the relevant **PruFund Account**, this does not apply; in that instance, the total amount in the **PruFund Account** will be switched into the destination **PruFund Fund** at that **quarter date**.

(b) At any time before the next **quarter date** following the date that **units** are allocated under section 16.6(a), we can sell **units** in the **PruFund Account** (subject to a 28 day waiting period, where applicable, under section 16.9):



- to meet charges under section 17.13 and/or section 19 and/or section 20;
  - to buy or pay any benefits; or
  - to make a transfer-out.
- (c) On each **quarter date**, any **units** remaining in the **PruFund Account** under the **PP plan** are sold and the amount realised is used to buy **units** in the relevant **PruFund Fund**.
- (d) The purpose of the **PruFund Accounts** is to channel investment into the **PruFund Funds**. As such:
- (i) The **member** cannot request a switch to a **PruFund Account**.
  - (ii) The **member** cannot request a switch from a **PruFund Account**.
  - (iii) The investment must have been used to buy **units** in the **PruFund Fund** before the **member** can make any requests to switch **units** of a **PruFund Fund** under section 11.

## 16.7 Unit prices – the PruFundAccounts

The **unit prices** of **units** of the **PruFund Accounts** on any **working day** are determined by us.

On each **quarter date**, our Board of Directors sets an **expected growth rate** for each **PruFund Account** or **PruFund Account pair**, and the **unit prices** are increased in line with that **expected growth rate** until and including the next **quarter date**. The **expected growth rate** is determined in accordance with section 16.8.1 and relates to the **expected growth rate** of the corresponding **PruFund Fund** or **PruFund pair**.

If the smoothing process has been suspended (see section 16.8.5), the **unit prices** within the **PruFund Account(s)** will continue to grow at the relevant **expected growth rate**. This **expected growth rate** will continue to be set on each **quarter date** and will apply to the **PruFund Account(s)** during the period of suspension. Unlike for **PruFund Funds**, the **unit prices** within the **PruFund Accounts** are not subject to any potential **unit price** reset as described in section 16.8.4.

## 16.8 Unit prices – the PruFund Funds and the smoothing process

### 16.8.1 Expected growth rate

On each **quarter date**, our Board of Directors sets and publishes an **expected growth rate** for each **PruFund Fund** or **PruFund pair**. Subject to any other adjustment in line with this **Technical Guide**, the **unit prices** within the **PruFund Funds** will increase in line with the then current **expected growth rate** on every day from and including the day after the **quarter date** on which the **expected growth rate** is set until and including the next **quarter date**.

### 16.8.2 Calculation of unit price at each quarter date

Unless the smoothing process has been suspended (see section 16.8.5), the calculation of **unit prices** at each **quarter date** will be as follows:

- (a) At each **quarter date**, after application of the relevant **expected growth rate**, we compare the **net asset value per unit** of each **PruFund Fund** or **PruFund pair** to its **unit price** on that day. If the difference between the **net asset value per unit** and the **unit price** is less than the **quarterly smoothing limit**, the **unit price** will not change. However, subject to section 16.8.3:
  - If the **net asset value per unit** exceeds the **unit price** by the **quarterly smoothing limit** (or more), the **unit price** will be increased on the **quarter date** by half the difference. This adjustment will be repeatedly applied until the **net asset value per unit** exceeds the **unit price** by less than the **quarterly smoothing limit**.
  - If the **net asset value per unit** is below the **unit price** by the **quarterly smoothing limit** (or more), the **unit price** will be reduced on the **quarter date** by half the difference. This adjustment will be repeatedly applied until the **net asset value per unit** is below the **unit price** by less than the **quarterly smoothing limit**.
- (b) The **unit price** on the day after the **quarter date** will increase in line with the new **expected growth rate**, as described in section 16.8.1.

- (c) For the avoidance of doubt, nothing in this section 16.8.2 would prevent us from resetting the **unit price** of a **PruFund Fund** under section 16.8.4.

### 16.8.3 Adjustments of unit price on or between quarter dates

Unless the smoothing process has been suspended (see section 16.8.5), the adjustments of **unit price(s)** on or between **quarter dates** will be as follows:

- (a) If the **unit price** is adjusted in line with this section 16.8.3, no adjustment that would otherwise apply on that day in line with section 16.8.2(a) will apply.
- (b) Each **working day**, we calculate the average **net asset value per unit** for the **PruFund Fund** or **PruFund pair** over the five **working days** ending with the **working day** on which we are carrying out the calculation (“the average **net asset value per unit**”). We also calculate the **net asset value per unit** and the **unit price** applicable on that particular day.
- If the then current **net asset value per unit** and the average **net asset value per unit** both exceed the then current **unit price** by the **daily smoothing limit** (or more), the **unit price** will be increased such that the **unit price** is then below the **net asset value per unit** by the **gap after adjustment**.
  - If the then current **net asset value per unit** and the average **net asset value per unit** are both below the then current **unit price** by the **daily smoothing limit** (or more), the **unit price** will be reduced such that the **unit price** is then above the **net asset value per unit** by the **gap after adjustment**.
- (c) For the avoidance of doubt, nothing in this section 16.8.3 would prevent us from resetting the **unit price** of a **PruFund Fund** under section 16.8.4.

### 16.8.4 Unit price reset

- (a) In certain circumstances we may decide to reset the **unit price** of a **PruFund Fund** to protect the **Prudential With-Profits Fund** (or a sub-fund) and, therefore, the interests of all our With-Profits policyholders and shareholders. This is likely to be when there is a large

volume of money entering or leaving that **PruFund Fund**. If we decide to reset, the **unit price** would be adjusted to be the same value as the **net asset value per unit** on that **working day**. That adjusted **unit price** will then continue to grow in line with the **expected growth rate** (subject to sections 16.8.2, 16.8.3, 16.8.4, and 16.8.5) from the **working day** after this **unit price** reset.

The consideration of the criteria which may lead to a **unit price** reset applies separately to each of the **PruFunds** and applies to each fund in its entirety, encompassing all of our products under which units are held in each fund, not just the **Pru Flexible Retirement Plan**.

- (b) The **member** will not receive individual notification of a **unit price** reset.

### 16.8.5 Suspension of the smoothing process

- (a) The smoothing process described in section 16.8, and any decision to suspend it, applies separately to each **PruFund Fund**, and applies to each of those in its entirety, encompassing all of our products under which units are held in each **PruFund Fund**, not just the **Pru Flexible Retirement Plan**.
- (b) We may suspend the smoothing process for a period of consecutive days to protect the **Prudential With-Profits Fund** (or a sub-fund) and therefore the interests of all of our With-Profits policyholders and shareholders.
- (c) On that day and on each day during which the smoothing process is suspended, the **unit price** of the relevant **PruFund Fund** or **PruFund pair** will be the value of that **fund** or **funds** (as determined by us) divided by the number of **units** in issue. We will review the position at least once every 30 days, and will reinstate the smoothing process when we consider it appropriate. The smoothing process will normally remain suspended for a minimum of 30 days.



- (d) When the smoothing process is reinstated, the **unit price** will start at the previous day's **unit price**. The terms of sections 16.8.1 to 16.8.4 will then apply, including a daily increase in the **unit price** at the **expected growth rate** set by our Board of Directors.
- (e) The **member** will not receive individual notification of a suspension of the smoothing process.

## 16.9 The 28 day waiting period

### 16.9.1 General

When selling **units** of a **PruFund Fund** (or a **PruFund Account** – see section 16.6(b)), a 28 day waiting period may apply as set out in this section 16.9. The purpose of the waiting period is to protect the **Prudential With-Profits Fund** (or a sub-fund) and, therefore, the interests of all of our With-Profits policyholders and shareholders.

### 16.9.2 Circumstances when the 28 day waiting period will or may apply

- (a) The 28 day waiting period will always apply where the **member** asks to make a switch under section 11, from a **PruFund Fund** to any other **fund(s)** (see section 11.3.3), except in some particular circumstances which are described in section 16.9.4.
- (b) Except in the circumstances described in section 16.9.4, we reserve the right to apply the 28 day waiting period where the **member** asks to sell **units** of a **PruFund Fund** (and/or a **PruFund Account**) to buy an **annuity** or make a transfer-out. We will inform the **member** if such a waiting period applies to the requested sale of **units**.

### 16.9.3 Unit price

- (a) Subject to (b) below, if a waiting period applies, we sell the **units** on the 28th day following the **working day** on which we treat the request to switch or sell the **units** as having been received under section 1.7. If a waiting period of 28 days applies and the 28th day is not a **working day**, the **units** will be sold on the next **working day** following that day. A further delay may apply under section 18.

- (b) Where the transaction is a switch involving a number of **PruFund Funds** both within and outside a **PruFund pair**, the 28 day waiting period may start one **working day** later than usually applies (see section 11.3.5), with the result that **units** are then sold one **working day** later.
- (c) Following a waiting period under this section 16.9 (and subject to any delays under section 18), the **unit price** used will be the one applying at the end of the waiting period, or, if applicable, the next **working day** thereafter. As the percentage of **units** to be sold is determined at the start of the waiting period when we receive the request to sell **units**, the value actually sold at the end of the waiting period may vary from the amount that the **member** expected and/or requested.
- (d) Where the transaction is a switch involving more than one **fund**, the sale of **units** in **funds** other than **PruFund Funds** will not be affected by the waiting period.

### 16.9.4 Circumstances when the 28 day waiting period will not apply

The 28 day waiting period will not apply when selling **units** of any **PruFund Fund** (and, where applicable, the corresponding **PruFund Account**):

- (a) in the month leading up to the **SRA**;
- (b) to pay lump sum death benefits under section 22;
- (c) to switch out of a non-protected **PruFund Fund** under the Lifestyle Option;
- (d) to switch between **PruFund Funds** in the same **PruFund pair**; or
- (e) to meet any **Adviser Charges**.

In addition, the 28 day waiting period will not apply:

- when selling **units** (including to switch out) of a **PruFund Protected Fund** on the **guarantee date** of an investment in that **fund**; or

- in the 28 days following the **guarantee date** of an investment in a **PruFund Protected Fund**, when switching out of the corresponding **PruFund Fund** from the same **PruFund pair**, to which a default switch has been made under section 17.11.

### 16.10 Power to refuse or restrict investment in the PruFund Funds

In addition to our power to delay investment in the **PruFund Funds** under section 18, we reserve the right to restrict or refuse a request to invest in a **PruFund Fund**. An example of when we might invoke this power is if we consider that switches were being made between a **PruFund Fund** and other **funds** with the intention of avoiding smoothing adjustments (see section 16.8) whilst still benefiting from the **expected growth rate**.

## 17. Investing in a PruFund Protected Fund and operation of the PruFund Protected Fund Guarantee

### 17.1 General

The **PruFund Protected Fund** guarantee provides that the value of an investment in the chosen **PruFund Protected Fund** will not be less than the **guaranteed value** at the **guarantee date**. We make a charge for this guarantee by deducting a **guarantee charge**, as described in section 17.13.

### 17.2 Single investment

Once an amount has been invested in the chosen **PruFund Protected Fund** (and/or the corresponding **PruFund Account**) under a **PP plan**, no switches are permitted into that **fund** under that **PP plan** until all **units** held under the **PP plan** in that **fund** have been subsequently sold or switched out. Switches into a **PruFund Protected Fund** are also subject to the terms set out in sections 11.3 and 11.5.

### 17.3 Selection of guarantee period

Section 9.3(e) explains that when investing in a **PruFund Protected Fund**, only one **guarantee period** can be selected under each **PP plan**. Section 9.6 explains how an investment in a **PruFund Protected Fund** must comply with the minimum and maximum **guarantee periods** that we then offer for the chosen **PruFund Protected Fund**.

### 17.4 Range of one or, not of more guarantee periods

We may make available a choice of one or more **guarantee periods** at any time. We may offer different **guarantee periods** for each of the **PruFund Protected Funds**.

### 17.5 Changes to the available guarantee periods and to the calculation of the guarantee charge

It should be noted that the specific **guarantee periods** available from time to time are not part of these terms and conditions: none of the **guarantee periods** available at any particular time are guaranteed to be available in the future. Changes to the available **guarantee period(s)** may result in changes to the minimum and maximum **guarantee periods**. As such, before deciding to invest in or switch into a **PruFund Protected Fund**, the **member** should check the **guarantee periods** then available.

If we change the available **guarantee period(s)**, we will, however, do so only in relation to new investments and switches into the relevant **PruFund Protected Fund**. We do not alter the **guarantee period** of any existing investment in a **PruFund Protected Fund**: once an investment in a **PruFund Protected Fund** has been made, the **guarantee period** selected for that investment will continue to apply until the **guarantee date** of that investment, even though we may no longer offer that particular **guarantee period** for new investments and switches-in.

The percentage rates that we use in calculating the **guarantee charges** may also change from time to time, for new investments and switches-in.

Details of the **guarantee periods** currently available at any time and the **guarantee charges** are available from us on request.

## 17.6 Setting the guarantee start date and the guarantee date

The **guarantee date** and the **guarantee start date** are both set when **units** of a **PruFund Protected Account** (and/or **units** of the **PruFund Protected Fund**, in the case of a switch of **units** from the non-protected **PruFund Fund** in the same **PruFund pair**) are first allocated to a **PP plan**.

The **guarantee start date** is the date on which those **units** are first allocated to the **PP plan**.

The **guarantee date** is determined as follows:

- (a) Subject to (b) and (c) below, the **guarantee date** normally falls on an anniversary of the **guarantee start date**, depending on the **guarantee period** selected by the **member** from the range of **guarantee periods** available in respect of that **PruFund Protected Fund** at the **guarantee start date**.
- (b) The **member** may be able to choose a **guarantee period** which will match the term to his or her **SRA**, provided that the period between the **guarantee start date** and the **SRA**:
  - exceeds the minimum **guarantee period** then available in respect of that **PruFund Protected Fund**; and
  - is less than the maximum **guarantee period** then available in respect of that **PruFund Protected Fund**.

In this case, the **guarantee date** will fall on the **SRA**.

- (c) We will automatically set the **guarantee date** to match the **SRA** if:
  - the **SRA** falls less than 12 months after the end of the **guarantee period** selected by the **member** under (a) above; and
  - the period from the **guarantee start date** to the **SRA** does not exceed the maximum **guarantee period** available in respect of that **PruFund Protected Fund** at the **guarantee start date**.

In the case where the **units** are allocated in two stages under a switch (see sections 11.3.4 and 11.3.5), the **guarantee start date** and the **guarantee date** for all of those **units** will be set by reference to the date on which the first set of **units** is allocated under the switch.

Whilst the **guarantee date** can be set to coincide with the **SRA**, it should be noted that a change made to the **SRA** does not result in a corresponding change to the **guarantee date** (see section 21.1).

## 17.7 Application of the guaranteed value – general

A separate **guaranteed value** applies in relation to each **PP plan**.

The **guaranteed value** applies:

- on the **guarantee date**; or
- on the **member's** death, if this occurs within the period of one month and one day before the **guarantee date** (see section 22.2(b)).

## 17.8 Calculation of the initial guaranteed value

The initial **guaranteed value** is set on the **guarantee start date**.

The initial **guaranteed value** is equal to the amount allocated to **units** in the relevant **PruFund Protected Account** (and/or the **PruFund Protected Fund**, where switching direct from the other **PruFund Fund** in the same **PruFund pair**).

Where **units** of a **PruFund Protected Account** and/or **PruFund Protected Fund** are allocated in two stages under a switch (see sections 11.3.4 and 11.3.5), the initial **guaranteed value** is increased when the second set is allocated.

## 17.9 Reduction of the guaranteed value

The initial **guaranteed value** determined under section 17.8, is reduced each time **units** of the **PruFund Protected Account** and/or the **PruFund Protected Fund** are sold in part or in full in the following circumstances:

- (a) to pay any benefits;
- (b) to make a transfer-out;

- (c) to switch to another **fund(s)**; and/or
- (d) to meet any **Adviser Charge(s)**.

The **guaranteed value** is reduced proportionately using the same proportion that the value of the sold **units** bears to the value of the sum of those sold **units** plus any **units** then remaining in the relevant **PruFund Protected Account** and/or **PruFund Protected Fund** after sale.

### 17.10 Applying the guarantee at the guarantee date

At the **guarantee date** we:

- (a) determine the value of the **units** in the relevant **PruFund Protected Fund** under the **PP plan**. In determining the value of those **units**, we deduct any charges that are then due in respect of the **fund** and the **PP plan**, but we do not take account of any amounts that are due to be switched out of the **fund** or are about to be paid out of the **PP plan** under section 21, 22 or 23. The **unit price** used will be that applying after any adjustments under the smoothing process (see sections 16.8.3 to 16.8.5);
- (b) calculate the **guaranteed value** on the **guarantee date**, in accordance with sections 17.8 and 17.9; and
- (c) compare the value under (a) with the value under (b).

If the value of the **units** determined under (a) is less than the **guaranteed value** determined under (b), the guarantee described in section 17.1 comes into effect: as a result, we allocate additional **units** of that **PruFund Protected Fund** to the **PP plan**, so that the value is equal to the **guaranteed value** calculated as in (b) above. If the value of the **units** determined under (a) is equal to or greater than the **guaranteed value** determined under (b), the terms of the guarantee described in section 17.1 have already been met; so in this case, no **units** are added to the **PP plan**.

