Pru
part of M&G plc

Technical Guide

Including Terms and Conditions

Pru Flexible Retirement Plan – Drawdown Option (FRPT10364)

Contents

1. Introduction

This Technical Guide contains the detailed terms and conditions of the Pru Flexible Retirement Plan's drawdown options from 1st December 2021 for post-RDR pension plans. It also gives general information about personal pensions and membership of the Prudential (SAL) and Prudential (M&G) Personal Pension Schemes.

1.1 Definitions and interpretation

The words and expressions shown in ***bold italics*** are explained in section 30 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 31 December 2012.

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

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

1.2 The Pru Flexible Retirement Plan and its options

1.2.1 Personal pension, drawdown and SIPP 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 11 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.
- 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 ***drawdown 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.

1.2.2 Annuitisation, capped drawdown, flexible drawdown and flexi-access drawdown

(a) The Finance Act 2011 removed the legal requirement for pension savings to be converted to an ***annuity***. It should be noted, however, that the terms and conditions of the ***Pru FRP Drawdown Plan*** require the ***member*** to use the value of his or her ***drawdown plan(s)*** to buy an ***annuity*** or take a transfer-out on or before his or her 99th birthday. If the ***member*** wishes to remain in drawdown beyond that date, he or she will need to transfer to a ***registered pension scheme*** that offers that facility.

(b) The Finance Act 2011 also introduced two levels of drawdown: "***capped drawdown***", where ***income payments*** are limited by reference to a percentage of ***GAD annuity rates*** and "***flexible drawdown***", where unlimited access to the ***drawdown pension arrangement*** was available subject to the individual demonstrating a specific level of guaranteed income from other sources.

(c) The Taxation of Pensions Act 2014 introduced on and from 6 April 2015 a new type of flexible drawdown known as "flexi-access drawdown" under which there is no maximum income payment and no requirement to satisfy a guaranteed income requirement from other sources.

1.2.3 Available options under the Pru FRP Drawdown Plan from 6th April 2015

(A) Flexi-access Drawdown

As mentioned in section 1.2.2 (c) above, The Taxation of Pensions Act 2014 introduced "flexi-access drawdown" and this is available under the ***Pru FRP Drawdown Plan*** from 6 April 2015.

On or after 6 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 for a ***member*** as a result of a transfer from an existing ***capped drawdown*** plan).

With ***flexi-access drawdown*** there is no maximum ***income payment***, subject to there being sufficient ***units*** under the ***drawdown plan*** to make the payment. Also, there is no minimum income requirement that needs to be satisfied.

If the ***member*** wishes to take ***Income payments*** under the ***flexi-access drawdown*** option they must, as described in section 18.6.2, be specified as a monetary amount (rather than as a percentage amount).

The ***member*** should note that there is a "money purchase annual allowance" (MPAA) for each tax year on the total money purchase contributions that can be made by or in respect of him or her to all ***registered pension schemes***. 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*** as soon as an ***income payment*** is made to him or her from a ***flexi-access drawdown*** plan. If the MPAA limit is exceeded, the ***member*** will be liable to an annual allowance charge on the total money purchase contributions in excess of the MPAA and his or her 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 limit is not exceeded, the total annual allowance for both money purchase contributions and defined benefit savings will remain unchanged. The ***member*** will be able to carry forward any unused annual allowance from the previous three tax years.

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 under which contributions are being paid by him or her, or on his or her behalf, or that is accruing benefits, that he or she has triggered the MPAA and the date they did so. If the member joins any new ***registered pension schemes***, he or she must, within 91 days of contributions starting or benefits accruing, also inform the scheme administrator that he or she has triggered the MPAA and the date he or she did so.

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***.

This is a very complex area and the ***member*** is strongly recommended to seek advice from his or her financial adviser if he or she is affected by the MPAA.

Income payments from a **dependant's, *nominee's*** or ***successor's flexi-access drawdown*** plan will not trigger the MPAA.

Income payments from a **drawdown *plan*** set up with a **disqualifying *pension credit*** will not trigger the MPAA.

Also on or after 6 April 2015, a new **dependant**'s, ***nominee's or successor's drawdown plan*** must be set up as a ***flexi-access drawdown*** plan. The only exception to this is that a **dependant's drawdown *plan*** can still be set up as a **capped drawdown** plan under the ***Pru FRP Drawdown Plan*** as a result of a transfer from an existing **capped drawdown** plan. Any transfer for a **nominee** or **successor** from an existing **drawdown *pension arrangement*** must be set up as a ***flexi-access drawdown*** plan.

(B) Capped drawdown

On and after 6 April 2015:

- The ***member*** can continue with his or her **capped drawdown** plan which will be subject to all the terms and conditions set out in this ***Technical Guide***. For example, ***income payments*** will still be subject to the ***maximum income limit*** and reviews will continue to be carried out on the **GAD review date**.
- The ***member*** can ask us to convert his or her **capped drawdown** plan to a ***flexi-access drawdown*** plan. However, once converted, it will not be possible to convert the plan back to a **capped drawdown** plan. Also, the ***member*** will be subject to the MPAA as soon as a payment is made from his or her ***flexi-access*** **drawdown** plan.

  If the ***member*** wishes to convert his or her **capped drawdown** plan, we will send the ***member*** a form to complete.
- The ***member*** will only be able to set up a new **capped drawdown** plan under the ***Pru FRP Drawdown Plan*** as a result of a transfer from an existing **capped drawdown** plan.
- If the ***member*** has a **capped drawdown** plan, he or she can also take out a ***flexi-access drawdown*** plan under the ***Pru FRP Drawdown Plan***.
- If the ***member*** wishes to take an ***income payment*** from his or her **capped drawdown** plan which exceeds the ***maximum income limit***, the plan will need to be converted to a ***flexi-access drawdown*** plan before the ***income payment*** can be made.
- If a ***member*** converts his or her **capped drawdown** plan to a ***flexi-access drawdown*** plan and subsequently sells ***units*** in the **With-Profits Fund**, there is an additional circumstance where a Market Value Reduction may apply (see section 12.4.(d)).
- A **dependant's drawdown *plan*** can only be set up as a **capped drawdown** plan under the ***Pru FRP Drawdown Plan*** as a result of a transfer from an existing **capped drawdown** plan. A **capped drawdown** plan cannot be set up for a **nominee** or **successor**. Any transfer for a ***nominee*** or ***successor*** from an existing **drawdown *pension arrangement*** must be set up as a ***flexi-access*** **drawdown** plan.

The ***member*** is strongly recommended to seek advice from his or her financial adviser before deciding to convert an existing **capped drawdown** plan to a ***flexi-access*** **drawdown** plan.

(C) Flexible drawdown

On 6th April 2015, if the ***member*** had a ***flexible drawdown*** plan, this was automatically converted to a ***flexi-access drawdown*** plan. Any provisions relating to ***flexible drawdown*** in any previous version of this ***Technical Guide*** ceased to have any effect; instead, the ***flexi-access drawdown*** provisions detailed in this ***Technical Guide*** apply.

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 6 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 FRPT10364 (this guide) 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 two Technical Guides.

If the ***member*** thinks that we have issued the wrong Technical Guide, he or she should contact us at the address given in section 1.9.

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 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***.

This ***Technical Guide*** is the ***Technical Guide*** coded FRPT10364. This version contains the terms and conditions for all ***drawdown plans*** which are ***post-RDR pension plans***.