If **units** are added to the **PP plan** under this section 17.10, we will write to the **member** to tell him or her how many **units** we have added.

### 17.11 Member's options and default switch on the guarantee date

At least three months before the **guarantee date**, we write to the **member** to notify him or her of the options available at the **guarantee date**.

The **member** can choose to switch the value of the **units** (including any **units** added through the operation of the guarantee under section 17.10) to the **fund** or **funds** of his or her choice on the **guarantee date**.

If we do not receive instructions from the **member** before the **guarantee date**, we will switch the value of all **units** then held in the chosen **PruFund Protected Fund** (including any **units** added through the operation of the guarantee under section 17.10) to the other **PruFund Fund** from the same **PruFund pair** on the **guarantee date**.

The 28 day waiting period under section 16.9 does not apply to the sale of **units** at the **guarantee date** under this section 17.11.

### 17.12 Switches from the PruFund Protected Fund in the 28 days before the guarantee date

As stated in section 11.5(f), switches cannot be requested or made in the 28 days leading up to the **guarantee date**, from a **PruFund Protected Fund** into any **fund** apart from the other **PruFund Fund** from the same **PruFund pair**.

This is because the 28 day waiting period which would apply to a switch of this type, would be overridden on the **guarantee date** by the operation of section 17.11, when all **units** are switched in any case either to the **fund(s)** selected by the **member** or to the other **PruFund Fund** from the same **PruFund pair**.

### 17.13 The guarantee charge

A separate **guarantee charge** applies in respect of any **units** of a **PruFund Protected Fund** and a **PruFund Protected Account** held under each **PP plan**. This charge is designed to pay for the guarantee provided under those **funds**.

The **guarantee charge** is a percentage of the value of **units** held in the relevant **PruFund Protected Fund** and **PruFund Protected Account**: it is not a percentage of the **guaranteed value**.

The percentage is set on the **guarantee start date** and does not change until the **guarantee date**.

The **guarantee charge** is payable monthly in arrears on the **guarantee charge date**. The charge is applied by selling **units** in the relevant **PruFund Protected Fund** and **PruFund Protected Account**. The value deducted is a proportion of the annual **guarantee charge** based on the number of days since the previous **guarantee charge date**.

The final **guarantee charge** will normally be taken on the **guarantee date**. However:

- where the **guarantee date** coincides with the **SRA**, the final **guarantee charge** will be taken in the month preceding the **guarantee date**; and/or
- where a switch is made to the **Prudential Cash Fund** under section 21.4.3 prior to buying benefits, the final **guarantee charge** will be taken immediately prior to making that switch.

Different **guarantee charges** may apply to separate **PP plans** depending on the **guarantee start date**.

Details of the amount of the charge are available from us on request.

## 18. Delays in buying, selling or switching units

**Note:** This section 18 applies to transactions involving buying, selling or switching **units**, including the investment of new money, deducting Ongoing or Ad hoc **Adviser Charges** or making payments (for example, transfers-out). It does not, however, apply when selling **units** to provide benefits at the **SRA** or on the **member's** death.

### 18.1 Reasons for delaying transactions

There may be a delay in buying, selling or switching **units** in any **fund**. This will only happen in special circumstances which we will tell the **member** about at the time. There may be circumstances outside our control which prevent us from effecting these transactions immediately, and equally we may need to effect a delay where we believe that otherwise the remaining policyholders would suffer an unfair reduction in the value of their policy, or would suffer some other form of unfair treatment. Examples include:

- where we are unable to realise sufficient investments to satisfy demand, or where to do so would mean we have to sell at prices significantly below the value reflected in the then current **unit price**;
- where we are unable to sell **units** in an **Externally-Linked Fund** due to restrictions imposed by the **external company**;
- where the need to make payments quickly could only be satisfied by selling a disproportionate amount of one type of asset, leaving too low a proportion of what is left invested in assets of that type.

This is not meant to be an exhaustive list, nor do we mean to limit delays to problems specifically of this type.

For the avoidance of any doubt, we will not use assets or cash from other **M&G plc** funds, including any shareholder funds, to finance the sale of **units**. Such sales will instead be delayed until they can be carried out on terms which are fair to all policyholders invested in the **fund**.

### 18.2 Delay periods

Other than in very exceptional circumstances, we would not expect delays to be longer than:

- (a) six months in the case of **units** in **funds**:
  - (i) which hold investments in buildings or land; or
  - (ii) the value of whose investments is dependent on, or linked to the value of, buildings or land; or
- (b) one month in the case of **units** in other **funds**.

However, while we will not delay transactions for longer than reasonably required, we cannot guarantee that we will never delay transactions beyond the time-scales set out in (a) and (b) above.

### 18.3 Notification to member

We will notify the **member** if a transaction requested by him or her is affected by a delay under this section 18. Our notice will set out any options open to the **member**. If appropriate, we will seek the **member's** alternative instructions for the transaction when we notify him or her of the delay.

#### 18.4 Processing transactions affected by delays

The alternative instruction sought under section 18.3 will relate only to the **funds** to which the delay relates.

Where the transaction involves **units** of more than one **fund** and some **units** are affected by a delay and others are not, we will carry out any part of the transaction which is unaffected by the delay in accordance with the usual terms and conditions set out in this **Technical Guide**.

Where there is a delay in buying **units** in any **fund**, we will treat the request to invest in that **fund** as a request to invest temporarily in the **Prudential Cash Fund**. In that way, we will be able to carry out the entire transaction. We then switch the value of the **units** temporarily allocated in the **Prudential Cash Fund** to the requested **fund** when the delay has ended, unless we receive alternative instructions.

Where there is a delay in selling **units**, we will take no action on the affected **units** until the delay has ended.

#### 18.5 Unit prices

The **unit prices** for the deferred transaction will be those applying

at the end of the period of deferment, unless, again, we believe that in the particular circumstances that would not be fair to policyholders in general.

#### 18.6 Impact of delay on PruFund Fund waiting period

In the case of the **PruFund Funds** (and, where applicable, the **PruFund Accounts**), an initial waiting period of 28 days may apply to the sale of **units** depending on the type of transaction (see section 16.9). This period will be extended at the end of the waiting period, if we have invoked our powers to delay buying, selling or switching **units** under this section 18.

#### 18.7 Impact of delay on value of units

As the percentage of **units** to be sold is determined at the start of the delay or waiting period when we receive the request to sell **units**, the value actually sold at the end of the period may vary from the amount that the **member** expected and/or requested.

## 19. Annual Management Charges, Fund Size Discount and Loyalty Discount

### 19.1 General

There are separate Annual Management Charges that apply to each **PP plan**.

The Annual Management Charge is calculated as a percentage of the values of **units**, varying according to the selected **fund(s)** and sub-funds.

Annual Management Charges, the Fund Size Discount and the Loyalty Discount do not apply to amounts held in the **SIF**. Periods of investment in the **SIF** do, however, contribute towards the Loyalty Discount. Details of the separate charges applicable to the **SIF** are explained in the **SIPP Supplement**.

No charges apply to any amounts whilst they are held in a **holding account**, nor do such amounts contribute towards either of the Discounts.

### 19.2 Basic Annual Management Charges

#### 19.2.1 General

For all **funds**, there is a **basic Annual Management Charge**.

The **basic Annual Management Charge** may be:

- an “implicit” charge reflected in the price of the **units**;
- an “explicit” charge taken by deducting **units** from the **PP plan**; or
- a combination of “implicit” and “explicit” charges.

The **basic Annual Management Charge** for each **fund** is set out in our current **funds** literature, which is available on request.

We may increase the amount of the **basic Annual Management Charge** as described in section 19.8.

Where the assets in one **fund** include **units** in another **fund**, we will ensure that we do not charge the **member** twice.



### 19.2.2 Implicit charge reflected in the unit price

Where the **basic Annual Management Charge** is an implicit charge reflected in the **unit price**, it is deducted from the value of the relevant **fund** before calculating the **unit price** on each day as follows:

- For **Unit-Linked Funds** for each day, we deduct from the **fund** 1/365th of the **basic Annual Management Charge** under section 14.2.3.
- For the **With-Profits Fund**, the **basic Annual Management Charge** is taken into account when setting the bonus levels reflected in the **unit prices**.

### 19.2.3 Explicit charge levied by deduction of units

Where the **basic Annual Management Charge** is an explicit charge, **unit** deductions to meet that charge are applied on the **monthly transaction date**. We deduct the charge monthly in arrears, selling **units** in the appropriate **fund** under the **PP plan**. The value deducted is a proportion of the **basic Annual Management Charge**, based on the number of days since the previous **monthly transaction date**.

No proportionate charge is made when **units** are sold between **monthly transaction dates** for the period between the previous **monthly transaction date** and the date of sale. See also section 19.7 which explains how this affects the **basic Annual Management Charge** on switching between **funds**.

The **basic Annual Management Charge** for the **PruFund Funds** and the **PruFund Accounts** is an explicit charge.

### 19.3 Actual Annual Management Charges

The **actual Annual Management Charge** for a **PP plan** will not be identical to the **basic Annual Management Charge**.

An adjustment will apply to take account of any special or particular terms we have agreed with the **member's** financial adviser, the Fund Size Discount and the Loyalty Discount.

Because the **actual Annual Management Charge** will then be less than the **basic Annual Management Charge**, a rebate will be given by allocating **units** to the **PP plan** (see section 19.4).

Such **unit** allocations are applied on the **monthly transaction date**.

We will supply the **member** (on request) with a statement showing the value of **units** allocated under section 19.4. The percentage value of any adjustment may change during the term of the **PP plan**, to take account of (amongst other things) the Fund Size Discount, the Loyalty Discount, any changes in the special terms available and any other changes we may make under section 19.8.

### 19.4 Rebate of the basic Annual Management Charge

The explicit rebate of the **basic Annual Management Charge** is credited on the **monthly transaction date**, by allocating **units** in the appropriate **fund** to the value of 1/12th of the annual rebate.

The annual rebate is the relevant **basic Annual Management Charge** less the **actual Annual Management Charge**. For the purposes of calculating the value to be rebated, the value of **units** is determined at the **monthly transaction date**.

### 19.5 Fund Size Discount

The total **actual Annual Management Charge** will take account of a Fund Size Discount. The size of the percentage discount varies, depending on the value of the **units** under the relevant **PP plan(s)** at the **monthly transaction date**, as set out in the following table.

The monthly discount is 1/12th of the following percentages:

Total Plan(s) Value (gross before charges)	AMC Fund Size Discount
0 – 249,999.99	0.25%
250,000 and over	0.30%

Where the **member** has more than one **PP plan**, or has both a **PP plan(s)** and a **drawdown plan(s)**, the aggregate value of all **PP plans** and **drawdown plans** is taken into account in determining the Fund Size Discount, and the discount so determined applies to all of those **PP plans** and **drawdown plans**.

The percentage discount depends on the total value of all **units** held under the **member's PP plan(s)** and **drawdown plan(s)** at each **monthly transaction date** before any other deductions are made to meet charges (and/or additional life cover costs under any other **PP plan(s)** that are **pre-RDR pension plans**). No account is taken of changes in the value of **units** between each **monthly transaction date**. The value of any **units** in the **With-Profits Fund** excludes any final bonus and any Market Value Reduction.

**Note:** The value of any investments in the **SIF** is not taken into account in determining the Fund Size Discount, and the Fund Size Discount does not apply to any of the charges payable in respect of the **SIF**. Likewise, the value of any amounts held in the **holding account** does not count towards the Fund Size Discount.

**Note:** If the **member** also has a **PCP plan(s)**, this will also be taken into account for the purposes of the Fund Size Discount and we can give him or her details of this if it applies.

## 19.6 Loyalty Discount

The total **actual Annual Management Charge** will take account of a Loyalty Discount. The size of the percentage discount varies, depending on the elapsed time at the **monthly transaction date**, as set out in the following table.

The monthly discount is 1/12th of the following percentages:

Elapsed Time	Loyalty Discount
0 – 9.99 years	0.05%
10 – 14.99 years	0.10%
15 – 19.99 years	0.20%
20 years and over	0.25%

Where the **member** has:

- more than one in-force **PP plan**; and/or
- one or more in-force **drawdown plans**; and/or
- a **drawdown plan** that has been set up through converting an earlier **PP plan**,

and there has been continuous investment in one or more **Pru Flexible Retirement Plans** under the **Scheme**, the elapsed time is determined by reference to the **PP plan** or **drawdown plan** with the earliest **start date**. Any time during which any plan was solely invested in the **SIF** will also count towards the elapsed time. Any time during which amounts were held in a **holding account** prior to the plan(s) being set up does not, however, count towards the elapsed time.

The Loyalty Discount in relation to the elapsed time for the **PP plan** (or **drawdown plan**) with the earliest **start date** will apply to all of the **member's PP plans** (and **drawdown plans**), irrespective of their **start dates**. Entitlement to a Loyalty Discount ceases where no further **units** are held in respect of any **PP plan** or **drawdown plan**, for example, following the sale of all **units** to provide benefits or a transfer-out.

**Note:** If the **member** also has a **PCP plan(s)**, this will also be taken into account for the purposes of the Loyalty Discount and we can give him or her details of this if it applies.

## 19.7 Basic Annual Management Charge following a fund switch

### 19.7.1 General

This section 19.7 applies where **units** are switched under section 10 or 11. In this section 19.7, the **funds** from which **units** are to be switched are called “outgoing **funds**” and the **funds** in which the proceeds are to be reinvested are called “destination **funds**”.

### 19.7.2 Switches between funds with implicit charges

Where the outgoing **fund** and the destination **fund** both have implicit **basic Annual Management Charges** (see section 19.2), the **basic Annual Management Charge** for the outgoing **fund** will apply until those **units** are sold. The **basic Annual Management Charge** for the destination

**fund** will then apply automatically from the date that the switch is carried out and the new **units** are allocated in that destination **fund**.

### 19.7.3 Switches between funds with explicit charges

Where the outgoing **fund** and the destination **fund** both have explicit **basic Annual Management Charges**, the **basic Annual Management Charge** will be set at the rate applying in the destination **fund** at the next **monthly transaction date**. The charge levied on that **monthly transaction date** will be the charge for a full month's investment in the destination **fund**. No charge will be levied in respect of the period from the previous **monthly transaction date** to the date of switch in respect of the outgoing **fund**.

### 19.7.4 Switches from funds with implicit charges to funds with explicit charges

Where the outgoing **fund** has an implicit **basic Annual Management Charge** and the destination **fund** has an explicit **basic Annual Management Charge**, the **basic Annual Management Charge** in the outgoing **fund** will apply until those **units** are sold. The **basic Annual Management Charge** for the destination **fund** will then be set at the rate applying in that destination **fund** at the next **monthly transaction date**. The charge levied on that **monthly transaction date** will, however, be the charge for a full month's investment in that destination **fund**. No refund will be made in respect of the implicit charge already levied in the outgoing **fund** for the period from the previous **monthly transaction date** to the date of switch.

### 19.7.5 Switches from funds with explicit charges to funds with implicit charges

Where the outgoing **fund** has an explicit **basic Annual Management Charge** and the destination **fund** has an implicit **basic Annual Management Charge**, the **basic Annual Management Charge** for the destination **fund** will apply automatically from the date that the switch is carried out and the new **units** are allocated in that destination **fund**. No charge will be levied in respect of the period from the previous **monthly transaction date** to the date of switch in respect of the outgoing **fund**.

## 19.8 Changes to the Annual Management Charges and related discounts

The Annual Management Charges that apply to a **PP plan** may change because of:

- a change to the investment **fund** selection (see section 19.7);
- a change to special terms or due to the application of the Fund Size Discount and the Loyalty Discount (see sections 19.5 and 19.6).

This means that where a change to the Annual Management Charge is concerned, we may change both:

- the **basic Annual Management Charge** for a **fund** (see section 19.2); and
- the **actual Annual Management Charge** applicable to a **PP plan** (see section 19.3).

Each of these may be changed independently of the other.

In addition, we may increase Annual Management Charges under section 26.

We reserve the right to withdraw or change the terms of the Fund Size Discount and the Loyalty Discount under section 26.

We will only make changes to the Annual Management Charges and related Discounts for the reasons described in section 26.

We will write to the **member** if we make any changes to the charges described in this **Technical Guide**. See also section 26.

## 20. Adviser Charges

### 20.1 General

The **member** and his or her financial adviser agree how much the **member** will pay the financial adviser for verifiable pensions advice. The payments that the **member** agrees to make to the financial adviser can, if required by the **member**, be funded from the **PP plan** through one or more charges known as **Adviser Charges**. As stated in section 1.4, any **Adviser Charges** deducted from the **PP plan** (and therefore paid from the **Scheme**) must be in

accordance with **HMRC** rules to ensure that they are not considered to be “unauthorised payments” (see section 24.4).

Except where there is a change to the financial adviser (as described in section 20.12) or where there is an increase in Value Added Tax (where applicable, as described in section 20.10), we will not deduct **Adviser Charges** or make payment to any financial adviser unless we are instructed by the **member** to do so (see section 20.2).

**Adviser Charges** are tested to ensure they do not exceed certain limits, as explained in section 20.14.

The **member** can specify only one financial adviser at any given time, in relation to all of his or her **PP plans** and **drawdown plans**.

**Adviser Charges** cannot be deducted from transfer values held in a **holding account**.

**Note 1:** This section 20 explains only those **Adviser Charges** which are calculated and deducted in relation to investments held in **fund(s)** other than the **SIF**. In some specific cases, amounts waiting to be invested in the **SIF** are, however, taken into account in calculating the **Adviser Charge** – see sections 20.4 and 20.5.

The only type of **Adviser Charge** that can be deducted from amounts held in the **SIF** is a “**SIF Ad hoc Adviser Charge**”. A **SIF Ad hoc Adviser Charge** must be requested separately from any other **Adviser Charge**. **SIF Ad hoc Adviser Charges** are not subject to the terms and conditions set out in this section 20. Further details are set out in the **SIPP Supplement**.

**Note 2:** **Adviser Charges** are relevant only to **Pru FRP Personal Pension Plans** which are **post-RDR pension plans**. No **Adviser Charges** (other than **SIF Ad hoc Adviser Charges**) can be deducted from any **Pru FRP Personal Pension Plan** which is a **pre-RDR pension plan**. Section 1.3.6 explains the difference between **post-RDR pension plans** and **pre-RDR pension plans**.

## 20.2 Instructions to Prudential

- (a) The **member** must provide written instructions about deducting **Adviser Charges** in the application form or another form acceptable to us. The **member** must provide separate instructions in relation to each separate **PP plan** when it is to be set up.

**Note:** As explained in section 8.1, each separate agreement for regular contributions, each single contribution and transfer-in constitutes a separate **PP plan**. This means that a new **Adviser Charge** instruction must be completed in relation to each of these when the corresponding **PP plan** is to be set up. Also, increases to regular contributions, apart from increases made through automatic indexation, are in most cases set up under a separate new **PP plan**.

This means that a new **Adviser Charge** instruction must be completed in relation to the amount of the increase.

- (b) Subject to (c) below, the **member’s** or the financial adviser’s instructions to make any of the changes described in sections 20.9, 20.10, 20.11 and/or 20.12 must be made in writing and sent to us by post.
- (c) The **member’s** or the financial adviser’s instructions to stop or reduce Ongoing **Adviser Charges**:
- may be made in writing or by telephone; and
  - when made in writing, may be sent to us by post, fax or e-mail.

**Note:** An instruction to deduct a **SIF Ad hoc Adviser Charge** must be made separately from any other instruction to deduct an **Ad hoc Adviser Charge**. See the **SIPP Supplement** for further information.

## 20.3 Types and combinations of Adviser Charges

### 20.3.1 Types of Adviser Charge, Adviser Charge basis and frequency of deduction

The **member** chooses which type of **Adviser Charge(s)** will apply and the basis on which the **Adviser Charge(s)** will be deducted, matching the **Adviser Charge** and the basis to the payment(s) that he or she has agreed with the financial adviser.

There are three types of **Adviser Charge**:

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

Except in the case of Set-up **Adviser Charges** for regular contributions (see section 20.4), the **member** has a choice of two bases on which **Adviser Charges** can be deducted:

- a specified monetary amount; or
- a percentage amount.

Set-up **Adviser Charges** for regular contributions must always be for a percentage amount.

In the case of Ongoing **Adviser Charges**, the **member** has the choice of two deduction frequencies:

- monthly in arrears; or
- yearly in arrears.

### 20.3.2 Combinations and choice of Adviser Charge

(a) Subject to (b) below, the **member** can select any combination of **Adviser Charges** for each **PP plan**, including no **Adviser Charges**. For example, the **member** can decide that one **PP plan** will have both a Set-up **Adviser Charge** and an Ongoing **Adviser Charge**, and that another **PP plan** will have only an Ongoing **Adviser Charge**.

The **member** can also select a different deduction basis for each type of **Adviser Charge** selected for each **PP plan**. For example, the **member** can specify that a Set-up **Adviser Charge** is a specified monetary amount and an Ongoing **Adviser Charge** is a percentage amount under one particular **PP plan**, and vice versa under another **PP plan**.

(b) A Set-up **Adviser Charge** can be paid in relation to a payment which is going to be invested in the **SIF** (see sections 20.4.1(c), 20.5 and 20.8.1); it cannot, however, be deducted from amounts once invested in the **SIF**. Ongoing **Adviser Charges** cannot be paid in relation to or deducted from investments in the **SIF**. The only type of **Adviser Charge** that can be deducted from the **SIF** is an Ad hoc **Adviser Charge**. See the **SIPP Supplement** for further information.

## 20.4 Set-up Adviser Charge – regular contributions

### 20.4.1 General

(a) A Set-up **Adviser Charge** is a charge deducted in respect of each regular contribution when it is allocated to **units** under the relevant **PP plan**.

This includes arrears of regular contributions which are paid at a later date, for example, where the **start date** of the **PP plan** is backdated or where regular contributions have been missed for any reason.

(b) A Set-up **Adviser Charge** is expressed as a percentage (to two decimal places) of each regular contribution which is due to be paid to the **PP plan** during the term of that **PP plan** up to the **SRA**.

(c) When calculating the amount to which the percentage is to be applied, we include:

- any amount that is waiting to be invested in the **SIF**; and
- any basic rate tax relief added to the contribution before allocation to the **PP plan**.

The agreed percentage rate is applied to the amount of regular contribution actually received by us, not the amount due under the contract. If the amount actually received is lower than the amount due, a correspondingly lower amount is likewise paid to the financial adviser. If the amount is higher, the increase will be treated as an increase to regular contributions under section 3.5.

(d) For the purposes of Set-up **Adviser Charges**, the **member** can select for the term of a regular contribution **PP plan** to be either:

- a single period (see section 20.4.2); or
- divided into two periods: the initial period and the second period (see section 20.4.3).

(e) A request for a Set-up **Adviser Charge** to apply to the **PP plan** must be received by us before the **PP plan** is set up. We cannot add Set-up **Adviser Charges** after the **PP plan** has been set up. Section 1.7 explains when we treat items as having been received. A **PP plan** is treated as having been set up when we issue the Certificate of Membership for the **PP plan**.



#### 20.4.2 Single period for Set-up Adviser Charges

For the purposes of regular contribution Set-up **Adviser Charges** the **member** may select for the term of the regular contribution **PP plan** to be treated as a single period.

In this case, the single period:

- starts on the **start date** of the **PP plan**; and
- ends on the **SRA** selected for the **PP plan** as at the **start date**.

Where a single period is selected, the percentage rate of the Set-up **Adviser Charge** must be specified as a single percentage rate which will apply for the entire period up to the **SRA** (subject to any changes under section 20.9).

**Note:** Where the **member** extends the **SRA** under section 21.1 or 21.4.3(c), the single period of any Set-up **Adviser Charges** remains unchanged: the period will end on the **SRA** which applied to the **PP plan** at the **start date**.

#### 20.4.3 Two periods for Set-up Adviser Charges: initial period and second period

(a) As an alternative to the single period described in section 20.4.2, the term of the regular contribution **PP plan** can be divided into two periods: the initial period and the second period.

(b) The initial period:

- is selected by the **member**;
- must be a period of whole years or months;
- starts on the **start date** of the **PP plan**; and
- ends on a date selected by the **member**, which must not be later than the last day of the 60th month following the **start date**.

For example, if the **start date** is 15th January 2018, the initial period will start on that date. If the **member** then selects a 60 month initial period, that period will end on 14th January 2023.

The duration of the initial period cannot be increased after the **PP plan** has been set up.

(c) The second period starts on the next **working day** following the end of the initial period. It ends on the **SRA** selected for the **PP plan** at the start of the initial period.

**Note:** Where the **member** extends the **SRA** under section 21.1 or 21.4.3(c), the second period of any Set-up **Adviser Charges** remains unchanged: the second period will end on the **SRA** which applied to the **PP plan** at the start of the initial period.

(d) The percentage specified for the initial period must be greater than 0%. Subject to the limits on **Adviser Charges** described in section 20.14, the percentage specified for the second period can be the same as, or a higher or lower amount than the percentage specified for the initial period, or it can be 0%.

The percentages specified for Set-up **Adviser Charges** cannot be increased after the **PP plan** has been set up. They can, however, be decreased as described in section 20.9.

(e) The percentage rate applied to the regular contribution will be the percentage rate for the period in which that regular contribution was due to be paid. This means, for example, that if the due date of a regular contribution falls in the initial period but the contribution is not actually received by us until the second period, the percentage rate for the initial period will apply to that contribution.

#### 20.4.4 Set-up Adviser Charges on increases made through automatic indexation

Where the regular contribution **PP plan** has been set up with automatic indexation under section 3.6, the amounts of the automatic increases will be automatically subject to the Set-up **Adviser Charges** and any initial and second periods already set for that **PP plan**. Where the **PP plan** term has been divided into two periods, the percentage rate applied to the increment will, as such, be the percentage rate for the period in which that increase is due to take effect.



## 20.5 Set-up Adviser Charge – single contributions and transfer payments

In the case of single contributions and transfer payments:

- (a) A Set-up **Adviser Charge** is a one-off **Adviser Charge** deducted from the **PP plan** when the **PP plan** is first set up.
- (b) A Set-up **Adviser Charge** can be expressed either as a specified monetary amount or as a percentage (to two decimal places) of the payment made to set up the **PP plan**.
- (c) Where the Set-up **Adviser Charge** is expressed as a percentage of the payment, the percentage is applied to part or all of the payment.
- (d) We calculate the amount to which the percentage is to be applied, as follows:
  - In all cases, we start with the amount of the payment made to set up the **PP plan**.
  - We include any part of the payment that is waiting to be invested in the **SIF** (but not “in specie” transfers into the **SIF**).
  - Where the payment is a single contribution, we include any basic rate tax relief added to the contribution before allocation to the **PP plan**.
  - Where the payment is a transfer-in, we exclude any part that is an “in specie” transfer of an investment (including any cash sums) into the **SIF**.

## 20.6 Ongoing Adviser Charge

### 20.6.1 General

- (a) An Ongoing **Adviser Charge** is an **Adviser Charge** deducted from the **PP plan** at regular intervals throughout the term of the **PP plan**. Ongoing **Adviser Charges** are deducted either monthly or yearly in arrears, according to the **member's** choice.
- (b) An Ongoing **Adviser Charge** can be expressed either as a specified monetary amount or as a percentage (to two decimal places) of the value of all **units** held in **funds** under the **PP plan**, including any amounts held in the **PruFund Accounts** (but excluding any amounts held in the **SIF**).

**Note:** Any amounts held in the **SIF** are excluded from the calculation of Ongoing **Adviser Charges**. Likewise, Ongoing **Adviser Charges** cannot be deducted from the **SIF**.

- (c) The **member** can request to start Ongoing **Adviser Charges** in the application form or he or she can request to start Ongoing **Adviser Charges** at any later time. A request to start Ongoing **Adviser Charges** after the **start date** is treated as a change under section 20.9.

The **member** can request to change or stop Ongoing **Adviser Charges** as described in section 20.9. The financial adviser can also instruct us to stop or reduce Ongoing **Adviser Charges** under section 20.9 or section 20.12, or make changes in relation to changes in the rate of Value Added Tax under section 20.10.
- (d) Ongoing **Adviser Charges** must stop if they cease to be in accordance with **HMRC** rules. This will be the case if, for example, the **member** ceases to receive ongoing pensions advice from the financial adviser, or if the **Adviser Charges** cease to represent genuinely commercial remuneration arrangements between the **member** and the financial adviser. In such a case, he or she should notify us immediately so that we can stop deducting Ongoing **Adviser Charges**. This action is very important and is necessary to ensure that the Ongoing **Adviser Charge** is not treated as an “unauthorised payment” (see section 24.4).

### 20.6.2 “Effective start date” of Ongoing Adviser Charges

Where we receive the **member's** instruction to deduct Ongoing **Adviser Charges** in the application form, the “effective start date” of those Ongoing **Adviser Charges** is the **start date** or, if later, the date on which we allocate the relevant contribution to **units** under the **PP plan**.

Where we receive the **member's** instruction to deduct Ongoing **Adviser Charges** after the **PP plan** has been set up, the “effective start date” of those Ongoing **Adviser Charges** is the “effective change date” described in section 20.13(a).

**Note 1:** Where the **start date** of a regular contribution **PP plan** is backdated and arrears of monthly regular contributions are paid at the same time, the “effective start date” for any Ongoing **Adviser Charges** will fall on the date we allocate the first regular contribution to **units**. The Ongoing **Adviser Charges** are not backdated to the **start date**.

**Note 2:** If Ongoing **Adviser Charges** are stopped and then restarted (for example, as a result of a change to the financial adviser), a new “effective start date” will apply in accordance with this section 20.6. Deductions cannot be backdated to cover the period between stopping and restarting.

### 20.6.3 Date of deduction of Ongoing Adviser Charges

- (a) Monthly Ongoing **Adviser Charges** are deducted each month in arrears on the **monthly transaction date**. The first deduction is made on the next **monthly transaction date** following the “effective start date” (or the “effective change date”, in the case of a change from yearly to monthly Ongoing **Adviser Charges**).
- (b) Yearly Ongoing **Adviser Charges** are deducted each year in arrears on a **monthly transaction date**. The first deduction is made on the 12th **monthly transaction date** following the “effective start date” (or the “effective change date”, in the case of a change from monthly to yearly Ongoing **Adviser Charges**). Subsequent deductions are made on each 12th **monthly transaction date** thereafter.
- (c) The deduction of Ongoing **Adviser Charges** is subject to our power to delay selling **units** under section 18.

### 20.6.4 Date when Ongoing Adviser Charges stop

Ongoing **Adviser Charges** continue to be deducted until the earliest of:

- the date that there are insufficient **units** (see section 20.15);
- the date we stop deducting Ongoing **Adviser Charges** as a result of an instruction from the **member** or the financial adviser (see sections 20.9 and 20.12);

- the date all **units** under the **PP plan** are sold to purchase an **annuity** or to pay a transfer-out or to convert the **PP plan** to a **drawdown plan**;
- the date of the **member’s** death; and
- the **SRA**.

**Note:** Where the **member** extends the **SRA** under section 21.1 or 21.4.3(c), the last date for deduction of Ongoing **Adviser Charges** will be changed to the new **SRA**.

The last deduction is the deduction due immediately before the earliest of the above events, except where the reason for stopping Ongoing **Adviser Charges** is because we have been instructed to do so by the **member** or the financial adviser. In that case, the last deduction will be the deduction due immediately before the “effective change date” under section 20.13.

We will also stop deducting Ongoing **Adviser Charges** if the financial adviser stops trading or ceases to be authorised by the relevant regulator. If this happens, the last deduction will be the last deduction immediately before we receive the relevant notification.

### 20.7 Ad hoc Adviser Charge

An Ad hoc **Adviser Charge** is a one-off **Adviser Charge** deducted from the **PP plan** at any time during the term of the **PP plan**. The date on which an Ad hoc **Adviser Charge** is deducted is explained in section 20.8.3.

The **member** can instruct us at any time to pay an Ad hoc **Adviser Charge**.

An Ad hoc **Adviser Charge** can be expressed either as a specified monetary amount or as a percentage of the value of all **units** held in **funds** under the **PP plan**, including any amounts held in the **PruFund Accounts** (but excluding any amounts held in the **SIF**).

**Note:** **SIF** Ad hoc **Adviser Charges** can be deducted separately from the Ad hoc **Adviser Charges** described in this section 20. **SIF** Ad hoc **Adviser Charges** are not subject to the terms and conditions set out in this section 20. Further details are set out in the **SIPP Supplement**.

## 20.8 Sale of units to pay Adviser Charges

### 20.8.1 Set-up Adviser Charges

- (a) Set-up **Adviser Charges** in respect of regular contributions are deducted proportionately across all **funds** in which the payment is invested, including the **PruFund Accounts** (and the **Prudential Cash Fund** where the contribution is waiting to be invested in the **SIF**). We sell the **units** using the **unit price(s)** which apply on the date when the relevant regular contribution is allocated to the **PP plan**.
- (b) Set-up **Adviser Charges** in respect of single contributions and transfer payments are deducted proportionately across all **funds** in which the payment is invested at the **start date**, including the **PruFund Accounts**. We sell the **units** using the **unit price(s)** which apply on the **start date**.

**Note:** Any Set-up **Adviser Charge** relating to a single contribution or transfer payment waiting to be invested in the **SIF** is deducted from the payment before the balance is invested in the **SIF**.

### 20.8.2 Ongoing Adviser Charges

Subject to section 20.8.6, ongoing **Adviser Charges** are deducted proportionately across all **funds** in which **units** are held under the **PP plan** at the date the deduction is made, including the **PruFund Accounts** (but excluding any amounts held in the **SIF**). Subject to any delays under section 18, we sell the **units** using the **unit price(s)** for the **monthly transaction date** on which the deduction is made.

### 20.8.3 Ad hoc Adviser Charges

Subject to section 20.8.6, Ad hoc **Adviser Charges** are deducted proportionately across all **funds** in which **units** are held under the **PP plan** at the date the deduction is made, including the **PruFund Accounts** (but excluding any amounts held in the **SIF**).