1.3.4 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***.

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 Drawdown Plans*** and/or ***Pru FRP Personal Pension 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 31 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 **drawdown plan** or ***PP plan*** is a ***post-RDR pension plan*** where:

- the **start date** of the **drawdown plan** or ***PP plan*** falls on or after 2nd January 2013; and
- the **drawdown plan** or ***PP 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 **drawdown plan** or ***PP plan*** is treated as a ***pre-RDR pension plan*** where:

- the **start date** of the **drawdown plan** or ***PP plan*** falls on or before 28th February 2013; and
- the financial adviser provided the advice to the ***member*** in relation to the **drawdown plan** or ***PP plan*** before 31 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 **drawdown 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 17). See sections 17.5 to 17.7 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 **drawdown 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 25.4). 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 ***drawdown plan(s)*** and any Ongoing ***Adviser Charges*** must relate to ongoing pensions advice and/or service.

There are severe tax penalties on "unauthorised payments" (see section 25.4).

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 Drawdown 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 Drawdown 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 a single contribution in a ***Pru FRP Drawdown Plan*** or converts a ***PP plan*** which is under that ***Scheme*** to a **drawdown plan**, his or her **drawdown plan** will be held under the Prudential (M&G) Personal Pension Scheme.

All transfer payments made into a ***Pru FRP Drawdown 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 T***echnical 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 **dependant**, ***nominee*** or ***successor*** 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 **drawdown 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 9) and instructions to stop or reduce ***Adviser Charges*** (see section 17.3) are the only instructions we will accept by e-mail or fax. Instructions to stop or reduce ***Adviser Charges*** (see section 17.3) or instructions regarding ***income payments*** (see sections 18.6.1 and 18.13) 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 items 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 email, 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 9) 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 Advice

Both drawdown and transferring benefits are complex areas. As such, we do not accept an application for a ***Pru FRP Drawdown Plan*** unless it has been arranged through and advice given by a financial adviser. Our acceptance of an application for a ***Pru FRP Drawdown Plan*** or of a transfer-in, does not in any way imply that we endorse either drawdown or the transfer-in as being appropriate or in the ***member***'s best interests.

Taking money out of a ***Pru FRP Drawdown Plan***, whether as regular or single amounts, will leave the ***member*** with less money in the future and there's a risk that he or she could run out. The ***member*** needs to make sure his or her money will last for as long as he or she wants it to, or he or she will have to rely on another source of income in retirement, like the State Pension. So, we recommend the ***member*** gets financial advice before taking any money out to make sure he or she is making the right decision. An adviser will guide the ***member*** on the impacts of taking money out as well as his or her investment choices for the remaining money, to make sure that the ***Pru FRP Drawdown Plan*** continues to meet his or her needs.

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

The taxation of benefits is a very complex area, and again, individuals are strongly advised to seek advice to ensure that the arrangements meet their financial needs and that all taxation issues are fully understood. Again, ***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.

1.9 Our contact details

Further information can be obtained by either:

- writing to ***Prudential*** at:
  Prudential
  Lancing
  BN15 8GB

or

- telephoning ***Prudential*** on 0345 6403000 or 0808 2342372.

Calls may be monitored or recorded for security, quality purposes, staff training and/or dispute resolution.

1.10 Key dates under a drawdown plan

Key dates summary	
Start date	This is the date on which we set up a **drawdown plan** and allocate the payment to the **drawdown plan** to ***units***. In the case where a ***PP plan*** is being converted to a **drawdown plan** it is the date on which the value of **units** under the ***PP plan*** is reallocated to the **drawdown plan**. Any Set-up **Adviser Charge** under section 17 is deducted on the ***start date***. Any pension commencement lump sum (tax-free cash) under section 18.3 is usually deducted on and payable immediately after the ***start date***.
Income payment date	This is the date selected by the **member** when we make regular ***income payments*** (if any).
Monthly transaction date	This is the date on which **units** may be deducted from the **drawdown plan**: • to collect the ***basic Annual Management Charge*** under section 16.2 if this is an explicit charge; and/or • to collect any Ongoing **Adviser Charges** under section 17. It is also the date on which we make ***unit*** adjustments by either selling or allocating ***units*** to meet the ***actual Annual Management Charge*** payable under sections 16.3 to 16.8.
Guarantee charge date	The ***guarantee charge date*** is relevant if a ***PruFund Protected Fund*** has been selected for the investment of some or all of the **drawdown plan**. It is the date on which ***units*** are deducted from the **drawdown plan** to collect the ***guarantee charge*** under section 14.
Anniversary date	The ***anniversary date*** is relevant if the Drawdown Lifestyle Option has been selected for the investment of the **drawdown plan**. It is the date on which we carry out the automatic switches to rebalance investments under section 8.4. The ***anniversary date*** is also relevant if ***Adviser Charges*** are deducted from the **drawdown plan**. In this case, it marks the start of the "Plan year" which is used when testing Ongoing ***Adviser Charges*** and Ad hoc ***Adviser Charges*** against the limit under section 17.14.

GAD review date (only applicable to capped drawdown)	This is the effective date of the ***maximum income limit*** review. We carry out the actual calculations as at a date nominated by us under section 19.2.5.
Anticipated annuitisation age	This is the date that we and the ***member*** expect to use the value of the **drawdown plan** to buy an **annuity** for the ***member***. Where the **start date** of the **drawdown plan** was before 11th November 2013, the **anticipated annuitisation age** will have been set by us as at the ***member's*** 75th birthday. Where the **start date** of the **drawdown plan** is on or after 11th November 2013, the **anticipated annuitisation age** is a birthday normally selected by the ***member*** in the **application form**. The ***member*** can change the **anticipated annuitisation age** at any time before the ***final conversion date***, subject to the conditions described in section 20.1.2. The current **anticipated annuitisation age** can also be reset by the ***member*** or by us under section 20.5.3.
Final conversion date	This is the final date on which **units** under a **drawdown plan** must normally be sold and used either to purchase an **annuity** for the ***member*** or make a transfer-out.

Note: If the ***income payment date***, ***monthly transaction date***, ***guarantee charge date*** or any other event under a **drawdown 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.

2. Eligibility and membership

2.1 Eligibility

An individual who has passed his or her 55th birthday or ***protected early pension age*** (if applicable) is eligible to apply for a ***Pru FRP Drawdown Plan***.

In addition:

- If the payment used to set up the ***Pru FRP Drawdown Plan*** is a transfer payment under section 3, the individual must not have reached his or her 89th birthday.
- If the payment used to set up the ***Pru FRP Drawdown Plan*** is a single contribution under section 4, the individual must not have reached his or her 75th birthday.
- If the payment used to set up the ***Pru FRP Drawdown Plan*** is a payment from an existing ***Pru FRP Personal Pension Plan*** under section 5, the individual must not have passed his or her 75th birthday.

The ***drawdown plan*** must also comply with the minimum plan period described in section 6. This may have the effect of reducing the maximum age on entry to the ***Pru FRP Drawdown Plan***.

Note: The Government has confirmed its intention to increase the minimum age from which a **member** can take his or her benefits (which may include applying for a drawdown plan) from age 55 to 57 on 6 April 2028.

2.2 Applications

All individuals who wish to take out a ***Pru FRP Drawdown Plan*** must complete an ***application form***.