Subject to any delays under section 18, we sell **units** using the **unit price** for the **working day** that we treat the **member's** written instruction to deduct an Ad hoc **Adviser Charge** as having been received by us under section 1.7.

### 20.8.4 Sale of units of the With-Profits Fund to pay Adviser Charges

The sale of any **units** of the **With-Profits Fund** to pay any type of **Adviser Charge** is carried out in the way described in Basis (2) under section 15.6. Any final bonus will be added to the value of the **units** sold. As set out in section 15.4, a Market Value Reduction may be applied when selling **units** of the **With-Profits Fund** to pay an **Adviser Charge**, if the **minimum With-Profits investment period** for the **PP plan** is 10 years.

### 20.8.5 Sale of units of a PruFund Fund to pay Adviser Charges

Where **units** of a **PruFund Fund** or **PruFund Account** are sold to pay any type of **Adviser Charge**, the 28 day waiting period will not apply, as set out in section 16.9.4.

The sale of any **units** of a **PruFund Protected Fund** or **PruFund Protected Account** to pay any type of **Adviser Charge** will affect the **guaranteed value** as described in section 17.9.

### 20.8.6 Ongoing Adviser Charges and Ad hoc Adviser Charges – excluding PruFund Protected Funds and/or the With-Profits Fund from unit deductions

**Note:** The options described in this section 20.8.6 do not apply to Set-up **Adviser Charges**.

- (a) Where there are **units** of a **PruFund Protected Fund** under the **PP plan**, the **member** can request that those **units** are not deducted in order to pay Ongoing **Adviser Charges** and/or Ad hoc **Adviser Charges**.

Where this option is selected, it will also apply to any **units** held in the corresponding **PruFund Protected Account**.

- (b) Where there are **units** of the **With-Profits Fund** under the **PP plan** and the **minimum With-Profits investment period** for that **PP plan** is 10 years, the **member** can request that those **units** are not deducted in order to pay Ongoing **Adviser Charges** and/or Ad hoc **Adviser Charges**.

- (c) The options to exclude **units** of a **PruFund Protected Fund** and/or the **With-Profits Fund** from **unit** deductions are available only where **units** of other **funds** (excluding the **SIF**) are also held under the **PP plan** and the value of those other **units** is sufficient to meet the agreed **Adviser Charge**.

If the value of **units** held in other **funds** later becomes insufficient to meet the relevant **Adviser Charges**, we will not make any deduction and section 20.15 will apply.

- (d) Where the **member** selects the option to exclude a **PruFund Protected Fund** and/or the **With-Profits Fund** from **unit** deductions:
- the relevant **Adviser Charge** is deducted proportionately across all other **funds** in which **units** are held under the **PP plan**, (but excluding the **SIF**).
  - where the **Adviser Charge** is based on a percentage of the value of **units** held in all **funds** under the **PP plan**, the calculation of the **Adviser Charge** will still take account of the value of the **units** held in the excluded **fund** or **funds** (including the corresponding **PruFund Protected Account**, where relevant) even though **units** are not sold from those **funds**.

### 20.8.7 Rounding

When **Adviser Charges** are expressed as specified monetary amounts, we make deductions to the nearest whole penny.

When **Adviser Charges** are expressed as a percentage of the payment or a percentage of the value of **units** held under the **PP plan**, we round our calculations to two decimal places and make deductions to the nearest whole penny.

### 20.9 Changes to regular contribution Set-up Adviser Charges and to Ongoing Adviser Charges

- (a) The **member** can at any time instruct us to:

- reduce the percentage level(s) of Set-up **Adviser Charges** under any regular contribution **PP plan**;

- reduce the duration of the initial period (if any) for Set-up **Adviser Charges** under any regular contribution **PP plan**, so long as the percentage specified for the second period is less than the percentage for the initial period;
- stop paying Set-up **Adviser Charges** under any regular contribution **PP plan**;
- resume paying Set-up **Adviser Charges** under any regular contribution **PP plan** (up to the previously agreed percentage level);
- start Ongoing **Adviser Charges** after the **start date** (as described in section 20.6.1(c));
- increase or reduce either the specified monetary amount or the percentage level of Ongoing **Adviser Charges**;
- stop paying Ongoing **Adviser Charges**;
- change the basis of Ongoing **Adviser Charges** from a specified monetary amount to a percentage level, and vice versa;
- change the frequency of Ongoing **Adviser Charges** from monthly to yearly, and vice versa; and/or
- change the financial adviser to whom Ongoing **Adviser Charges** are payable (see also section 20.11).

- (b) Where there are **units** of a **PruFund Protected Fund** (or **PruFund Protected Account**) under the **PP plan**, the **member** can at any time instruct us to:

- start to exclude **units** of a **PruFund Protected Fund** (including the corresponding **PruFund Protected Account**) when deducting Ongoing **Adviser Charges** as described in section 20.8.6(a); or
- start to include **units** of a **PruFund Protected Fund** (including the corresponding **PruFund Protected Account**) when paying Ongoing **Adviser Charges**, if his or her existing instruction is for these **funds** to be excluded as described in section 20.8.6(a)

- (c) Where there are **units** of the **With-Profits Fund** under the **PP plan** and the **minimum With-Profits investment period** for that **PP plan** is 10 years, the **member** can at any time instruct us to:
- start to exclude **units** of the **With-Profits Fund** when deducting Ongoing **Adviser Charges** as described in section 20.8.6(b); or
  - start to include **units** of the **With-Profits Fund** when paying Ongoing **Adviser Charges**, if his or her existing instruction is for these **funds** to be excluded as described in section 20.8.6(b).
- (d) The financial adviser can also instruct us to stop or reduce Set-up **Adviser Charges** (in relation to regular contribution **PP plans**) and/or Ongoing **Adviser Charges** without us having to obtain the **member's** consent. We will, however, notify the **member** if this happens.
- (e) The “effective change date” of any changes requested under this section 20.9 is determined in the way explained in section 20.13.

## 20.10 Change to Value Added Tax

**Adviser Charges** may be subject to Value Added Tax (VAT), for which the financial adviser must account to **HMRC**.

In the application form, the **member** consents for us to change the amount of an **Adviser Charge** in the circumstance where there is a change in the rate of VAT (including where previously VAT free **Adviser Charges** become subject to VAT), without the need for us to obtain further consent or instruction from him or her.

We will only make such a change:

- in the case of **Adviser Charges** which are a specified monetary amount (not a percentage level); and
- if so instructed in writing by the financial adviser.

The financial adviser's instruction must be received by us within timescales that will be agreed between us and the financial adviser. On receipt of the instruction, we will

tell the financial adviser how long we will take to make the change. The “effective change date” of any changes made under this section 20.10 is determined in the way explained in section 20.13.

It should be noted that in this particular circumstance, the financial adviser can instruct us to make an increase as well as a reduction to an **Adviser Charge**.

The financial adviser should only make such an instruction if the agreement between the **member** and the financial adviser states that the agreed amount of **Adviser Charge** will change in line with changes in the level of VAT. We are not able to check the terms of the agreement between the **member** and the financial adviser. If the financial adviser makes an instruction under this section 20.10, we are entitled to assume that he or she is authorised to do so.

Where we act upon an instruction from the financial adviser under this section, it will not be our responsibility to tell the **member** about the changes made. This responsibility lies with the financial adviser.

## 20.11 Change to financial adviser – notification from the member

As stated in section 20.1, the **member** can specify only one financial adviser in relation to all of his or her **PP plans** (and **drawdown plans**).

The **member** must tell us if he or she changes his or her financial adviser and must provide a new **Adviser Charge** instruction under section 20.2. Unless the **member** gives new instructions regarding future **Adviser Charges**, we will stop deducting any Ongoing **Adviser Charges** (see also Note 2 to section 20.6.2). We must in any case stop deducting Set-up **Adviser Charges** in relation to any regular contribution **PP plans**: we cannot continue to pay these to the previous financial adviser, nor can we transfer these to the new financial adviser.

The “effective change date” of any new instruction regarding future **Adviser Charges** following the change of financial adviser, is determined in the way described in section 20.13.



Once a change to a financial adviser has been effected, all future **Adviser Charges** will be payable to that financial adviser. No further **Adviser Charges** will be payable to the previous financial adviser.

**Note:** Where Ongoing **Adviser Charges** are deducted from the **PP plan**, the **member** needs to time his or her notification to ensure that each Ongoing **Adviser Charge** is payable to the financial adviser who provided advice for the period to which the charge relates. This action is necessary to ensure that the Ongoing **Adviser Charge** is not treated as an “unauthorised payment” (see section 24.4).

### 20.12 Change to financial adviser – notification from the financial adviser

The declaration in the application form covers the situation where the **member's** adviser firm arranges for the services the **member** has agreed with them to be provided by another adviser firm. The **member** will have given **Prudential** authority, in this circumstance, to change his or her **Adviser Charge** instructions to pay **Adviser Charges** at the existing agreed level to the new adviser firm, without obtaining the **member's** further agreement.

In this circumstance, the change of financial adviser must be notified to us in writing by both the current and the new financial advisers.

Where we act upon an instruction from the financial adviser(s) under this section, it will not be our responsibility to tell the **member** about the changes made. This responsibility lies with the financial adviser(s).

The change of financial adviser must be notified to the **member** by the financial adviser.

**Note:** The financial adviser cannot give us instructions under this section to increase the **Adviser Charges**, make additional **Adviser Charges** or change the basis or frequency of **Adviser Charges**. We can only act upon instructions to make such changes where these instructions have been given by the **member**. The financial adviser can, however, instruct us to stop or reduce **Adviser Charges** as described in section 20.9(d). See also Note 2 to section 20.6.2.

### 20.13 Effective date of changes to Adviser Charges

**Note:** This section does not apply to the transfer of **Adviser Charges** to a new financial adviser under section 20.12.

- (a) The “effective change date” of any changes made under section 20.9 and/or 20.10 is the 10th **working day** following the date we treat the **member's** or the financial adviser's instruction as having been received by us under section 1.7.

Any regular contribution Set-up **Adviser Charges** and/or any Ongoing **Adviser Charges** due between the date we treat the instruction as received and the “effective change date” will be deducted in accordance with the current instruction.

- (b) The “effective change date” of any payment of Ongoing **Adviser Charges** to a new financial adviser following a change under section 20.11, is the 10th **working day** following the date we treat the **member's** instruction as having been received by us under section 1.7.
- (c) We will not backdate or postpone the “effective change date” (unless we agree otherwise in exceptional circumstances, for example, to avoid a payment from being treated as an “unauthorised payment”).
- (d) In the case of an instruction to:
- change the amount, percentage level or basis of an Ongoing **Adviser Charge** (including stopping or starting Ongoing **Adviser Charges**); or
  - pay **Adviser Charges** to a new financial adviser, where the “effective change date” falls on a **monthly transaction date**, Ongoing **Adviser Charges** will be deducted in accordance with the new instruction with effect from that date (subject to any delays under section 18). Otherwise, Ongoing **Adviser Charges** will be deducted in accordance with the new instruction with effect from the next **monthly transaction date** following the “effective change date” (subject to any delays under section 18).



(e) In the case of a change from yearly to monthly payment frequency, where the “effective change date” falls on a **monthly transaction date**, the monthly deduction of Ongoing **Adviser Charges** will start from that date. Otherwise, monthly deductions will (subject to any delays under section 18) start with effect from the next **monthly transaction date** following the “effective change date”.

In the case of a change from monthly to yearly payment frequency, the final monthly deduction of Ongoing **Adviser Charges** will be made on the last **monthly transaction date** before the “effective change date”, and the yearly deduction of Ongoing **Adviser Charges** will (subject to any delays under section 18) start with effect from the 11th **monthly transaction date** following the “effective change date”.

## 20.14 Limit on Adviser Charges

### 20.14.1 General

The limits set out in this section 20.14 apply and are calculated separately in relation to each **PP plan** which is a **post-RDR pension plan**.

Where the **member** has requested for Ongoing **Adviser Charges** in respect of other **post-RDR pension plans** under the **Scheme(s)** to be deducted from the **PP plan**, the total Ongoing **Adviser Charges** must not, when first checked, exceed the limit for the **PP plan**.

Where the relevant **Adviser Charge** is expressed as a specified monetary amount, we convert that amount to a percentage of the payment or value of **units** as appropriate, subject to rounding. We then test this percentage against the relevant limit.

For the purposes of an **Adviser Charge** limit test, the first “Plan Year” starts on the **start date** and ends on the day before the first **anniversary date**. Subsequent “Plan Years” start on the **anniversary date** and end on the day before the next **anniversary date**.

### 20.14.2 Limit on Set-up Adviser Charges

(a) The maximum Set-up **Adviser Charge** that can be deducted from a regular contribution **PP plan** in each “Plan Year”, is a percentage of the yearly regular

contribution payable. Different maximum percentages may apply in the initial and second periods described in section 20.4.3.

- (b) The maximum Set-up **Adviser Charge** that can be deducted from a single contribution or a transfer payment to a **PP plan** is a percentage of the payment.
- (c) Details of the maximum percentage that applies at any time can be obtained from the financial adviser.
- (d) The amount of the payment to which the maximum percentage is applied is determined in the way described in section 20.4 or 20.5.

We test the Set-up **Adviser Charge** to be deducted from the **PP plan** against the relevant limit when the **PP plan** is first set up.

### 20.14.3 Limit on Ongoing and Ad hoc Adviser Charges

(a) The maximum total Ongoing **Adviser Charges** and Ad hoc **Adviser Charges** that can be deducted from the **PP plan** in each “Plan Year”, is a percentage of the value of **units** held under the **PP plan**. The total Ongoing **Adviser Charges** and Ad hoc **Adviser Charges** are aggregated for the purposes of this test. In calculating the value of **units**, we include any amounts held in the **PruFund Accounts**. Details of the maximum percentage that applies at any time can be obtained from the financial adviser.

**Note:** The value of any amounts in the **SIF** is excluded from the value of the **PP plan**. Also, **SIF** Ad hoc **Adviser Charges** are not included in this test.

- (b) We test any proposed Ongoing **Adviser Charge** and/or any proposed Ad hoc **Adviser Charge** against the relevant limit:
- when each **PP plan** is set up;
  - when we receive the **member's** instructions to start paying Ongoing **Adviser Charges** or to pay an Ad hoc **Adviser Charge**;
  - when an increase to the level or amount of Ongoing **Adviser Charges** is carried out.

When testing Ongoing **Adviser Charges** and/or an Ad hoc **Adviser Charge** against the limit, we take into account all such **Adviser Charges** already deducted from the **PP plan** in that “Plan Year” and all Ongoing **Adviser Charges** due to be deducted.

- (c) Once the test has been carried out, Ongoing **Adviser Charges** are not retested against the limit until one of the circumstances in (b) above applies.

In addition, where any Ongoing **Adviser Charge** is expressed as a monetary amount, we will retest the amount against the limit in the circumstances where:

- some but not all **units** under the **PP plan** are sold to purchase an **annuity** or make a transfer-out; or
- **units** are sold or set aside to comply with a Pension Sharing Order.

#### 20.14.4 Adviser Charges exceeding the limit

- (a) If the limit is exceeded when the **member** first instructs us to deduct an **Adviser Charge**, we will not deduct that charge or make any payment to the financial adviser in respect of the proposed **Adviser Charge**.
- (b) If the limit is exceeded when an Ongoing **Adviser Charge** is retested following a sale of some but not all of the **units** held under the **PP plan**, we will reduce future Ongoing **Adviser Charges** to the maximum amount or level with immediate effect.
- (c) If the limit is exceeded when the **member** instructs us to increase an Ongoing **Adviser Charge** or to pay an Ad hoc **Adviser Charge**, we will not make that increase or deduct the Ad hoc **Adviser Charge**. We will, however, continue to deduct the existing level of Ongoing **Adviser Charge**, irrespective of whether it exceeds the limit at the date of that test.
- (d) In any of the above cases, we will notify the **member**.

#### 20.15 Insufficient units to deduct the agreed level of Ongoing Adviser Charge or proposed Ad hoc Adviser Charge

If, when we come to make a deduction for an Ongoing **Adviser Charge**, the value of **units** in the **funds** from which that Ongoing **Adviser Charge** would be deducted is insufficient to meet the agreed Ongoing **Adviser**

**Charge**, we will not make any deduction. We will notify the **member** that we have not been able to deduct the Ongoing **Adviser Charge** or pay the financial adviser. The same applies if, when we come to make a deduction for a proposed Ad hoc **Adviser Charge**, the value of **units** in the **funds** from which that Ad hoc **Adviser Charge** would be deducted is insufficient to meet the proposed Ad hoc **Adviser Charge**.

The **member** will need to complete a new instruction if Ongoing **Adviser Charges** are to be reinstated; in this case a new “effective start date” will apply in accordance with section 20.6. Deductions cannot be backdated to cover the period between stopping and restarting.

## 21. Member’s pension and lump sum benefits

**Note:** The terms and conditions of the **Pru FRP Personal Pension Plan** require the **member** to take all his or her benefits before his or her 75th birthday. If the **member** wishes to defer taking benefits beyond his or her 75th birthday, the **member** will need either to convert his or her **PP plan** to a **drawdown plan** or transfer to a **registered pension scheme** that offers that option. See also section 21.4.9.

**Note:** The Government has confirmed its intention to increase the minimum age from which a **member** can take his or her benefits from age 55 to 57 on 6th April 2028.

### 21.1 Selected Retirement Age (SRA)

- (a) The **member** specifies the **SRA** in the **member** application form.

The **SRA** must be a birthday and must normally be in the range 55–75.

The **SRA** is a date that the **member** picks as being the most likely time that he or she will wish to start benefits. It enables us to provide the **member** with relevant illustrations of benefits and to remind the **member** to claim his or her pension when that date approaches.

- (b) If the **member** chooses to start benefits on a date other than the **SRA**, a Market Value Reduction may apply where **units** of the **With-Profits Fund** are sold (see section 15.4).
- (c) The **member** can ask us to change the **SRA** at any time before he or she starts to draw benefits. There must normally be at least one complete year between the date of change and the revised **SRA**. However, if there are any **units** of the **With-Profits Fund** under the **PP plan**:
- there must be at least five complete years between the date of change and the revised **SRA**; and
  - where the **minimum With-Profits investment period** for that **PP plan** is 10 years and the **SRA** is being reduced, there must be at least 10 complete years between the date those **units** of the **With-Profits Fund** were bought and the revised **SRA**. In the case of a regular contributions **PP plan**, this requirement is met if there are at least 10 complete years between the **relevant date** of the first regular contribution allocated to **units** of the **With-Profits Fund** and the **SRA**.

When changing the **SRA**, the following applies in relation to any **units** of a **PruFund Protected Fund** and/or **PruFund Protected Account** under the **PP plan**:

- A change to the **SRA** does not affect the **guarantee date** of those **units**. For example, where the **SRA** and the **guarantee date** had previously been set to coincide, a change to the **SRA** will not result in an automatic change to the **guarantee date**.
- The **SRA** cannot be changed to a date that falls before the **guarantee date** unless the **member** also instructs us at the same time, to switch those **units** to another **fund** in accordance with section 11.

## 21.2 Taking benefits before the SRA

It is possible to take benefits before the chosen **SRA**, from age 55 for **SRA**s in the range 55-75. It is also possible to take benefits before age 55 if the **member** becomes permanently incapable of carrying out his or her current

occupation, or if the **member** is suffering from serious ill-health. If the **member** chooses to take benefits before the chosen **SRA**, a Market Value Reduction may apply where **units** of the **With-Profits Fund** are sold (see section 15.4).

## 21.3 Phased benefits

As explained in section 8, each **PP plan** is automatically set up as a series of 10,000 **arrangements**, allowing the **member** to take benefits gradually, rather than all at the same time.

A Market Value Reduction may apply where **units** of the **With-Profits Fund** are sold (see section 15.4).

The sale of **units** of a **PruFund Protected Fund** (and, where applicable, the corresponding **PruFund Protected Account**) to pay a benefit under this section 21.3, will affect the **guaranteed value** as described in section 17.9.

Each **arrangement** can be cashed in at different times, both separately and in blocks, in order to phase benefits. When cashing in **arrangements** to phase benefits, the minimum encashment at any one time is £1,000. Whole **arrangements** must be cashed in. Where some but not all **arrangements** are encashed, there must be at least £1,000 remaining under the **member's PP plan(s)**. Where some but not all **arrangements** are encashed, **units** are sold proportionately across all **funds** (including the **PruFund Accounts**).

The **member** must specifically request each encashment as and when it is required. There is no facility for automatic phasing of benefits.

It is also possible to phase the conversion of separate **arrangements** under a **PP plan** to a **Pru FRP Drawdown Plan**. In this case, the minimum requirements for exercising the drawdown option must be met.

Again the **member** must specifically request each conversion as and when it is required. As before, where some but not all **arrangements** are converted, there must be at least £1,000 remaining under the **member's PP plan(s)** (see also section 21.4.9). The minimum requirements for a **Pru FRP Drawdown Plan** are set out in the **Pru FRP Drawdown Technical Guide**.

## 21.4 Choice of benefits

### 21.4.1 General

When a **member** wants to take benefits (see section 21.4.2), we will calculate the value of the selected **arrangements** to be cashed in for those benefits. The **member** may choose that the value realised is used to buy an **annuity**. As an alternative, the **member** may choose to take some of the value realised as a pension commencement lump sum with the balance used to provide an **annuity**. In certain circumstances, the **member** may be able to take the value realised as a lump sum.

Instead of using the value realised to buy an **annuity** or provide a lump sum, the **member** may be able to convert **arrangements** under a **PP plan** to a **drawdown plan**. Special provisions and minimum criteria in the **Pru FRP Drawdown Technical Guide** apply. If this option is selected, sections 21.4.3 to 21.4.8 inclusive will not apply. See section 21.4.9 and the **Pru FRP Drawdown Technical Guide** for further details.

### 21.4.2 Choosing a pension date

The **member** can choose to take benefits (subject to **HMRC** rules) on a date other than the **SRA**. A **pension date** can usually be before, at or after the **SRA**, but not later than the 75th birthday.

The **member** does not have to retire from work to take benefits from a **PP plan**.

Taking benefits on a date that is not the **SRA** may result in:

- (a) a Market Value Reduction under section 15.4, where investments in the **With-Profits Fund** are concerned;
- (b) a waiting period under section 16.9, where investments in the **PruFund Funds** are concerned; and
- (c) the loss of the guarantee under section 17.10 where investments in the **PruFund Protected Funds** are concerned, if the **member** chooses to take benefits on a date other than the **guarantee date**.

### 21.4.3 Selling units for benefits and switch to the Prudential Cash Fund

- (a) **Switch to Prudential Cash Fund before pension date**  
When the **member** tells us to cash in **arrangements** for benefits, we will (subject to any waiting period under section 16.9 and/or any delays under section

18) switch all **units** allocated to the **arrangements** into the **Prudential Cash Fund**, but no sooner than one month before the **pension date** chosen under section 21.4.2. If any more contributions are paid to these **arrangements** to be cashed in before the **pension date**, they will be invested in the **Prudential Cash Fund** (if the switch to the **Prudential Cash Fund** has already taken place). These additional contributions will also be allowed for in benefits quotes.

The **member** can instruct us not to make a switch to the **Prudential Cash Fund**. In order to prevent the switch, the **member's** instruction must be treated as received by us no later than one month before the **pension date**.

Where there is a waiting period under section 16.9 and/or a delay under section 18, we will switch the **units** of the **funds** that are not affected by the waiting period/delay. The **units** of the **funds** that are affected by the waiting period/delay will be switched to the **Prudential Cash Fund** when the waiting period/delay has ended.

If there are **units** of a **PruFund Protected Fund** under the **arrangements**, then before switching the **units** to the **Prudential Cash Fund**:

- If the switch to the **Prudential Cash Fund** takes place in the month leading up to the **guarantee date**, we will treat the switch date as though it was the **guarantee date**. We will then, if applicable, allocate **units** under section 17.10.
- We will deduct the **guarantee charge** that would have been payable under section 17.13, but which will now not be taken at the next **guarantee charge date** due to the switch to the **Prudential Cash Fund**.

If there are **units** of a **PruFund Protected Fund** under the **PP plan**, the **member** may request for the date at which all **units** are switched to the **Prudential Cash Fund** to be delayed until the **guarantee date**. In this case, the switch of any **units** of another **fund(s)** to the **Prudential Cash Fund** will be delayed to coincide with the sale of the **PruFund Protected Fund units**, using the **unit prices** then applicable.

Where **units** of a **PruFund Protected Fund** are sold on the **guarantee date** they will be valued in accordance with section 17.10.

If the **member** chooses to sell any **units** of a **PruFund Protected Fund** on a date other than the **guarantee date**, the guarantee under section 17.10 will be lost in relation to the **units** that are sold.

The sale of any **units** of a **PruFund Protected Fund** (and, where applicable, the corresponding **PruFund Protected Account**) to provide benefits under this section 21.4.3 will affect the **guaranteed value**, as described in section 17.9.

(b) **Selling units to provide benefits**

On the date that we treat all of our requirements for paying the benefits as having been received by us, we sell the **units** in the **Prudential Cash Fund** (or other **fund(s)**, if the **member** asked us not to make the switch to the **Prudential Cash Fund**), and the total amount realised is used to pay the benefits. A later **unit price** date may apply if any **SIF** investments are to be sold and/or if there is a delay under section 18 and/or section 21.4.3(d).

Section 1.7 explains when we treat instructions and other items as having been received by us.

The value of any amounts in a **holding account** under section 5.2 will be based on the value of the relevant transfers-in.

(c) **Changing the SRA and switch to the Prudential Cash Fund**

- (i) If the **member** decides not to take benefits at the **SRA**, he or she can choose a new **SRA** in line with section 21.1.
- (ii) If the **member** reaches the **SRA**, but does not take benefits and does not ask us for a new **SRA**, the following will happen:

- If there are **units** of a **PruFund Protected Fund** under the **arrangements** and the **SRA** is the **guarantee date**, we will, if applicable, allocate **units** under section 17.10 and deduct any **guarantee charge** payable under section 17.13. We will then automatically switch all **units** to the corresponding non-protected **PruFund Fund**.
- One month after the **SRA**, using the **unit prices** for the **SRA**, we will automatically switch all **units** to the **Prudential Cash Fund**. Any further contributions paid will be invested in that **fund**. The **member** can subsequently switch investments from the **Prudential Cash Fund** to **funds** of his or her choice (other than the **With-Profits Fund**) under section 11.
- We will automatically change the **SRA** to the **member's** 75th birthday.

(d) **Cashing in PP plans and drawdown plans at the same time**

The **pension date**, the switch to the **Prudential Cash Fund** and the final encashment of **units** to provide benefits, may all be delayed where the **member** is cashing in one or more **drawdown plans** at the same time as a **PP plan(s)** in order to buy an **annuity**. This may apply if an income payment is due to be paid under the **drawdown plan**. In this case, the sale of **units** under all plans which are being cashed in will be delayed until the income payment has been made (subject to any further delay under section 18).

#### 21.4.4 Pension

The **member** may choose that all or some of the value realised is used to provide a pension. The pension is secured through buying an **annuity** and the **member** will have to choose the insurance company from which to buy the **annuity**. He or she will be able to choose various options when the **annuity** is being bought. The options will depend on the insurance company the **member** chooses to buy the **annuity** with. The choices the **member** makes will affect the amount of **annuity** he or she receives. The **member** should shop around and compare what each insurance company can offer.



#### 21.4.5 Pension commencement lump sum

When applying for a pension under section 21.4.4, the **member** may also choose to receive part of his or her benefits as a pension commencement lump sum. The lump sum:

- must not be more than 25% of the value of the benefits to be taken;
- must not, when added to all pension commencement lump sums taken by the **member** from all **registered pension schemes** under which he or she has (or had) benefits, exceed 25% of the **standard lifetime allowance** applicable at the time the lump sum is paid;
- may only be paid if all or part of the **member's personal lifetime allowance** is available; and
- must be paid within the period ending 12 months after the date on which entitlement to the lump sum arose.

Entitlement to the lump sum arises on the date we have received all of our requirements to pay the benefits, as described in section 21.4.3(b).

The size of the **member's** lump sum will also depend on whether he or she has:

- **transitional protection**;
- transferred benefits from an occupational pension scheme, under which he or she was, at 5th April 2006, entitled to a lump sum of more than 25% of the value of his or her benefits;
- a **protected early pension age**.

No pension commencement lump sum can be paid under a **PP plan** set up in respect of a **disqualifying pension credit**.

#### 21.4.6 Uncrystallised funds pension lump sum

It may be possible for the **member** to take an uncrystallised funds pension lump sum. Such a lump sum can only be paid if the **member** has all or part of his or her **personal lifetime allowance** available. If the lump sum is paid before the **member's** 75th birthday and the lump sum exceeds his or her available **personal lifetime allowance**, the excess will not be treated as an uncrystallised funds pension lump sum and will be subject to a **lifetime allowance charge**.

The **member** cannot have a pension commencement lump sum in connection with an uncrystallised funds pension lump sum.

No uncrystallised funds pension lump sum can be paid under a **PP plan** set up in respect of a **disqualifying pension credit**.

The **member** cannot be paid an uncrystallised funds pension lump sum if immediately before the lump sum is paid:

- the **member** has either "primary protection" and/or "enhanced protection" with protection of lump sum rights of more than £375,000; or
- the **member** has a lifetime allowance enhancement factor and the available portion of his or her lump sum allowance is less than 25% of the proposed uncrystallised funds pension lump sum.

If an uncrystallised funds pension lump sum is paid to the **member** under the **Scheme** or any other **registered pension scheme**, he or she will be subject to the MPAA from that date (see section 7.3.5).

#### 21.4.7 Small lump sum

It may be possible for the **member** to take a small lump sum if:

- the payment does not exceed £10,000 (the Government may increase this amount from time to time);
- the payment represents the full value of the **member's PP plan** and extinguishes his or her entitlement to all benefits under that **PP plan**; and
- the **member** has not previously received more than two small lump sums from all non-occupational pension schemes.

#### 21.4.8 Serious ill-health lump sum

The value of the **member's** benefits may be paid as a serious ill-health lump sum where we have received written evidence from a registered medical practitioner that the **member** is expected to live for less than one year. The **member** must have all or part of his or her **personal lifetime allowance** available.



#### 21.4.9 Drawdown

##### (a) General

The entire value of the relevant **arrangement(s)** before payment of any pension commencement lump sum can be transferred to another **registered pension scheme** for drawdown purposes.

##### (b) Converting a PP plan to a Pru FRP Drawdown Plan

- (i) If the value of the **PP plan** or **arrangement** then being used to provide benefits meets our minimum requirements, the **PP plan** or **arrangement** may be converted to a **Pru FRP Drawdown Plan** under the **Scheme**. In this case, the pension can be paid until the **member's** 99th birthday as income payments. This option allows the **member** to retain control of the plan value and may be suitable for those who have a substantial plan value.

**Note:** From 6th April 2015, you can only convert **arrangements** under an existing **Pru FRP Personal Pension Plan** to a **flexi-access drawdown** plan. Full details are contained in the **Pru FRP Drawdown Technical Guide**.

- (ii) A **PP plan** (or one or more **arrangements** under a **PP plan**) is converted to a **drawdown plan** by reapplying the value of the relevant **units** under the **PP plan** to a **drawdown plan**.

**Units** are allocated under the **drawdown plan** in line with the **member's** investment instructions in the Drawdown Option application form and in accordance with the terms and conditions in the **Pru FRP Drawdown Technical Guide**.

The value of any amounts in a **holding account** under section 5.2 or 5.3 will be based on the value of the relevant transfers-in or the terms and conditions of a **holding account** as set out in the **Pru FRP Drawdown Technical Guide**, as appropriate.

- (iii) This section 21.4.9(b)(iii) applies in all cases where the **member** has requested to carry forward any investment in the **With-Profits Fund** and/ or a **PruFund Fund** from the **PP plan** into the **drawdown plan**.

Any **units** of the **With-Profits Fund** held under the relevant **PP plan arrangements** will be sold as part of the conversion process and new **units** will be bought under the **drawdown plan**. A Market Value Reduction may apply where **units** of the **With-Profits Fund** are sold (see section 15.4).

**Note:** Where the start date of the **drawdown plan** is on or after 11th November 2013, the **minimum With-Profits investment period** must be met in the **drawdown plan** for continued investment in the **With-Profits Fund**. There is also an upper age limit on entry to the **With-Profits Fund** under a **drawdown plan**. Full details are given in the **Pru FRP Drawdown Technical Guide**.

Any **units** of a **PruFund Fund** held under the relevant **PP plan arrangements** will also be sold as part of the conversion process and new **units** will be bought in the relevant **PruFund Account** under the **drawdown plan**. Certain terms and conditions in respect of investments in a **PruFund Protected Fund** may, however, be carried forward into a **drawdown plan**. Full details are given in the **Pru FRP Drawdown Technical Guide**.

- (iv) If the conversion is requested as at the **SRA**, we will first switch the relevant **units** to the **Prudential Cash Fund**, but no sooner than one month before the **SRA**. We will then reapply the value of these **units** to a **drawdown plan(s)** at the date we have all of our requirements to set up the **drawdown plan** (or the date that we treat them as received under section 1.7). In any other case, we will reapply the value of the relevant **units** at the date we have all of our requirements to set up the **drawdown plan** (or the date that we treat them as received under section 1.7) without making a prior switch to the **Prudential Cash Fund**.
- (v) Special provisions and choices apply where any part of the **PP plan** was invested at the time of conversion in a **PruFund Protected Fund**. Full details are given in the **Pru FRP Drawdown Technical Guide**.

- (vi) Full details are set out in the **Pru FRP Drawdown Technical Guide** about converting a **PP plan** to a **Pru FRP Drawdown Plan**.

#### 21.4.10 Action at member's 75th birthday if not all benefits taken or transferred out

- (a) If the **member** has not taken all of his or her benefits from a **PP plan(s)** or made a transfer-out by his or her 75th birthday, we may, subject to section 21.4.10(b), sell the **units** (and any investments in the **SIF**) as at that date and use the money to buy an **annuity** for the **member**.
- (b) We may leave the **PP plan(s)** intact after the **member's** 75th birthday, if at that time the **member** has given us notice that he or she is in the process of taking benefits or arranging a transfer-out. In this case, the **PP plan(s)** will be treated according to **HMRC** requirements. If there are any **units** (or amounts under the **SIF**) remaining under the **PP plan(s)** by the day before the **member's** 76th birthday, we may, subject to section 21.4.9(c), sell the **units** (and any investments in the **SIF**) and use the money to buy an **annuity** for the **member**.
- (c) If we buy an **annuity** under section 21.4.10(a) or section 21.4.10(b), we will choose the insurance company and the form of pension.