Our decision as to whether we have all of the items, information and completed forms that we require is final.

2.3 Certificate of membership

Once the ***drawdown plan*** has been set up, 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.

3. Transfers-in

3.1 General

The ***Pru FRP Drawdown Plan*** can accept transfer payments from other ***registered pension schemes*** or overseas pension schemes of which the individual has been a member, including amounts representing ***pension credit rights***.

This section 3 applies to transfer payments from:

- ***registered pension schemes*** and overseas pension schemes administered outside **M&G plc**; and
- ***registered pension schemes*** and overseas pension schemes administered by ***Prudential***, excluding transfers from a Pru ***FRP Personal Pension Plan*** but including transfers from other pension plans (for example "Prudential Premier Pension Plans"), that are held under the ***Scheme***.

Transfer payments may be in respect of benefits that have not yet started to be paid and/or benefits from ***drawdown pension arrangements*** (including ***drawdown pension arrangements*** for ***dependants***, ***nominees*** and ***successors***).

All transfers must be permissible within the rules of the transferring pension scheme or pension arrangement and must be carried out in line with ***HMRC*** requirements. In some cases, certain requirements must be complied with before we can accept the transfer payment. 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 ***drawdown plan***, without special rules. Before we accept such a transfer payment, however, the ***member*** must sign and provide to us a declaration to confirm that he or she understands and agrees to the loss of his or her guaranteed rights under the transferring scheme.

3.2 Minimum initial transfer-in from all pension arrangements other than drawdown pension arrangements

Where an individual is investing in the ***Pru Flexible Retirement Plan*** for the first time and is using some or all of the transfer payment(s) to set up a ***Pru FRP Drawdown Plan***, the minimum initial amount transferred into the ***Pru FRP Drawdown Plan*** from all other pension arrangements at the same time must not be less than £25,000. This minimum amount can be met using multiple transfers-in (see section 3.5).

3.3 Minimum initial transfer-in from drawdown pension arrangements

Where an individual is investing in the ***Pru Flexible Retirement Plan*** for the first time, the minimum initial amount that must be transferred into a ***Pru FRP Drawdown Plan*** from any ***drawdown pension arrangement*** is £18,750.

3.4 Minimum subsequent transfer-in from all pension arrangements

The minimum additional amount subsequently transferred into a ***Pru FRP Drawdown Plan*** from other pension arrangements at any time after the first ***member's drawdown plan*** has been set up is:

- £7,500, in the case where the transfer payment is from a ***drawdown pension arrangement***; and.
- £10,000, in all other cases.

3.5 Multiple transfers-in – minimum amounts

Where a number of transfers-in are being made as part of the same application and some or all of these are to be used for the purposes of taking ***income payments***, the minimum amounts set out in sections 3.2, 3.3 and 3.4 apply to the aggregate value of the transfer payments. Any of these transfers-in that are to be invested in a ***PP plan(s)*** must separately satisfy the minimum transfer payment amount set out in the ***Pru FRP PP Technical Guide***.

3.6 Multiple transfers-in – holding account

Note: When determining whether a group of transfers-in falls within this section 3.6, 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***.

3.6.1 General

A ***holding account*** facility applies, subject to section 3.6.2, where a number of transfers-in are being made to the ***Pru Flexible Retirement Plan*** under the same ***application form*** and either:

- all transfers-in are to be allocated to a ***drawdown plan(s)***; or
- some amounts are to be allocated to a ***drawdown plan*** and others are to be allocated to a ***PP plan(s)***.

Where any amounts are to be invested in a ***PP plan***, this section will apply to the amounts to be invested in the ***PP plan*** as well as to the ***drawdown plan***.

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

3.6.2 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;
- multiple transfers-in from ***drawdown pension arrangements***;
- multiple transfers-in which are not in cash form (i.e. "in specie" transfers into the ***SIF***); 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 from ***drawdown pension arrangements*** and/or not in cash form.

Multiple transfers-in which are received by us on the same date, with all necessary information, authorities and instructions, are applied immediately to the appropriate

drawdown plan(s) (see section 6.2). Likewise, a single transfer-in which is in cash form and which is part of a multiple transfer-in as described above, is applied immediately to a ***drawdown plan*** as described in section 6.2.

The treatment of multiple transfers-in from ***drawdown pension arrangements*** is set out in section 3.7. The treatment of "in specie" transfers-in is set out in the ***SIPP Supplement***.

3.6.3 Application of multiple transfers-in to a holding account

Where the multiple transfers-in:

- satisfy the requirements of section 3.6.1;
- are not ruled out under section 3.6.2; 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).

Where transfers-in are held in a ***holding account***, the start of drawdown benefits (including any pension commencement lump sum) will be delayed until the ***drawdown plan*** has been set up.

3.6.4 Application of amounts in a holding account to a drawdown 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 a ***drawdown plan(s)*** in accordance with section 6.2(c).

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

Any amount that is not to be used for drawdown will be applied to one or more ***PP plans*** as determined by us.

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

3.6.5 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 separate ***drawdown plans*** (and, if applicable, ***PP plans***). We will contact the ***member*** for further instructions when the first transfer-in to be received has been held in a ***holding account*** for 12 weeks.

3.6.6 Death benefits

If the ***member*** dies while any transfers-in are held in a ***holding account***, death benefits will be paid in the form and according to the requirements described in the ***Pru FRP PP Technical Guide***. The value of the death benefits will be based on the value of the transfers-in.

3.7 Multiple transfers-in from drawdown pension arrangements

Each transfer-in from a ***drawdown pension arrangement*** must be invested directly into a ***drawdown plan*** as soon as we receive it (or treat it as having been received under section 1.7) with all necessary information, authorities and instructions. As such, there is no consolidation facility and each separate transfer-in from a ***drawdown pension arrangement*** must be invested in a separate ***drawdown plan***.

3.8 Maximum transfer-in

A maximum of £1 million applies to each separate application for transfer payments. This maximum applies to the value of the transfer payment(s) following the deduction of any pension commencement lump sum under section 18.3. Where multiple transfers-in are initially held in a ***holding account*** under section 3.6 prior to being allocated to one or more ***drawdown plans***, this limit applies to the aggregate value of the transfers-in excluding any pension commencement lump sum to be deducted once the ***drawdown plan(s)*** has been set up.

4. Single contributions

4.1 General

The ***Pru Flexible Retirement Plan*** can accept single contributions paid by the ***member*** and/or the **employer**.

4.2 Treatment of single contributions

A single contribution paid for the purposes of taking immediate drawdown benefits is initially invested under a ***PP plan***, which is then converted to a **drawdown plan**.

The following applies to single contributions:

(a) Any single contribution paid by the ***member*** is, before being allocated to the ***PP plan***, increased by an amount representing basic rate tax relief, as described in the ***Pru FRP PP Technical Guide***.

(b) The single contribution is applied to the ***PP plan*** on the ***relevant date***. It is invested in the **Prudential Cash Fund** under the ***PP plan*** for one **working day** (subject to any delays under section 15) before the ***PP plan*** is converted to a **drawdown plan**. The ***start date*** of the **drawdown plan** is the date that we allocate the **units** under the **drawdown plan**.