## 22. Benefits on the death of the member

### 22.1 General

If the **member** dies before taking all of his or her benefits under section 21 or a transfer-out under section 23, we will pay out the value of the **PP plan** as one or more lump sum death benefits as described in section 22.3.

Alternatively, we will use the value of the **PP plan(s)** to provide income payments through a dependant's or nominee's **drawdown plan** or, an **annuity** can be set up for a dependant or nominee. Details of the drawdown options available to a dependant or nominee are set out in the **Pru FRP Drawdown Technical Guide** coded FRPT10364.

Any **annuity** to be purchased for a dependant or nominee will be subject to the terms of the insurance company providing it at the time.

Any amounts held in a **holding account** as described in section 5 are also subject to the benefit requirements set out in this section 22.

Before we calculate the value of the **PP plan(s)**, sell **units** (or **SIF** investments) and pay any death benefits, we must receive notification of the **member's** death in a form and from a source acceptable to us.

### 22.2 Death benefits from value of units

- (a) In the event of death before the **SRA**, the value of the **PP plan(s)** is calculated. Subject to sections 22.2(b) and 22.2(c) and also subject to any delays under section 18, we calculate the value of **units** using the **unit price(s)** for the date of the **member's** death (or the next **working day**).  
  
No Market Value Reduction will apply under section 15.4 and no 28 day waiting period will apply under section 16.9.
- (b) If there are **units** of a **PruFund Protected Fund** under the **PP plan**, where the **member** dies within one month and one day leading up to the **guarantee date**, we will treat the date of death as if it was the **guarantee date**. We will then, if applicable, allocate **units** under section 17.10.
- (c) The value of any amounts in a **holding account** under section 5.2 or 5.3 will be based on the value of the relevant transfers-in or the terms and conditions of a **holding account** as set out in the **Pru FRP Drawdown Technical Guide**, as appropriate.
- (d) If there are any **SIF** investments, these are sold in accordance with the **SIPP Supplement**.
- (e) All lump sum death benefits, except any that are not paid within the time limit in sections 22.3.2 and 24.3(g), count towards the **member's personal lifetime allowance** and a **lifetime allowance charge** may be payable by the recipient(s).

## 22.3 Payment of lump sum death benefits

### 22.3.1 Discretionary powers

Lump sum death benefits are payable to one or more of the potential beneficiaries listed in the trust documentation and/or **Rules** of the relevant **Scheme**.

The beneficiary or beneficiaries are selected by the **Scheme Administrator** of the relevant **Scheme**, exercising discretionary powers.

We ask the **member** to complete Nomination of Beneficiary details to give us guidance on preferred beneficiaries but this nomination is not binding on the **Scheme Administrator**.

The **member** should ensure that his or her nominations are updated as circumstances change.

### 22.3.2 Time limit

Any lump sum death benefit that is not paid within a period of two years beginning with the earlier of:

- the day on which we first knew of the **member's** death; and
- the day on which we could first reasonably have been expected to have known of the **member's** death,

will be taxable. Where the lump sum death benefit is paid to a beneficiary who is an individual, the payment will be taxed at the beneficiary's highest marginal rate of income tax.

## 22.4 Drawdown death benefits

Members with both **PP plans** and **drawdown plans** should note that the death benefit provisions for **PP plans** and **drawdown plans** are not the same.

# 23. Transfers-out

## 23.1 General

At any time before the **member** takes benefits, he or she can have the value of one or more complete **arrangements** under his or her **PP plan(s)** transferred out of the **Scheme** to another **registered pension scheme** or a **qualifying recognised overseas pension scheme**.

The **member** will be required to sign certain forms to authorise the transfer-out.

In all cases:

- the money must be transferred to provide the **member** with benefits under the receiving scheme;
- we will need to ensure that the receiving scheme is legally able to accept the transfer; and
- the transfer cannot take place until the requirements of both schemes have been satisfied.

Transferring is a very complex area and the **member** is strongly recommended to seek financial advice before making any transfers-out. We will not pay for the costs of any such advice.

## 23.2 Sale of units for a transfer-out

(a) Unless:

- there is a waiting period under section 16.9;
- section 23.2(d) applies in relation to sales of **units** in a **PruFund Protected Fund**; or
- there is a delay under section 18 or section 23.2(e),

**units** are sold at the **unit prices** available on the next **working day** following the day we treat a request for a transfer-out together with all necessary authorities and information as having been received by us.

Section 1.7 explains when we treat instructions and other items as having been received by us.

Where some but not all **arrangements** are encashed to make a transfer-out, there must be at least £1,000 remaining under the **member's PP plan(s)**.

Where selling **units** under some but not all **arrangements** under a **PP plan** to make a transfer-out, **units** are sold proportionately across all **funds** (including the **PruFund Accounts**) in which **units** are then held under that **PP plan**.

- (b) The value realised must be paid direct to the receiving scheme or the provider of that scheme.
- (c) If the **member** chooses to transfer out on a date other than the **SRA**, a Market Value Reduction may apply where **units** of the **With-Profits Fund** are sold (see section 15.4).
- (d) If there are **units** of a **PruFund Protected Fund** under the **PP plan**, the **member** may request for the date at which all **units** are sold to make a transfer-out to be delayed until the **guarantee date**. In this case, the sale of any **units** of another **fund(s)** will also be delayed until this date, and the **units** sold using the relevant **unit price(s)** at that date.

Where **units** of a **PruFund Protected Fund** are sold to make a transfer-out on the **guarantee date**, they will be valued in accordance with section 17.10.

If the **member** chooses to transfer out on a date other than the **guarantee date**, the guarantee under section 17.10 will be lost in relation to the **units** that are sold.

The sale of **units** of a **PruFund Protected Fund** (and, where applicable, the corresponding **PruFund Protected Account**) to pay a transfer-out, will affect the **guaranteed value**, as described in section 17.9.

- (e) A later **unit price** date may apply where the **member** is transferring out of one or more **drawdown plans** at the same time as cashing in a **PP plan** for a transfer-out. This may apply if an income payment is due to be paid under the **drawdown plan(s)**. In this case, the sale of **units** under all plans which are being cashed in for a transfer-out will be delayed until the **working day** after the date we make the income payment.
- (f) Where there is a waiting period under section 16.9 and/or a delay under section 18, the sale of all **units** under the **PP plan(s)** which is being cashed in, will be delayed until the **working day** after the waiting period/delay has ended.
- (g) The payment of the transfer-out may also be delayed where there are investments in the **SIF** to be sold. See the **SIPP Supplement** for further details.

- (h) The value of any amounts in a **holding account** under section 5.2 will be based on the value of the relevant transfers-in.

## 24. Taxation

### 24.1 Contributions

Contributions paid by the **member** up to the limits set out in section 7.2, qualify for income tax relief at the **member's** highest marginal rate.

The **member** should note that his or her application for membership of the **Scheme** constitutes an application for tax relief and it is an offence to make any false declarations about one's circumstances.

The **member's** personal contributions are made net of basic rate tax to us. We claim the basic rate tax relief from **HMRC**, for investment in the **member's PP plans**. Currently, we allocate **HMRC** tax relief payments to the **PP plan(s)** at the same time as the corresponding **member** contributions, as if they had been received at the same time. We do, however, reserve the right to defer the investment date of **HMRC** tax relief payments to the actual date of receipt of those payments.

If the **member** is not liable to tax, his or her contributions – up to £3600 in a **tax year** – still get the basic rate tax relief payment from **HMRC**.

If the **member** pays tax at a rate higher than the basic rate, the additional tax relief must be claimed through personal tax returns.

Employer contributions (if any) are paid “gross” to us and normally qualify as a business expense for the employer's tax purposes. These contributions do not result in a taxable benefit-in-kind for employees; although an **annual allowance charge** will be payable if the **annual allowance** is exceeded. As employer contributions are the full “gross” amount, there is no tax relief element to be invested in the **PP plan(s)** in respect of these contributions.

## 24.2 Investment funds

Investments in pension funds in which **registered pension schemes** are invested are given important tax benefits. They do not pay tax on investment income received or capital gains. Dividends from many overseas companies will be paid after deduction of an overseas withholding tax that the pension scheme cannot generally recover. Dividends from UK companies are exempt from tax in the pension scheme.

## 24.3 Benefits

- (a) Pensions are normally taxable as earned income.
- (b) Pension commencement lump sums are tax-free.
- (c) 25% of the uncrystallised funds pension lump sum will normally be tax-free with the remainder taxable as earned income.
- (d) 25% of the small lump sum will be tax-free with the remainder taxable as earned income.
- (e) A serious ill-health lump sum will normally be tax-free.
- (f) Lump sum death benefits will normally be free of inheritance tax.
- (g) Any lump sum death benefit that is not paid within the time limit described in section 22.3.2, will be taxable. Where the lump sum death benefit is paid to a beneficiary who is an individual, the payment will be taxed at the beneficiary's highest marginal rate of income tax.
- (h) All benefits, except any lump sum death benefit that is not paid within the time limit in section 22.3.2, count towards the **member's personal lifetime allowance** and a **lifetime allowance charge** may be payable by the recipient(s).

## 24.4 Unauthorised payments

Payments made from the **PP plan(s)** (and therefore from the **Scheme(s)**) are considered to be unauthorised payments where they do not comply with legislation. Generally, the payments and benefits described in this **Technical Guide** will not be considered unauthorised payments so long as they are within **HMRC** rules and limits.

We make every effort to ensure that the benefits and payments made are not treated as unauthorised payments, but, in some circumstances beyond our control, **HMRC** may decide that certain payments are unauthorised and tax them accordingly. This may happen, for example, in the case where Ongoing **Adviser Charges** are deducted and paid to a financial adviser after he or she has ceased to provide advice to the **member** (see section 20.6). It should be noted that this is not the only instance when a payment may be treated as an unauthorised payment. Any payment that is not made in accordance with **HMRC** rules is an unauthorised payment.

Unauthorised payments are subject to a tax charge of 40% of the payment. Also, a surcharge of 15% is payable where unauthorised payments exceed a certain limit for more than a certain period of time (as determined by **HMRC**).

## 25. Changes to the PP plan and/or to the terms and conditions set out in this Technical Guide

### 25.1 Changes requested by the member

The **member** can ask for his or her **PP plan(s)** to be amended. Any such change is subject to our agreement.

### 25.2 Changes by Prudential

**Note:** This section 25.2 does not apply to our limits or charges. Our right to change our limits and charges is set out in section 26.

- (a) Subject to (b) below, we can make changes to any **PP plan** and/or to the terms and conditions set out in this **Technical Guide**, providing we give **reasonable notice** to the **member** and obtain his or her consent.

If, having given **reasonable notice**, we do not receive any response from the **member** by the date specified in our notice, we will be entitled to infer his or her consent to the change.

- (b) We can add to, amend, modify or set aside any of the terms and conditions in this **Technical Guide** without giving **reasonable notice** and/or obtaining the **member's** consent in the circumstances set out below.

We can make changes under this section 25.2(b) without giving **reasonable notice** to the **member**: for example, where we are required by law to take urgent action, or where the change is either to the **member's** advantage or has little or no adverse financial effect on the **member's PP plan**. Except where it is impracticable to do so, we will, however, always notify the **member** of any changes made under this section 25.2(b) and such notification may be made after we have made the changes. In determining whether we must give the **member reasonable notice** or whether we may simply notify the **member** of a change, we will take into account all of the circumstances of the change and our duty to treat all of our customers fairly.

The circumstances in which we can make changes without the **member's** consent are as follows:

- (i) if it becomes impossible or unreasonable to follow the relevant terms and conditions because of a change in legislation, regulations or otherwise;
- (ii) if circumstances have changed in a way which could not have reasonably been predicted at the start of a **PP plan**;
- (iii) if the addition, amendment, modification or setting aside is reasonable (for example, the change must be justifiable and either be to the **member's** advantage or have little or no adverse financial effect on the **PP plan**; or if the change does have an adverse effect, it must be justifiable in terms of our duty to treat all of our customers fairly; or the change must be due to circumstances entirely outside our control);
- (iv) if the basis on which any company from within **M&G plc** is taxed changes, and then we can only change a **PP plan** in such a way which ensures that the balance between the **member** and us is the same as it was before the change;
- (v) if we discover that any payments to the **PP plan** do not relate to pension business in the way described in section 58 of the Finance Act 2012. See also section 28.7;

- (vi) if we do not have a current address for the **member**, which will mean that we cannot contact the **member** to provide the written notification of a proposed amendment that we would otherwise have given in terms of this **Technical Guide**.

**Note:** The examples given in (iii) are not meant to be an exhaustive list, nor do we mean to limit the circumstances in which a change might be considered "reasonable" to circumstances specifically of this type.

- (c) If the **member** is unhappy with any changes, he or she should contact us in accordance with section 27.
- (d) Additional terms and conditions regarding changes to the **funds** and a **holding account** are set out in sections 10.6, 13.1, 13.4 and 17.5.

## 26. Changes to limits and charges

From time to time, we may change the limits and charges in this **Technical Guide**. We may also introduce charges for making switches between **funds** under sections 10 and 11, and we may introduce or increase charges if a charge is imposed on us under the Financial Services Compensation Scheme (FSCS) (or any other investor compensation scheme) as described below and in section 28.8.

A change to the charges payable under the **PP plan** may also be effected through the withdrawal of, or a change to the terms and conditions of, the Fund Size Discount and/or the Loyalty Discount described in sections 19.5 and 19.6.

Changes to limits may be necessary to take account of inflation or other factors which affect the running of our business.

We will keep any increases to charges or new charges to reasonable amounts, reflecting any increases in our reasonable costs for operating the **PP plan(s)**, the **Pru Flexible Retirement Plan** and/or the **Scheme(s)**. This may happen, for example:

- if any **external company** or other company that performs any administrative or investment function on our behalf, increase the charges that we pay them; or



- if we experience an increase in the general administrative costs that we incur in operating the **PP plan(s)**, the **Pru Flexible Retirement Plan** and/or the **Scheme(s)**; or
- if the basis on which any company from within **M&G plc** is taxed changes; or
- if a charge is imposed on us under the FSCS (or any other investor compensation scheme); or
- if we discover that payments to the **PP plan** do not relate to pension business in the way described in section 58 of the Finance Act 2012. See also section 28.7.

See also section 19.8 which explains in detail how changes may affect the Annual Management Charges.

We will give the **member reasonable notice** if we make any change to limits or charges described in this **Technical Guide** or if we introduce any new charges.

If the **member** is unhappy with any changes, he or she should contact us in accordance with section 27.

## 27. Complaints

We want to know about any disputes or complaints as soon as possible. If the **member** or beneficiary (as appropriate) has any disputes or complaints, he or she should contact us in the first instance at the address shown in section 1.10.

In the unlikely event that we are unable to resolve any disputes or complaints, the **member** or beneficiary (as appropriate) can contact the organisations mentioned below. These organisations provide their services free of charge.

- Financial Ombudsman Service (FOS)  
Its address is:  
  
Exchange Tower  
London  
E14 9SR  
  
Telephone: 0800 023 4567  
  
Website address:  
[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

The Financial Ombudsman Service investigates disputes or complaints about the sale and marketing of pension plans.

- The Pensions Ombudsman (TPO)

Its address is:

10 South Colonnade  
Canary Wharf  
London  
E14 4PU

Telephone: 0800 917 4487

Website address:

[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

The Pensions Ombudsman investigates disputes or complaints about how pension plans are run.

We can give guidance as to which is the appropriate organisation for the **member** or his or her beneficiary (as appropriate) to contact in the event of a particular dispute or complaint.

## 28. Other information

### 28.1 Yearly statements

There are legal requirements – the “disclosure regulations” – on the provision of information about pension plans. We meet these requirements and give additional information automatically. This helps the **member** to track the progress of his or her investment.

We provide yearly benefit statements. These statements show total contributions paid in the last year (or, if less, since the start of the **PP plan**), the current value(s) and projected value(s) of the **PP plan(s)**.

### 28.2 Divorce and dissolution

- Legislation requires that pension plans are taken into account in divorce settlements and settlements made on the dissolution of civil partnerships.

The pension plan can be “set-off” against other matrimonial and civil partnership assets – the pension plan is left intact, but the split is allowed for by adjusting the shares in other assets.

Alternatively, particularly where the pension value is disproportionately high in relation to other matrimonial and civil partnership assets, the Court can instruct that:

- part of a pension plan is “earmarked” for payment to a former spouse or civil partner at retirement or on earlier death; or
  - the pension is “split” under a pension sharing order – with a transfer being made to a plan in the ex-spouse’s or ex-civil partner’s name.
- (b) There are rules on compliance with Court earmarking and pension sharing orders, to ensure that the terms specified in the order are met. In addition, a copy of an earmarking order must be passed on if the pension plan covered by the order is surrendered and transferred to another pension plan.
- (c) We may charge for providing information needed in the discussions leading to earmarking and pension sharing orders, to comply with implementation of the orders. We will tell the **member** (and/or his or her representatives) if any such charge is to be applied, before we take any action on a request for information in relation to a divorce/dissolution settlement or when we get an order. Any such charge would normally be payable separately by cheque from one of the parties to the divorce/dissolution.
- (d) When considering his or her options, the **member** should seek financial advice. A financial adviser can assess the **member’s** personal circumstances, talk him or her through his or her options and make a recommendation based on this information.

### 28.3 Assignment and forfeiture

The benefits under a **PP plan** should not be assigned or forfeited, except that:

- **annuity** payments which continue to be paid during a guaranteed period to an annuitant’s estate after his or her death, may be assigned in the annuitant’s will, or as part of the distribution of the annuitant’s estate;
- pension sharing on divorce or dissolution as described in section 28.2 is permitted; and

- benefits may be forfeited to the extent permitted by sections 273 to 278 of the Proceeds of Crime Act 2002.

### 28.4 Bankruptcy

Legislation has been passed on the effect of bankruptcy on pensions. In broad terms, pensions from **registered pension schemes** will not form part of the assets to be taken into account in bankruptcy, if the bankruptcy petition is presented to the Court on or after 29th May 2000, and the benefits are not at that time in payment.

However, where the benefits are in payment, a Court has the right to order that part or all of a pension in payment to the bankrupt, and/or a lump sum, from a pension scheme or arrangement, be included in a bankrupt’s estate (and, therefore, be available to the trustee in bankruptcy) for a specified period, if it finds that the bankrupt’s total income is in excess of what the bankrupt and his or her family reasonably need to live on.

Legislation also limits the scope for pension contributions where the money should, instead, have been available to creditors.

### 28.5 Governing law

The **member’s PP plan(s)** will be governed by the law of England and Wales and any disputes connected with the **PP plan(s)** will be settled in the Courts of England and Wales. The parties agree irrevocably to submit to the jurisdiction of the Courts of England and Wales.

### 28.6 Contract of long-term insurance

The benefits arising under the **member’s PP plan(s)** relate to a “contract of long-term insurance” within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

### 28.7 Pension business

All payments made to any **PP plan(s)** must relate to pension business in the way described in section 58 of the Finance Act 2012. If we discover that any payments do not meet this requirement, we may modify the terms of the **PP plan(s)** under sections 25 and/or 26 in whatever way

is necessary to ensure that **HMRC** does not tax any of the **funds** or does not impose any other penalty on us. If such modification is necessary, we will notify the **member** and provide full details of the changes.

## 28.8 The Financial Services Compensation Scheme

If we get into financial difficulties which affect our ability to pay the **member's** claim, he or she may be eligible to receive compensation under the Financial Services Compensation Scheme (FSCS).

The FSCS is an independent body set up under the Financial Services & Markets Act 2000 to provide compensation to individuals if their authorised financial services provider gets into financial difficulties and is unable, or likely to be unable, to pay claims against it. This circumstance is widely referred to as being "in default".

It is important for the **member** to be aware that he or she may not always be able to make a claim under the FSCS and that there are limitations in the amount of compensation he or she may receive.

Any compensation available will depend on the **member's** eligibility, the type of financial product or service involved, the funds selected and the circumstances of the claim.

The **member** can find out more information on the FSCS and examples of limits in the scope of FSCS cover by visiting our website at [pru.co.uk/about/financial-services-compensation-scheme](http://pru.co.uk/about/financial-services-compensation-scheme) or he or she can call our Customer Services team on 0345 075 2244.

Information is also available from the FSCS. The **member** can contact the FSCS by:

- writing to:  
Financial Services Compensation Scheme  
PO Box 300  
Mitcheldean  
GL17 1DY
- telephoning: 0800 678 1100;
- visiting its website at: [fscs.org.uk](http://fscs.org.uk)

Policyholders, including the **member**, are not protected by the FSCS against the insolvency of other companies within **M&G plc** or an **external company**. This means that the FSCS does not provide protection:

- for **Prudential Unit-Linked Funds** which are invested solely in funds operated by another company within **M&G plc** (for example, unit trusts or **OEICs** operated by another company within **M&G plc**);
- for **Prudential Unit-Linked Funds** which are provided through another company within **M&G plc**;
- for **Externally-Linked Funds** (including the **SIF**); or
- for a **holding account**.

If another company from within **M&G plc** or an **external company** becomes insolvent and we cannot recover the full value of the **units**, **SIF** investments or amounts in a **holding account**, **Prudential** will not be liable for the shortfall.

As reflected in section 26, if a charge is imposed on us under the FSCS (or any investor compensation scheme), we may pay it by imposing on our policyholders whatever additional charges are necessary and reasonable.

## 28.9 The Pension Tracing Service

The Pension Tracing Service is a free Government service that helps individuals who have lost touch with their previous pension arrangements trace their pension rights. You can contact the Pension Tracing Service by:

- writing to:  
The Pension Service 9  
Mail Handling Site A  
Wolverhampton  
WV98 1LU
- telephoning: 0800 731 0193
- visiting its website at:  
[gov.uk/find-pension-contact-details](http://gov.uk/find-pension-contact-details).

## 28.10 Contracts (Rights of Third Parties) Act 1999

Although the **Trustee** is the policyholder (as explained in section 1.5), the **member** has directly enforceable rights against us in respect of the benefits under this **Technical Guide** to which he or she is or becomes entitled. Subject to this, nothing in this **Technical Guide** confers or purports to confer on any third party any benefits or any right to enforce any term or condition set out in this **Technical Guide** pursuant to the Contracts (Rights of Third Parties) Act 1999.

## 28.11 MoneyHelper

The member can get independent and impartial information and guidance on pensions matters from MoneyHelper. MoneyHelper provides its services free of charge. The member can contact MoneyHelper by:

- writing to:  
MoneyHelper Pensions Guidance  
Money and Pensions Service  
120 Holborn  
London  
EC1N 2TD
- telephoning: 0800 011 3797
- visiting its website at:  
[moneyhelper.org.uk/en/pensions-and-retirement](http://moneyhelper.org.uk/en/pensions-and-retirement)

## 29. Meanings of special words and expressions

The words and expressions explained in this section 29 are shown in **bold italic** throughout this **Technical Guide**.

**actual Annual Management Charge:** This is the main charge that we make for operating the **PP plan**. It is expressed in terms of the **basic Annual Management Charge** plus or minus a percentage adjustment which takes account of any discounts available (see section 19.3).

**Adviser Charge:** An amount deducted from the **PP plan** and paid to the **member's** financial adviser as his or her agreed payment for advice (see section 20.1). There are three types of Adviser Charge available under the **Pru FRP Personal Pension Plan**:

- Set-up Adviser Charge (see sections 20.4 and 20.5);
- Ongoing Adviser Charge (see section 20.6); and
- Ad hoc Adviser Charge (see section 20.7).

There is also a type of Adviser Charge known as a “**SIF Ad hoc Adviser Charge**”. This type of Adviser Charge is relevant only where the **PP plan** is invested in the **SIF**. See the **SIPP Supplement** for further information.

**anniversary date:** The anniversary each year of the **start date** of each **PP plan**.

**annual allowance:** Under legislation, there is a limit for each **tax year** on the total contributions that can be made by or in respect of the **member** to the **Scheme** and to all other **registered pension schemes**. This limit is called the annual allowance. The annual allowance will also take into account the increase in value of any defined benefits that the **member** may have under any other **registered pension scheme**. If the annual allowance is exceeded, the **member** will be liable to an **annual allowance charge**. The annual allowance is explained in more detail in section 7.3.

**annual allowance charge:** This is a tax charge for which the **member** is liable if the **annual allowance** is exceeded. The annual allowance charge is based on the **member's** highest marginal rate of income tax in respect of the amount in excess of the **annual allowance**.

Neither we nor the **Trustee** can be held liable if the **member** suffers any loss due to our acceptance of a payment that results in an annual allowance charge.

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

**arrangement:** One of the segments into which each **PP plan** is automatically divided, as described in section 8.2.

**automatic enrolment legislation:** The legislation in Part 1 of the Pensions Act 2008 and regulations made under that Part, which provides for pension scheme membership for jobholders.

**Average Weekly Earnings index:** A monthly measure of the average weekly earnings per job in Great Britain, published by the Government Executive Agency known as the Office for National Statistics. If this index is no longer published or if, in our opinion, the index is no longer suitable, we will use another index which we consider suitable, including an index we calculate for this purpose.

**basic Annual Management Charge:** This is the charge that we make for managing a **fund**. The charge may vary from **fund** to **fund**. The current basic Annual Management Charges for all of our **funds** are published in our current **funds** literature. The basic Annual Management Charge is sometimes known as the Fund Management Charge.

**capped drawdown:** Where income payments from a **drawdown plan** are limited to a percentage of the GAD annuity rates which are the annuity rates supplied by the Government Actuary Department for the purpose of **drawdown pension arrangements**.

As mentioned in section 1.2, on and from 6th April 2015, new money can only be paid for a **member** to a **drawdown plan** which is a **flexi-access drawdown plan** (although a new capped drawdown plan can still be set up as a result of a transfer from an existing capped drawdown plan).

Details of the capped drawdown plan are contained in the **Pru FRP Drawdown Technical Guide** coded FRPT10364.

**daily smoothing limit:** This is a specified limit, expressed as a percentage of the **unit price**, that we may choose to vary from time to time and that may differ across the range of **PruFund Funds**. For further information, please see our guide on how the PruFund range of funds is managed at: [pru.co.uk/pdf/WPGB0031.pdf](http://pru.co.uk/pdf/WPGB0031.pdf)

**default fund:** This is the investment fund to which payments will be automatically applied in the event that the **member** does not state his or her own choice from among the **funds** available. Details of the default fund are available from **Prudential** on request.

The default fund does not represent a recommendation by **Prudential** and the **member** should consider and choose funds to suit his or her needs. When considering his or her options, the **member** should seek financial advice. A financial adviser can assess the **member's** personal circumstances, talk him or her through his or her options and make a recommendation based on this information.

**disqualifying pension credit:** This is a **pension credit** that has been received by an individual on divorce or dissolution where his or her ex-spouse's or ex-civil partner's benefits were already in payment at the time the **pension credit** was awarded.

As the benefits being awarded are already in payment, no further pension commencement lump sum can be paid to the **member** when the **drawdown plan** is set up.

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

**drawdown plan:** A **Pru FRP Drawdown Plan** set up for the **member** for the purpose of drawing income payments under the **Pru Flexible Retirement Plan's** "drawdown" option. It can also mean a drawdown plan set up for a dependant or a nominee.

**expected growth rate:** This is the annual rate of increase, which may be zero but will never be negative, applied on a daily basis to increase **unit prices** in each **PruFund Fund** (except when the smoothing process has been suspended under section 16.8.5) and each **PruFund Account**. The same expected growth rate applies to each **PruFund Fund** and its corresponding **PruFund Account**. Different expected growth rates apply to each separate **PruFund Fund** (and the corresponding **PruFund Account**), except in the case of a **PruFund pair** or a **PruFund Account pair**. In the case of a **PruFund pair**, the same expected growth rate applies to both **PruFund Funds** within that **PruFund pair**. The same applies to **PruFund Accounts** within a **PruFund Account pair**. See sections 16.7 and 16.8.

**external companies and Externally-Linked Funds:** External companies are companies or other entities that are either:

- (a) managers of collective investment schemes (such as unit trusts and **OEICs**) operating outside **M&G plc**; or
- (b) life assurance companies outside **M&G plc**.

**Prudential** (or other companies within **M&G plc**) has entered into agreements with certain external companies so that **funds** that invest in externally-managed collective investment schemes and **funds** with investment performance linked to funds of external life assurance companies may be offered under the **Pru Flexible Retirement Plan**. These **funds** are called Externally-Linked Funds. The Externally-Linked Funds are **Unit-Linked Funds**.

**flexi-access drawdown:** An option introduced by the Taxation of Pensions Act 2014 which is available under the **Pru FRP Drawdown Plan** on and after 6th April 2015. There is no maximum income payment and also no minimum income requirement that needs to be satisfied under a flexi-access drawdown plan.

As mentioned in section 1.2, on and from 6th April 2015, new money can only be paid for a **member** to a **drawdown plan** which is a flexi-access drawdown plan (although a new **capped drawdown** plan can still be set up as a result of a transfer from an existing **capped drawdown** plan).

Details of the flexi-access drawdown option are contained in the **Pru FRP Drawdown Technical Guide** coded FRPT10364.

**FTSE:** Financial Times and the London Stock Exchange.

**fund:** This means one of the pension funds we make available for investing payments. The funds consist of the **Prudential Unit-Linked Funds**, the **With-Profits Fund**, the **PruFund Funds** and a number of **Externally-Linked Funds** (including the **SIF**). Whilst the **PruFund Accounts** are also funds within the terms of this **Technical Guide**, they cannot be selected as investment choices: their function is to facilitate investment in the **PruFund Funds**. The funds available as investment choices under the **Pru Flexible Retirement Plan** are set out in our funds literature (available on request) and are subject to change from time to time (see section 13.4).

**gap after adjustment:** This is the specified gap, expressed as a percentage of the **net asset value per unit**, between the **unit price** and the **net asset value per unit** immediately after the **unit price** has been adjusted as a result of the **daily smoothing limit** being met or exceeded as set out in section 16.8.3(b). We may choose to vary this percentage from time to time and it may differ across the range of **PruFund funds**. For further information, please see our guide on how the PruFund range of funds is managed at: [pru.co.uk/pdf/WPGB0031.pdf](http://pru.co.uk/pdf/WPGB0031.pdf)

**guarantee charge:** This is the charge that we make in respect of any **units** of a **PruFund Protected Fund** and a **PruFund Protected Account** held under a **PP plan**.

**guarantee charge date:** This is the date each calendar month on which we deduct the **guarantee charge**. The guarantee charge date will normally fall on the same day of the month as the **guarantee start date**. If the guarantee charge date would fall on the 29th, 30th or 31st day of any month, we may substitute the 28th day of that month for that day. The first guarantee charge date falls in the first calendar month next following the **guarantee start date**, and subsequent ones then fall monthly thereafter.

**guarantee date:** This is the single date on which we test the value of any **units** of a **PruFund Protected Fund** that are held under a **PP plan**. The guarantee date of an investment in a **PruFund Protected Fund** is determined in accordance with section 17.6.

**guaranteed value:** This is the minimum value, determined in accordance with sections 17.7 to 17.10, that an investment in a **PruFund Protected Fund** is guaranteed to meet on the **guarantee date**.

**guarantee period:** This is a pre-selected period under a **PruFund Protected Fund** at the end of which a guarantee applies in accordance with section 17. The guarantee period is chosen by the **member** from the range of guarantee periods which we offer under that **PruFund Protected Fund** at the **guarantee start date**. The range of guarantee periods and the minimum and maximum guarantee periods that we offer may change from time to time, as described in section 17.5. In some of our literature, the expression “guarantee term” may be used in place of “guarantee period”.

**guarantee start date:** This means the date on which **units** of a **PruFund Protected Account** (or a **PruFund Protected Fund**, in the case of a switch from the non-protected **PruFund Fund** in the same **PruFund pair**) are first allocated to the **PP plan**.

**HMRC:** Her Majesty's Revenue & Customs.

**holding account:** A cash deposit account which may be held under the **Scheme** but which is not part of a **PP plan** or a **drawdown plan**. A holding account may be used for the consolidation of multiple transfers-in under section 5, before the payments are allocated to a **PP plan(s)** and, if appropriate, to a **drawdown plans(s)**.



**lifetime allowance charge:** This is a tax charge that applies if, when the **member** takes benefits from the **Scheme**, the value of those benefits exceeds the **member's** available **personal lifetime allowance**. If the excess is used to provide a pension it will be taxed at 25%. If the excess is taken as a lump sum it will be taxed at 55%. When testing the benefits against the **member's personal lifetime allowance**, the value of benefits previously taken from the **Scheme** and/or from any other **registered pension scheme**, will be taken into account.

Neither we nor the **Trustee** can be held liable if payment of a benefit from the **Scheme** results in a lifetime allowance charge.

**M&G plc:** M&G plc and its subsidiaries as defined in the Companies Act 2006.

**member:** The person identified in the Certificate of Membership, who has been accepted by us as a member of the **Scheme** and whose **PP plan** falls under the terms and conditions set out in this **Technical Guide**. An individual whose transfers-in are held in a **holding account** is also a member of the **Scheme**, even though we may not have issued a Certificate of Membership.

**minimum With-Profits investment period:** Where the **member** proposes to invest in the **With-Profits Fund**, the period from the date of investment (or the date when **units** are first allocated in that **fund** under a series of regular contributions – see section 9.5(d)) to the **SRA** must meet or exceed the minimum With-Profits investment period. The length of the minimum With-Profits investment period is determined as follows:

- (a) Where the **start date** was before 11th November 2013, the minimum With-Profits investment period is five years.
- (b) Where the **start date** is on or after 11th November 2013, the minimum With-Profits investment period is 10 years, unless (c) or (d) below applies.
- (c) Where:
  - the **PP plan** is for regular contributions; and
  - all requirements to set up that **PP plan** have been treated as received by us before 11th November 2013; and

- the **start date** of that **PP plan** was before 1st January 2014,

the minimum With-Profits investment period for that **PP plan** is five years.