(c) At the point of conversion to the **drawdown plan**, the **units** in the ***Prudential Cash Fund*** are sold under the ***PP plan***. ***Units*** are then purchased on the ***start date*** (subject to any delay under section 15) under the **drawdown plan** in line with the ***member's*** investment instructions in the ***application form***.

d) The single contribution is allocated to the ***PP plan*** on a nil ***Adviser Charge*** basis. Any ***Adviser Charges*** agreed with the ***member's*** financial adviser will apply to the payment only when the ***PP plan*** has been converted to a **drawdown plan**.

(e) Before making a single contribution, the ***member*** must be eligible to make payments to a ***Pru FRP Personal Pension Plan*** within the terms set out in the ***Pru FRP PP Technical Guide***.

(f) Single contributions are subject to **HMRC's** limits on pension contributions to ***registered pension schemes*** as set out in the ***Pru FRP PP Technical Guide***.

4.3 Gross amounts

The minimum amounts set out in sections 4.4 and 4.5 are "gross" amounts, before basic rate tax relief is deducted from any ***member*** contribution to arrive at the amount actually paid by the ***member*** (see the ***Pru FRP PP Technical Guide***).

4.4 Minimum initial single contribution

Where an individual is investing in a ***Pru Flexible Retirement Plan*** for the first time and is using some or all of the single contribution to set up a ***Pru FRP Drawdown Plan***, the minimum initial single contribution for drawdown purposes must not be less than £25,000.

Where the ***member*** already has one or more ***PP plans*** and is investing in the ***Pru FRP Drawdown Plan*** for the first time, the minimum initial single contribution to a **drawdown plan** is the greater of:

- the amount required to meet the minimum plan value set out in section 5.2; and
- £10,000.

4.5 Minimum subsequent single contribution

The minimum subsequent single contribution paid for the purposes of taking immediate drawdown benefits is £10,000. This minimum applies once a ***drawdown plan*** has been set up in respect of any type of payment, whether a single contribution under section 4, a transfer-in under section 3 or a payment from an existing ***PP plan*** under section 5.

4.6 Maximum single contribution

A maximum of £1 million applies to each separate application for single contributions.

5. Existing Pru Personal Pension – conversion to drawdown plan

5.1 General

A ***Pru FRP Drawdown Plan*** can be set up by converting one or more ***arrangements*** under an existing ***Pru FRP Personal Pension Plan*** to a ***Pru FRP Drawdown Plan***. However, on and after 6th April 2015, it is no longer possible to convert ***arrangements*** under an existing ***Pru FRP Personal Pension Plan*** to a ***capped drawdown*** plan. From that date, you can only convert in this way to a ***flexi-access drawdown*** plan.

A payment representing the value of one or more ***arrangements*** under a ***Pru FRP Personal Pension Plan***, including amounts representing ***pension credit rights***, is made to a ***Pru FRP Drawdown Plan*** as described in this section 5.

5.2 Minimum plan value required under a PP plan before conversion to a drawdown plan

In order to be eligible to convert one or more ***arrangements*** under an existing ***Pru FRP Personal Pension Pla***n to a ***Pru FRP Drawdown Plan***, the total value of ***units*** under the ***member's PP plans*** together with the value of any investments in the ***SIF*** under those ***PP plans***, must not be less than £50,000 at the date the first ***drawdown plan*** is set up.

In determining whether the value of the ***PP plan(s)*** meets this requirement, where there are units of the ***With-Profits Fund*** under the ***PP plan(s)***, we take account of any final bonus and/or any Market Value Reduction that would apply if all those ***With-Profits Fund units*** were sold.

This minimum plan value refers to the total value held under the ***member's PP plans***, before any pension commencement lump sum is paid under section 18.3 of this ***Technical Guide***.

5.3 Minimum plan value under the drawdown plan and other requirements

The minimum plan value which must be applied from a ***PP plan*** to set up a ***drawdown plan*** at any one time is £10,000.

The value remaining under all of the ***member's PP plan(s)*** (where not all ***PP plans*** are being used to buy benefits and/or converted to ***Pru FRP Drawdown Plans***) must not be less than £1,000.

As set out in the ***Pru FRP PP Technical Guide***, whole ***arrangements*** under a ***PP plan*** must be used for benefits. It is not possible to convert just part of an ***arrangement*** under a ***PP plan*** to a ***drawdown plan***.

Individual ***arrangements*** under a ***PP plan*** may be converted to ***Pru FRP Drawdown Plans*** at different times in order to phase the start of drawdown. The same minimum amounts set out above apply to the conversion of individual ***arrangements***. The ***member*** must specifically request each conversion as and when it is required.

5.4 Conversion process – general

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

Units are allocated at the ***start date*** (subject to any delay under section 15) under the ***drawdown plan*** in line with the ***member's*** investment instructions in the ***application form***.

5.5 Carrying forward investments in the With-Profits Fund and/or a PruFund Fund

This section 5.5 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*** and/or a ***PruFund 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 under the terms and conditions of the ***Pru FRP PP Technical Guide*** where ***units*** of the ***With-Profits Fund*** are sold.

Where ***units*** of a ***PruFund Fund*** held under the relevant ***PP plan*** arrangements are sold as part of the conversion process, the new ***units*** will be bought in the relevant ***PruFund Account*** under the ***drawdown plan***.

Special provisions and choices apply where any part of the ***PP plan*** was invested at the time of conversion in a ***PruFund Protected Fund***. Certain terms and conditions in respect of such investments may be carried forward into a ***drawdown plan*** (see section 14.14).

The new d***rawdown plan*** will need to comply with the minimum plan period – see section 6.1.

5.6 Maintaining additional life cover under the PP plan

If the ***member*** has additional life cover under a ***PP plan*** and wishes to maintain this cover following conversion to a ***drawdown plan***, then he or she will need to retain at least £1,000 under the relevant ***PP plan*** and maintain regular contributions to that ***PP plan*** (subject to the terms and conditions set out in the Pru Flexible Retirement Plan – Personal Pension Option Technical Guide (IPPB6369) and any associated Addenda). Additional life cover is not available through a ***drawdown plan***.

6. Plans, arrangements and allocation of payments to units

6.1 Minimum plan period

The period between the ***start date*** and the ***anticipated annuitisation age*** of a ***drawdown plan*** must not be less than:

- the ***minimum With-Profits investment period*** where the ***member*** has selected at the ***start date*** to invest in the ***With-Profits Fund*** or a Drawdown Lifestyle Option profile (unless the ***drawdown plan*** was set up through converting a ***PP plan*** and section 7.5(f) applies); and/or
- the minimum ***guarantee period*** which is then available under the chosen ***PruFund Protected Fund*** where the ***member*** has selected at the ***start date*** to invest in a ***PruFund Protected Fund***, (unless the ***drawdown plan*** was set up through converting a ***PP plan*** and Option 2 under section 14.14 has been selected).

Otherwise the minimum period between the ***start date*** and the ***anticipated annuitisation age*** must not be less than one full year.

6.2 Allocation of payments to drawdown plans

(a) A single ***drawdown plan*** is normally set up as a result of converting one or more existing ***PP plans*** (or one or more ***arrangements*** under an existing ***PP plan***) to a ***drawdown plan*** on the same ***working day***.

Where, however, two or more ***PP plans*** are being converted at the same time and both/all are invested in a ***PruFund Protected Fund***, a separate ***drawdown plan*** will be set up in respect of each such ***PP plan*** in the event that Option 2 under section 14.14 is selected for the continued investment in that ***PruFund Protected Fund***.