(d) Where:

- the **PP plan** is for one or more transfers-in; and
- the initial application and all other information required to set up that **PP plan** have been treated as received by us before 11th November 2013; and
- the **start date** of that **PP plan** was before 25th November 2013

the minimum With-Profits investment period for that **PP plan** is five years.

Full details of how the minimum With-Profits investment period works are set out in section 9.5. The **member** should contact us if he or she is in any doubt as to whether the minimum With-Profits investment period for his or her **PP plan** is five or ten years.

**monthly transaction date:** This is the date each calendar month on which:

- any **units** are sold to meet the **basic Annual Management Charge**, if this is an explicit charge (see section 19.2);
- we allocate **units** for the explicit rebate required under section 19.4 to meet the **actual Annual Management Charge**; and/or
- we deduct **units** to meet any Ongoing **Adviser Charges** under section 20.

The monthly transaction date will normally fall on the same day of the month as the **relevant date**. If the monthly transaction date would fall on the 29th, 30th or 31st day of any month, we may substitute the 28th day of that month for that day. The first monthly transaction date falls in the first calendar month next following the **relevant date**, and subsequent ones then fall monthly thereafter.

**net asset value per unit:** This definition is used in respect of the **PruFund Funds** (see section 16.8). It is the **fund** value (as determined by us) of the relevant **PruFund Fund**, divided by the total number of **units** in that **PruFund**

**Fund** in respect of all pension and non-pension policies, which are invested in that **PruFund Fund**. In the case of a **PruFund pair**, the two **funds** in that **PruFund pair** are taken together when carrying out this calculation. See section 16.8.

**occupational pension scheme:** An employer-sponsored **registered pension scheme** (i.e. not a grouped personal pension arrangement).

**OEIC:** An open-ended investment company. Some of the **funds** available under the **Pru Flexible Retirement Plan** invest in OEICs.

**PCP plan:** A Prudential Pension Choices Personal Pension or Drawdown plan, as applicable.

**pension credits and pension credit rights:** Pension credits and pension credit rights may arise in two situations, as follows:

- (a) an individual who has become divorced or whose civil partnership has been dissolved, may be awarded a pension credit in respect of his or her ex-spouse's or ex-civil partner's benefits under a **registered pension scheme**. Such pension credits can be transferred to the **Scheme**; and
- (b) if on divorce or dissolution the **member's** ex-spouse or ex-civil partner is awarded a pension credit in respect of the **member's** benefits under the **Scheme**, the ex-spouse or ex-civil partner may become a member of the **Scheme** in order to benefit from the pension credit.

In either of these two situations, moneys representing the relevant pension credits are invested under a **PP plan** for the individual and he or she will then have pension credit rights under the **Scheme**.

**Note:** In the context of this definition, pension credit also includes **disqualifying pension credits**.

**pension date:** This is the date that the **member** selects under section 21.4.2 as being the date when he or she actually wants to start benefits under section 21. It may, but does not have to be, the same as the **SRA**, as explained in section 21.4.

**personal lifetime allowance:** This will normally be the **standard lifetime allowance**. However, a higher or lower amount may apply in certain circumstances. For example, the personal lifetime allowance may be a higher amount where the **member** has **transitional protection** in relation to his or her benefits. Conversely, the personal lifetime allowance may be a lower amount where the **member** had a **protected early pension age** at 6th April 2006.

The value of the **member's** benefits is tested against his or her available personal lifetime allowance when he or she takes his or her benefits. If the **member** has not taken his or her benefits by age 75, those benefits will be tested against his or her available personal lifetime allowance at age 75. Before we pay any benefits, the **member** will need to confirm in writing that the value of those benefits together with the value of benefits previously taken from the **Scheme** and/or from any other **registered pension scheme**, does not exceed his or her personal lifetime allowance. If, at that time, the **member's** personal lifetime allowance is different from the **standard lifetime allowance**, we will also need evidence of the actual personal lifetime allowance.

If the **member's** personal lifetime allowance is exceeded, the excess benefits will be subject to a **lifetime allowance charge**.

It is the **member's** responsibility to keep a record of the percentage of the **standard lifetime allowance** that has been used in providing benefits.

**post-RDR pension plan:** A pension plan which is subject to our regulator's rules on advice and adviser charging, effective from 31st December 2012. A **PP plan** or **drawdown plan** is treated as a post-RDR pension plan in the circumstances described in section 1.3.6(a).

**PP plan:** A **Pru FRP Personal Pension Plan** set up for the **member** in order to provide benefits under the **Scheme**. As explained in section 8, each different contribution type and benefit type is normally set up as a separate PP plan under the **Pru FRP Personal Pension Plan**.

**pre-RDR pension plan:** A pension plan which is subject to our regulator's rules on advice and adviser charging which applied before 31st December 2012. A **PP plan** or **drawdown plan** is treated as a pre-RDR pension plan in the circumstances described in section 1.3.6(b).

**protected early pension age:** Certain individuals are permitted to start benefits under a **registered pension scheme** before age 55. A protected early pension age applies if an individual:

- has an unqualified right to take benefits prior to age 55; or
- was entitled on 6th April 2006 to an early pension age because his or her occupation was recognised by **HMRC** as one for which an early pension age was acceptable.

**Prudential:** The Prudential Assurance Company Limited, which is a member of **M&G plc**.

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

**Prudential Fixed Interest Fund:** The unit-linked fixed interest fund from the Prudential fund range offered under the **Pru Flexible Retirement Plan** (including any successor fund).

**Prudential Managed Fund:** The unit-linked managed fund from the Prudential fund range offered under the **Pru Flexible Retirement Plan** (including any successor fund).

**Prudential Unit-Linked Fund(s):** These are **Unit-Linked Funds** that are managed by companies within **M&G plc**. The Prudential Unit-Linked Funds include the M&G funds.

**Prudential With-Profits Fund:** The With-Profits Fund operated by **Prudential** as a whole.

The Prudential With-Profits Fund is divided into parts, or sub-funds. A sub-fund may be divided into **units**. We may combine or divide the sub-funds or **units** of a sub-fund at any time. Only one type of **unit** applies to the **PP plan(s)**.

The **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** are pension sub-funds (or part of sub-funds) of the Prudential With-Profits Fund. The **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** are invested within, and subject to the profit-sharing rules of, the Prudential With-Profits Fund. The profits of the Prudential With-Profits Fund are shared between eligible policyholders and our shareholders. The proportions in which distributed profits are divided between policyholders and shareholders are regulated by our Articles of Association, which can be changed in accordance with company law. **Units** in the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** participate in the profits of the relevant sub-fund in the manner described in **Prudential's** Principles and Practices of Financial Management which may be changed from time to time in accordance with regulatory requirements.

Although they are part of the Prudential With-Profits Fund, the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** are operated in different ways. See sections 15 and 16.

**Pru Flexible Retirement Plan:** A **Prudential** pension arrangement which offers:

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

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

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

**Pru FRP Drawdown Technical Guide:** This is the booklet which sets out the terms and conditions of the **Pru FRP Drawdown Plan**.

The Pru FRP Drawdown Technical Guide FRPT10364 sets out the terms and conditions of the **Pru FRP Drawdown Plan** for **post-RDR pension plans**. The Pru FRP Drawdown Technical Guide IPPB6373 sets out the terms and conditions of the **Pru FRP Drawdown Plan** for **pre-RDR pension plans**. The Pru FRP Drawdown Technical Guides may be subject to associated addendums or customer letters – see also section 1.3.

**Pru FRP Personal Pension Plan:** The pension arrangement that constitutes the “personal pension” option under the **Pru Flexible Retirement Plan**.

**PruFund Account(s):** These are pension sub-funds of the **Prudential With-Profits Fund**. They are used in conjunction with their corresponding **PruFund Funds**. See sections 16.3 to 16.7 for details about the PruFund Accounts.

**PruFund Account pair:** This is a pair of **PruFund Accounts** which are linked by description and which correspond to the **PruFund pair** of the same description. For example, the PruFund Cautious Account and the PruFund Protected Cautious Account (both of which are currently available under the **Pru FRP Personal Pension Plan**), constitute a PruFund Account pair.

**PruFund Fund(s):** These are pension sub-funds of the **Prudential With-Profits Fund**. The full range of PruFund Fund(s) available at any time is set out in our current **funds** literature which is available on request.

**PruFund pair:** This is a pair of **PruFund Funds** consisting of one **PruFund Protected Fund** and one non-protected **PruFund Fund** which are linked by description. For example, the PruFund Cautious Fund and the PruFund Protected Cautious Fund (both of which are currently available under the **Pru FRP Personal Pension Plan**), constitute a PruFund pair.

**PruFund Protected Account(s):** These are the **PruFund Accounts** which correspond to the **PruFund Protected Funds**.

**PruFund Protected Fund(s):** These are the **PruFund Funds** which offer guarantee options described in section 17. The full range of PruFund Protected Fund(s) available at any time is set out in our funds literature which is available on request.

**qualifying recognised overseas pension scheme:** An overseas pension scheme that meets certain **HMRC** requirements.

**quarter date(s):** These are relevant to the **PruFund Funds** and are 25th February, 25th May, 25th August and 25th November or the following **working day** if the date falls on a day that is not a **working day**. If the **FTSE** is not open for business on the date so determined, the quarter date will instead fall on the next **working day** that the **FTSE** is open for business.

**quarterly smoothing limit:** This is a specified limit, expressed as a percentage of the **unit price**, that we may choose to vary from time to time and that may differ across the range of **PruFund Funds**. For further information, please see our guide on how the PruFund range of funds is managed at: [pru.co.uk/pdf/WPGB0031.pdf](http://pru.co.uk/pdf/WPGB0031.pdf)

**reasonable notice:** This means that we must tell the **member** before we make a change and we must give him or her a reasonable amount of time, given all of the circumstances, to take any action or make any decisions which are needed, or which he or she may wish to take, on account of the proposed change. When giving reasonable notice, we will take account of all of the circumstances of the change: for example, the length of notice that we can give may be influenced by legislative or regulatory requirements, or by an external entity such as an **external company**.

**registered pension scheme:** A pension scheme registered in accordance with section 153 of the Finance Act 2004, or deemed registered in accordance with paragraph 1 of Schedule 36 to the Finance Act 2004.

**relevant date:** For a new contribution or an increase in an existing contribution rate, the date we have a fully completed application form providing all the information we need to meet our contractual and legal requirements – together with a fully completed cheque or direct debit

mandate covering payment of the contributions (or such other contribution payment method as we specifically agree as acceptable).

In the case where a transfer payment is held in a **holding account** under section 5.2 or 5.3, the relevant date will, however, be determined when we have received (or treat as received under section 1.7) the last transfer payment together with all the information, authorities and instructions that we require.

The relevant date of each regular contribution after the first regular contribution will normally be the due date. If, however, some or all of a regular contribution is paid after the due date, the relevant date of the contribution will be decided by us, but will be no later than the date on which we receive the contribution (or the final part of the contribution).

If we are not open for business on the day determined in the way described above, the relevant date will be the next **working day** following that day.

**Rules:** The legal document which, together with the trust documentation for the relevant **Scheme**, sets out the way in which the **Scheme** is operated by the **Trustee** and the **Scheme Administrator** for the benefit of individuals who have been accepted to membership of the **Scheme**. The Rules may be amended or replaced from time to time.

**Scheme(s):** The Prudential (SAL) Personal Pension Scheme and/or the Prudential (M&G) Personal Pension Scheme, as appropriate (see sections 1.5, 2.3 and 6.4).

**Scheme Administrator:** The Prudential Assurance Company Limited. The Scheme Administrator is responsible for the administration of the relevant **Scheme** under the terms of the **Rules**.

**SIF:** This is the Self-Invested Fund (if any) set up for the **member** under the **SIPP Supplement**.

**SIPP Supplement:** This is the Booklet coded FRPT10379, which is a supplement to both this **Technical Guide** and the **Pru FRP Drawdown Technical Guide** and which sets out the terms and conditions of the SIPP option and the **SIF**.

**SRA:** Selected Retirement Age. This is the date selected by the **member** at the start of a **PP plan**, as the date that he or she expects to start benefits. Its importance is explained in section 21.

**standard lifetime allowance:** There is a limit on the total value of the benefits that can be taken from all **registered pension schemes** (including this **PP plan(s)**) of which an individual has been, or is currently, a member. This limit is called the standard lifetime allowance. If the standard lifetime allowance is exceeded, the excess benefits may be subject to a **lifetime allowance charge**. See sections 2.1, 21.4.10, 22.2.1(e) and 24.3 for information about the lifetime allowance check.

The standard lifetime allowance for the **tax year** 2022/2023 is £1,073,100.

The Government may change the amount of the standard lifetime allowance from time to time.

**start date:** The date confirmed as such in the Certificate of Membership or in any other document issued by us to confirm the terms of a **PP plan** (or to confirm the terms of an increase to an existing regular contribution **PP plan**).

In the case where a transfer payment is held in a **holding account**, the start date will be determined when we have received (or treat as received under section 1.7) the last transfer payment together with all the information, authorities and instructions that we require.

**tax year:** The period starting on 6th April each year and ending on 5th April the following year.

**Technical Guide:** This Booklet coded FRPT10363, which sets out the terms and conditions of the **Pru FRP Personal Pension Plan**. The Technical Guide may be subject to associated addendums or customer letters – see also section 1.3.

**Note:** Where the **member** has a **PP plan** which is a **pre-RDR pension plan** (see section 1.3.6(b)), the terms and conditions in the Pru Flexible Retirement Plan – Personal Pension Option Technical Guide coded IPPB6369 (and any associated addendums or customer letters) apply to that **PP plan**.

**transitional protection:** Transitional protection allows an individual to protect existing pensions savings from the **lifetime allowance charge**, as follows:

- If the **member** has pension savings built up before 6th April 2006 when the **standard lifetime allowance** was first introduced, he or she may have “primary protection” and/or “enhanced protection”. The **member** needed to apply to **HMRC** for this protection by 5th April 2009.
- If the **member** has pension savings built up before 6th April 2012 when the **standard lifetime allowance** was reduced from £1.8 million to £1.5 million, he or she may have “fixed protection”. The **member** needed to apply to **HMRC** for this protection by 5th April 2012.
- If the **member** has pension savings built up before 6th April 2014 when the **standard lifetime allowance** was reduced from £1.5 million to £1.25 million, he or she may have “fixed protection 2014”. The **member** needed to apply to **HMRC** for this protection by 5th April 2014.
- If the **member** has pension savings built up before 6th April 2014 when the **standard lifetime allowance** was reduced from £1.5 million to £1.25 million, he or she may have “individual protection 2014”. The **member** needed to apply to **HMRC** for this protection by 5th April 2017.

If the **member** has pension savings built up before 6th April 2016 when the **standard lifetime allowance** was reduced from £1.25 million to £1 million, he or she may apply for “fixed protection 2016” or “individual protection 2016”. The **member** needs to apply to **HMRC** for these protections. The **member** is able to apply on-line by visiting its website at [gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](http://gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance). The **member** should seek financial advice regarding these protections if they could be relevant to him or her.

**Trustee:** The Trustee of the relevant **Scheme**, namely Prudential Corporate Pensions Trustee Limited, or any new or replacement trustee(s) that may be appointed from time to time.

**unit:** This has a different meaning within different types of **fund**. In particular:

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

**Unit-Linked Fund(s):** These pension funds are the **Prudential Unit-Linked Funds** and the **externally-Linked Funds**. For the avoidance of doubt, the **With-Profits Fund**, the **PruFund Funds**, the **PruFund Accounts** and the **SIF** are not Unit-Linked Funds.

**unit price:** **Units** in the **funds** are bought and sold at the unit price. The way we calculate the unit prices for each type of **fund** is described in section 14 (for the **Unit-Linked Funds**), section 15 (for the **With-Profits Fund**) and section 16 (for the **PruFund Funds** and the **PruFund Accounts**).

**With-Profits Fund:** This is a pension sub-fund of the **Prudential With-Profits Fund** relevant to the **Pru Flexible Retirement Plan** (see section 15).

**working day:** In relation to setting the **quarter dates** and in relation to the operation of the smoothing process relevant to the **PruFund Funds** under section 16.8, working day means any day that the **FTSE** is open for dealings, and, where practicable, any day on which it would normally be open but for a temporary closure.



In all other cases, working day means any day that **Prudential** is open for business. It does not include:

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

**yearly indexation date:** This is the date agreed between us and the **member** as the date when regular contributions will be automatically increased each year under section 3.6. This expression is relevant only where the **member** has selected automatic indexation under section 3.6.

The value of your investment may go down as well as up, and may in the future be less than the payment(s) made to your Plan. Information in this Technical Guide is based on Prudential's understanding of legislation as at March 2022. Legislation, particularly relating to taxation, may be subject to change in the future. Any tax reliefs referred to are those currently available and the value of tax reliefs depends on individual circumstances. If an investment is in the With-Profits Fund, there are various circumstances in which a Market Value Reduction may apply on the sale of units in that fund, as explained in section 15.4 of this Technical Guide.

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