(b) Apart from multiple transfers-in aggregated in a ***holding account*** (see section 6.2(c)), a separate ***drawdown plan*** is set up in respect of each separate transfer-in, whenever invested. Each transfer-in from a ***drawdown pension arrangement*** must always be held in a separate ***drawdown plan***.

(c) In the case of multiple transfers-in held in a ***holding account*** as described in section 3.6, the aggregate transfer payments will, subject to the restrictions in section 3.6.4, be invested under a single ***drawdown plan*** or as few as is practicably possible. For multiple transfers-in held in a ***holding accoun***t, there will normally only be more than one ***drawdown plan*** if we agree under section 3.6.5 to invest some transfers-in before others have been received.

(d) A single ***drawdown plan*** is set up as a result of making a single contribution to a ***PP plan***, which is then immediately converted to a ***drawdown plan***.

(e) Except where specified otherwise in this ***Technical Guide***, the terms and conditions and the options available apply separately to each ***drawdown plan***.

(f) Separate ***drawdown plans*** cannot be consolidated into a single plan after the ***start date***, neither under the ***Scheme*** nor through a transfer-out to another ***drawdown pension arrangement***.

(g) Once a ***drawdown plan*** has been set up, no further payments can be made to that ***drawdown plan***. Any further payment made under section 3, 4 or 5 will be allocated to a new d***rawdown plan*** in accordance with this section 6.2.

6.3 Arrangements

Each separate ***drawdown plan*** is split into 10,000 ***arrangements***. This enables the ***member*** to phase ***annuity*** purchase if he or she so wishes (see section 20.2).

6.4 Allocation rate

The allocation rate is the total percentage rate that is applied to the payment made under section 3, 4 or 5, before that payment is used to allocate ***units*** under the ***drawdown plan***. The allocation rate that applies to the ***Pru FRP Drawdown Plan*** is 100%.

6.5 Using payments to buy units

(a) Each payment to a ***drawdown plan*** results in a number of ***units*** being allocated to that ***drawdown plan***.

Subject to (c) below, the number of ***units*** to be allocated is determined by dividing the payment made to set up the ***drawdown plan*** by the ***unit price(s)*** for the chosen ***fund*** at the ***start 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 payment and then dividing each portion by the ***unit price*** for the corresponding ***fund***.

(b) Any part of the payment which is to be used to pay a pension commencement lump sum under section 18.3, is also allocated to ***units*** in the way described in (a) above. The ***units*** are then immediately sold to pay the lump sum as described in section 18.3.

(c) Where the ***drawdown plan*** has been set up by converting one or more ***arrangements*** under a ***PP plan***, we may use a different method from the one described in (a) above to allocate some or all of the value of those ***arrangements*** to the d***rawdown plan***, so long as the result is no less favourable than if we had used the method in (a).

7. Investment options and investment limits

7.1 Fund range

A range of ***funds*** is available under the ***Pru FRP Drawdown Plan*** (subject to our powers to close, merge, wind-up and withdraw ***funds*** under section 10.4). Some ***funds*** are managed by companies within ***M&G plc*** while others are managed by e***xternal companies***. Further information about the ***funds*** is set out in our ***funds*** literature.

Investment in the ***Prudential With-Profits Fund*** under the ***Pru FRP Drawdown 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***, while others may be added when ***units*** are sold (see section 12.2). Investments in the ***PruFund Funds*** (and associated ***PruFund Accounts***) participate in profits exclusively through increases in the ***unit price*** (see section 13).

The way we operate the ***funds*** and calculate ***unit prices*** for the ***funds*** is set out in sections 10 to 13 of this ***Technical Guide***.

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***.

7.2 Investment strategies

The following investment strategies are available:

(a) The ***member's*** own individual choice from the variety of investment ***funds*** available.

(b) A choice of three different Drawdown Lifestyle Option profiles. The Drawdown Lifestyle Option involves automatic switches between pre-selected ***funds***.

7.3 Terms and conditions relating to selection of funds and investment strategy

(a) A different ***fund*** selection and/or different strategy can be selected for each separate ***drawdown 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 ***drawdown plan*** has been set up.

(d) Investment is not allowed in more than one ***PruFund Protected Fund*** at the same time under a ***drawdown plan***.

(e) Investment is not allowed in more than one guarantee type under a ***PruFund Protected Fund*** at the same time under a ***drawdown plan***. For example, it is not possible to invest in both the ***PruFund Protected Growth Fund*** with the guarantee under section 14 and the ***PruFund Protected Growth Fund*** with the ***rolling guarantee***. Also, when investing in a ***PruFund Protected Fund***, only one ***guarantee period*** may be selected under each ***drawdown plan***. Where the ***member*** has more than one ***drawdown plan***, different ***guarantee periods*** may, however, be selected under each separate ***drawdown plan***.

(f) The ***PruFund Accounts*** cannot be selected as fund options: their purpose is to facilitate investment in the ***PruFund Funds***.

7.4 Maximum number of funds

(a) Each separate ***drawdown plan*** can be invested in a maximum of 20 ***funds*** at any one time.

(b) Each ***PruFund Fund*** counts as two ***funds*** (because of the ***PruFund Account*** used in conjunction with the ***PruFund Fund***).

(c) If the ***member*** has invested in the ***SIF*** then this ***fund*** also counts towards the maximum of 20 ***funds***.

7.5 Maximum age and minimum investment period for investments in the With-Profits Fund or Drawdown Lifestyle Option

(a) No new ***units*** of the ***With-Profits Fund*** can be allocated to a ***drawdown plan*** on or after the ***member's*** 85th birthday.

This means that:

- no payment made to a ***drawdown plan*** on or after the ***member's*** 85th birthday can be invested in the ***With-Profits Fund***; and
- no switch can be made to the ***With-Profits Fund*** under section 9 on or after the ***member's*** 85th birthday.

(b) The ***member*** cannot start to invest in a Drawdown Lifestyle Option profile on or after his or her 75th birthday.

This means that:

- no payment made to a ***drawdown plan*** on or after the ***member's*** 75th birthday can be invested under the Drawdown Lifestyle Option; and
- no switch can be made under section 9 to a Drawdown Lifestyle Option Profile or between different Lifestyle Option Profiles on or after the ***member's*** 75th birthday.

(c) No payment to a ***drawdown plan*** can be invested in the ***With-Profits Fund*** or the Drawdown Lifestyle Option unless the period between the date the ***units*** are allocated to the ***With-Profits Fund*** or Drawdown Lifestyle Option under section 6.5 and the ***anticipated annuitisation age*** meets or exceeds the ***minimum With-Profits investment period***.

(d) A switch of existing ***units*** under section 9 cannot be made into the ***With-Profits Fund*** or to a Drawdown Lifestyle Option profile unless the period between the date the switch is carried out and the ***anticipated annuitisation age*** meets or exceeds the ***minimum With-Profits investment period***.

When determining whether a switch complies with this requirement, we use the date when the switch is actually made under section 9.3, taking into account any waiting period under section 13.9 and/or delay under section 15 which applies to the ***units*** to be sold.

The requirement for a switch request to meet or exceed the ***minimum With-Profits investment period*** is waived in the circumstances set out in section 7.5(g).

(e) Subject to sections 7.5(f) and (g), if we receive an instruction to invest in or switch into the ***With-Profits Fund*** or a Drawdown Lifestyle Option profile which does not comply with the ***minimum With-Profits investment period***, we will redirect the money to the ***Prudential Cash Fund***.

(f) A payment made through converting one or more ***arrangements*** under a ***PP plan*** to a ***drawdown plan***, was able to be invested at the ***start date*** in the ***With-Profits Fund*** or a Drawdown Lifestyle Option profile within the ***minimum With-Profits investment period*** in the circumstances where:

- the ***start date*** of the ***drawdown plan*** was before 11th November 2013;
- immediately before the point of conversion (including any switch to the ***Prudential Cash Fund*** under the ***PP plan***), the relevant ***arrangements*** under the ***PP plan*** were invested either partly or fully in the ***With-Profits Fund***;
- the ***member*** selected in the ***application form*** to invest the relevant ***drawdown plan*** in the ***With-Profits Fund*** either directly or through a Drawdown Lifestyle Option profile; and
- the level of investment in the ***With-Profits Fund*** at the ***start date*** of the ***drawdown plan***, either directly or through a Drawdown Lifestyle Option profile, did not exceed the value of ***With-Profits Fund units*** held under the relevant ***PP plan arrangements*** immediately prior to conversion, including any final bonus and/or Market Value Reduction applied to those ***units*** as part of the conversion process.

(g) A switch under section 9 may be made into a Drawdown Lifestyle Option profile within the ***minimum With-Profits investment period*** so long as:

- one of the ***funds*** from which ***units*** are being switched is the ***With-Profits Fund***; and
- following the switch, the level of investment in the ***With-Profits Fund*** does not exceed the value of the ***units*** that were held in the ***With-Profits Fund*** immediately prior to the switch, including any final bonus and/or Market Value Reduction applied to those ***units*** as part of the switch.

Note: Automatic switches may be made into the ***With-Profits Fund*** within the ***minimum With-Profits investment period*** where the switch is made as part of the normal operation of a Drawdown Lifestyle Option profile under section 8.

7.6 Minimum and maximum investment term for investments in a PruFund Protected Fund

(a) Unless the minimum term has been waived under section 7.6(c), 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:

- payments made to a ***drawdown plan*** can only be invested in a ***PruFund Protected Fund*** if the period between the date that the payment would be allocated to that ***fund*** and the ***anticipated annuitisation age*** is not less than the minimum ***guarantee period*** that we then offer for that particular ***PruFund Protected Fund***; and
- switches into a ***PruFund Protected Fund*** can only be made if the period between the date of switching and the ***anticipated annuitisation age*** is not less than the minimum ***guarantee period*** that we then offer for that particular ***PruFund Protected Fund***.

When determining whether a switch complies with this requirement, we use the date when the switch is actually made under section 9.3, taking into account any waiting period under section 13.9 and/or delay under section 15 which applies to the ***units*** to be sold.

(b) Subject to section 7.6(c), if we receive an instruction to invest in or switch to a ***PruFund Protected Fund*** which would not be allowed under section 7.6(a), we will redirect the money to the corresponding non-protected ***PruFund Fund*** in the same ***PruFund pair***.

(c) The requirement for a proposed investment in a ***PruFund Protected Fund*** to comply with our minimum ***guarantee period*** is waived only in the case where:

- the ***drawdown plan*** has been set up through converting one or more ***arrangements*** under a ***PP plan***; and
- immediately before the point of conversion (including any switch to the ***Prudential Cash Fund*** under the ***PP plan***), the relevant ***arrangements*** under the ***PP plan*** were invested either partly or fully in that same ***PruFund Protected Fund*** (and/or the corresponding ***PruFund Protected Account***, where relevant); and
- the ***member*** has chosen Option 2 under section 14.14 for the continuation of the investment in the same ***PruFund Protected Fund***.

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

7.7 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 contributions 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 ***drawdown plan***.

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

7.8 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 pru.co.uk.

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

7.9 Unit prices used for transactions

Except for death benefits under section 21, the ***unit price(s)*** 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 purchase an ***annuity*** or make a transfer-out (see sections 9.5, 20 and 23).

A waiting period and/or a delay in buying or selling ***units*** may, however, occur in the circumstances described in sections 13.9, 15, 20.5.3 and 23.2(e), 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.

8. Drawdown Lifestyle Option

8.1 General

The Drawdown Lifestyle Option enables the ***member*** to have a pre-set investment strategy for a ***drawdown plan***. It involves automatic investment switches, gradually moving investments into less volatile ***funds***. Three Drawdown Lifestyle Option profiles are available (subject to our power to change the Drawdown Lifestyle Option under sections 8.5 and 10.4). Each individual profile is designed to provide a varying degree of risk.

8.2 Selecting and stopping the Drawdown Lifestyle Option

(a) The Drawdown Lifestyle Option can (subject to section 7.5) be selected when a ***drawdown plan*** is first set up or at any time before the ***member's*** 75th birthday. See also section 7.5(b).

(b) The Drawdown Lifestyle Option can be cancelled by the ***member*** at any time.

(c) A Drawdown Lifestyle Option profile cannot start before the ***member's*** 55th birthday. The ***drawdown plan*** must be invested in ***funds*** under the "individual choice" investment strategy until the ***member*** reaches that age.

(d) A Drawdown Lifestyle Option profile cannot be selected unless the investment meets or exceeds the ***minimum With-Profits investment period*** set out in section 7.5.

(e) If the ***member*** has more than one ***drawdown plan***, the Drawdown Lifestyle Option does not have to apply to all of the ***member's drawdown plans***. In other words, the ***member*** may select a Drawdown Lifestyle Option profile for one ***drawdown plan*** and a different investment strategy under section 7.2 for another ***drawdown plan***.

(f) If the ***member*** selects a Drawdown Lifestyle Option profile for a ***drawdown plan***, it must apply to that entire ***drawdown plan***: it is not possible to invest a ***drawdown plan*** partly in the Drawdown Lifestyle Option and partly in other ***funds***. For example, it is not possible for investments to be made in other ***funds*** (such as the ***With-Profits Fund*** or the ***PruFund Funds***) alongside a Drawdown Lifestyle Option profile. Similarly, the same Drawdown Lifestyle Option profile must apply to the entire ***drawdown plan***: it is not possible to split a ***drawdown plan*** between two Drawdown Lifestyle Option profiles.

(g) If the ***member*** requests to switch to a Drawdown Lifestyle Option profile from other ***funds*** which include a ***PruFund Fund(s)***, section 9.3.6 applies.

(h) If the ***member*** requests a switch out of the Drawdown Lifestyle Option under section 9, the Drawdown Lifestyle Option will be cancelled.

8.3 Drawdown Lifestyle Option profiles

Full details of the three Drawdown Lifestyle Option profiles are set out in the Appendix at the end of this ***Technical Guide***.

8.4 Fund switches under the Drawdown Lifestyle Option

(a) Under each Drawdown Lifestyle Option profile, the proportion of ***units*** held in each of the three designated ***funds*** depends on the age that the ***member*** has attained.

(b) When the ***member*** selects a Drawdown Lifestyle Option profile at the ***start date***, the payment to the relevant ***drawdown plan*** is invested in line with the proportions specified for the age that the ***member*** has attained on the ***start date***.

Likewise, where the ***member*** chooses to switch into a Drawdown Lifestyle Option after the ***start date***, the existing ***units*** are switched, to the ***funds*** specified under the Drawdown Lifestyle Option profile, in the proportions specified for the age that the ***member*** has attained on the switch date (determined in accordance with section 9).

(c) The allocation of ***units*** between the ***funds*** is "rebalanced" each year on the ***anniversary date*** of the ***drawdown plan***, up to and including the ***anniversary date*** immediately preceding the ***member's*** 75th birthday. There is then a final rebalancing as at the ***member's*** 75th birthday to the proportions specified under the relevant profile for age 75. No further rebalancing is carried out after that date.

"Rebalancing" involves automatic switches between ***funds*** so that ***units*** are held in line with the proportions specified in the chosen Drawdown Lifestyle Option profile for the ***member's*** attained age at that ***anniversary date***. Where the ***member*** has more than one ***drawdown plan*** invested under the Drawdown Lifestyle Option, the automatic switches are carried out separately in relation to each such ***drawdown plan*** on the ***anniversary date*** of each plan.

Where ***units*** in the ***With-Profits Fund*** are sold as part of the annual "rebalancing" exercise, the value realised will take account of any final bonus but will not be subject to a Market Value Reduction.

(d) Automatic switches under the Drawdown Lifestyle Option are currently free, although we do reserve the right to introduce a charge (see section 27 for further details).

(e) Section 16.7 describes the effect of switching on the ***basic Annual Management Charge***.

(f) We send the ***member*** a switch statement when the automatic switches have been completed.

8.5 Changes to the Drawdown Lifestyle Option

Investment in the Drawdown Lifestyle Option is subject to our powers to close, merge, wind-up and withdraw ***funds*** and investment options under section 10.4. We can also change the terms of the Drawdown Lifestyle Option at any time using our powers in section 26. In this case, we only need to tell the ***member*** about the changes in advance if his or her ***drawdown plan(s)*** is invested in the Drawdown Lifestyle Option at that time.

9. Fund switches requested by the member

9.1 General

This section 9 applies where the ***member*** wishes to:

- switch between ***funds*** under the "individual choice" investment strategy described in section 7.2;
- switch to or from the Drawdown Lifestyle Option; or
- switch between different Drawdown Lifestyle Option profiles.

It does not apply to automatic switches made under the Drawdown Lifestyle Option: these are covered in section 8.

Fund switches under this section 9 are currently free, although we do reserve the right to introduce a charge (see section 27 for further details). See also section 9.3.4 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 16.7 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***.

Section 18.9.2 describes the effect of switching on the way we deduct ***units*** to make regular ***income payments***.

In some instances, we may not be able to carry out a request to switch to or from a **PruFund Fund** (see section 9.5).

In this section 9, 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***.

9.2 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 ***drawdown 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 15. We will not, however, agree to cancel a switch during the 28 day waiting period when switching ***units*** from a ***PruFund Fund***.

9.3 Timing of switches and unit prices

9.3.1 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 sections 7.5 and 9.4);
- the ***PruFund Protected Funds*** (see sections 7.6 and 9.5); and
- the Drawdown Lifestyle Option (see sections 7.5 and 9.4).

(b) Switches into the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** can only be made on the ***guarantee date*** of an existing investment in that ***fund***. This is relevant only where the ***drawdown plan*** is set up through converting an existing ***PP plan*** and an investment in the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** has been continued in accordance with Option 2 under section 14.14.

(c) Delays may occur if we have invoked our powers to delay buying and selling ***units*** under section 15.

(d) A 28 day waiting period applies to switches from the ***PruFund Funds*** as set out in section 13.9.2, except in the circumstances described in section 13.9.4.

9.3.2 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 14.11.

(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***.

(g) Switches from the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** (and, if applicable, the corresponding ***PruFund Protected Account***) to any other ***fund*** on the ***guarantee date*** or within the 28 days following that date. This is relevant only where the ***drawdown plan*** is set up through converting an existing ***PP plan*** and an investment in the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** has been continued in accordance with Option 2 under section 14.14.

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

See also section 9.3.5 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 15.

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

This section 9.3.3 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 9.3.2(e), (f) and (g), any switch as described above (or that part of the switch) is carried out (subject to any further delays under section 15) 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 9.5(j) explains how switching from a ***PruFund Fund*** works where there are also ***units*** of the corresponding ***PruFund Account*** under the ***drawdown plan***.

The impact of the 28 day waiting period on switching from two or more ***funds*** including a ***PruFund Fund*** into a Drawdown Lifestyle Option profile is explained in section 9.3.6.

9.3.4 Multiple fund switches

(a) This section 9.3.4 explains how we carry out switches where the switch request involves switches involving 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 9.3.4(d)).

(b) Where the ***member's*** switch request is expressed in terms of target percentages of the ***drawdown plan*** to be invested in all selected ***funds*** following the switch (see section 9.2(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 9.3.4(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 9.3.2, they are processed as one single switch as described in that section.

(d) Subject to section 9.3.5, 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 9.3.2. 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 9.3.2 (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 9.3.2, 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 13.9.

  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 9.3.3 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 9.3.5).

(e) See also section 9.5(l) 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 9.5(l), the replacement switch instructions will be treated as a separate ***fund*** switch request.

9.3.5 Switching between PruFund Protected Funds

This section 9.3.5 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 9.3.2; 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 9.3.2.

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 9.5(k).

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 9.3, 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.

9.3.6 Switching from multiple funds including a PruFund Fund to a Drawdown Lifestyle Option profile

Where the ***member*** has asked to switch into a Drawdown Lifestyle Option profile and the switch involves ***units*** of more than one ***fund*** including a ***PruFund Fund***, the switch of all ***units*** (including the ***units*** of ***funds*** that are not a ***PruFund Fund***) is carried out at the end of the 28 day waiting period described in section 13.9 at the ***unit prices*** then applicable.

9.4 Switches to and from the With-Profits Fund and the Drawdown Lifestyle Option

Switches into the ***With-Profits Fund*** or into a Drawdown Lifestyle Option profile can only be made if:

- the ***member*** has not passed the relevant maximum age set out in section 7.5(a) or (b) (as appropriate); and
- the period between the date of switching and the ***anticipated annuitisation age*** meets or exceeds the ***minimum With-Profits investment period***.

The requirement to meet or exceed the ***minimum With-Profits investment period*** is waived in relation to switches into a Drawdown Lifestyle Option profile where section 7.5(g) applies.

We may make a deduction (Market Value Reduction) from the value realised from the sale of **units** of the ***With-Profits Fund*** (see section 12.4). This includes sales of **units** of the ***With-Profits Fund*** where switching between different Drawdown Lifestyle Option profiles or between a Drawdown Lifestyle Option profile and a ***fund(s)*** of the ***member's*** own choice (and vice versa).

9.5 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 ***anticipated annuitisation age*** meets or exceeds the minimum **guarantee period** that we then offer in relation that **fund**. See section 7.6 for further details.

(b) Switches into a ***PruFund Protected Fund*** are not allowed while any **units** of that same ***PruFund Protected Fund*** (and/or the corresponding ***PruFund Account***) are held under that **drawdown plan**. (This does not apply where switching on the **guarantee date** of an investment in the ***PruFund Protected Growth Fund*** with ***rolling guarantee***).

(c) Switches into a ***PruFund Protected Fund*** are not allowed while any **units** of another ***PruFund Protected Fund*** (and/or its corresponding ***PruFund Account***) are held under that **drawdown 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 **drawdown plan**, section 9.5(l) 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 **drawdown 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) Switch requests into the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** are allowed only when rolling over part or all of an existing investment in the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** on the **guarantee date**.

(g) 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***. (This does not apply in the case of investments in the ***PruFund Protected Growth Fund*** with ***rolling guarantee***).

(h) Switch requests from the ***PruFund Accounts*** are not allowed (except to the extent allowed under separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee***, where relevant – see the Note at the start of section 14).

(i) 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 the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** (including, where applicable, the ***PruFund Protected Growth Account***) in the 28 days following the **guarantee date**; or
- from a ***PruFund Fund*** to the ***Prudential Cash Fund*** for the purpose of purchasing an ***annuity***. Switches to a ***PruFund Fund*** may also be refused or restricted under sections 9.5(l) and/or 13.10.

(j) Where a switch is requested from a ***PruFund Fund*** under section 9 and there are also **units** of the corresponding ***PruFund Account*** under the **drawdown plan**:

A. When calculating the amount to be switched out of the ***PruFund Fund***, we apply the requested percentage value (see section 9.2) 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 13.9.2 we reapply the percentage to the then number of **units** held under the **drawdown 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 **drawdown 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 9.5(l) will apply.

Note: This section 9.5(j) does not apply when switching from the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** in the 28 days following the **guarantee date**.

(k) When switching between ***PruFund Funds*** when there are already **units** of the destination ***fund*** held under the **drawdown 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.

(l) 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 7.6)):

- 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 9.3.
- 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.

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

10.1 Operation of the funds

We use the ***funds*** to calculate benefits under pension plans we issue, including the ***member's drawdown 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 **drawdown plan** by allocating **units** to that **plan** from the **fund(s)** selected. Although we may use the ***funds*** to meet our obligations under a **drawdown 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 ***drawdown 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 10.

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***.

10.2 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.

10.3 Ownership of assets

10.3.1 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.

10.3.2 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***.

10.3.3 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 this money on trust for ***members*** whose transfer payments are held in a ***holding account***.

10.4 Changes to the funds

10.4.1 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.

10.4.2 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.

10.4.3 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.

10.4.4 Closing, merging, winding-up 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 8 and 9);

(b) merge or wind-up any one or more of the ***funds***;

(c) withdraw the option to invest in any one or more of the ***funds***;

(d) withdraw or close to new investments (including switches under section 9) investment options such as the Drawdown Lifestyle Option.

In the particular case of the ***With-Profits Fund,*** the ***PruFund Funds*** and the ***PruFund Accounts***, in addition to (a), (b) and (c) 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 10.4.4 can be exercised separately in relation to each ***PruFund Fund*** in that ***PruFund pair***.

10.4.5 Notice to members and replacement fund

We will exercise our power to close, merge, wind-up 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 ***drawdown plan(s)***; or
- the ***drawdown 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 Drawdown Plan***.

A ***fund*** would be considered a principal feature if it was the only ***fund*** of its type available under the ***Pru FRP Drawdown 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 ***drawdown 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*** 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***.

Where the ***fund*** to be closed, wound-up, merged or withdrawn is used under a Drawdown Lifestyle Option profile, 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***.

10.4.6 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 ***drawdown 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 ***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 26.2(b). If any amounts attributable to the ***member*** are held in a ***holding account***, we will give him or her ***reasonable notice***.

10.5 Restriction on Prudential's liability

Prudential's liability under any ***fund*** that it makes available under a **drawdown plan** cannot exceed the value of the ***units*** allocated to that **drawdown 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 **drawdown plan** is limited to the value of the **units** of that ***Externally-Linked Fund*** or Group Fund that are allocated to the **drawdown 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 **drawdown plan** was significantly reduced, ***Prudential*** could only pay out under the ***drawdown 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**.

11. The Unit-Linked Funds

11.1 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***.

11.2 Fund values and unit prices

11.2.1 Prudential Unit-Linked Funds

The value of a ***Prudential Unit-Linked Fund*** is based either 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 11.2.3).

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 to be 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.

11.2.2 Externally-Linked Funds

As stated in section 11.1, the e***xternal 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 11.2.1. 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.

11.2.3 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 16) will also be deducted before we calculate the ***unit price***.

11.2.4 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.

11.3 Calculation of unit prices

11.3.1 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 11.2; 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.

11.3.2 Rounding of unit prices

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

11.3.3 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.

12. The With-Profits Fund

12.1 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 be also 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 12.3 to 12.5 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 7.5 explains that a minimum period is required for investment in the ***With-Profits Fund***.

12.2 Bonuses

We may add regular bonuses through increases in the ***unit price***. The price of ***With-Profits Fund units*** allocated to the ***drawdown 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.

12.3 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***.

12.4 Circumstances when a Market Value Reduction may apply

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

- when a **drawdown plan** is fully or partially surrendered (for example, on the purchase of an **annuity** or on transfer to another pension arrangement) at any time other than at (or within the month leading up to) the ***anticipated annuitisation age***;
- when **units** are switched into another ***fund*** under section 9. This includes switches out of a Drawdown Lifestyle Option profile to a different investment strategy or to a different Drawdown Lifestyle Option profile, but excludes any switches under the normal operation of the Drawdown Lifestyle Option under section 8; and/or
- when **units** of the ***With-Profits Fund*** are sold under a ***PP plan*** for the purposes of converting one or more ***arrangements*** under that plan to a **drawdown plan**. In this case the Market Value Reduction is deducted from the value of the **units** under the ***PP plan*** (in accordance with the ***Pru FRP PP Technical Guide***) before the value is applied to the **drawdown plan**.

(b) In addition to the circumstances set out in (a) above, where the ***minimum With-Profits investment period*** for the **drawdown plan** is five years, a Market Value Reduction, if any, is applied when **units** of the ***With-Profits Fund*** are sold in any of the following circumstances:

- to make regular ***income payments*** under section 18.13 as a result of an instruction treated as received by us on or after the **member's** 75th birthday, where that instruction has/had the effect of increasing regular ***income payments*** above the level in payment immediately prior to the instruction; and/or
- to make an ad hoc ***income payment*** as described in section 18.6.1 as a result of an instruction treated as received by us on or after the **member's** 75th birthday.

See section 1.7 for details of when we treat instructions as having been received by us.

(c) In addition to the circumstances set out in (a) above, where the ***minimum With-Profits investment period*** for the **drawdown plan** is 10 years, a Market Value Reduction (if any) is applied when **units** of the ***With-Profits Fund*** are sold in any of the following circumstances:

- to make ***income payments***; and/or
- to pay Ongoing and/or Ad hoc **Adviser Charges**.

(d) In addition to the circumstances set out in (a) above, if a **member** converts his or her **capped drawdown** plan to a ***flexi-access drawdown*** plan as described in section 1.2.3 and subsequently sells **units** in the ***With-Profits Fund*** to make ***income payments***, a Market Value Reduction may apply. However, this only applies if the ***member's minimum With-Profits investment period*** for the **capped drawdown** plan is five years. The Market Value Reduction, if any, will apply to the value of any **units** of the ***With-Profits Fund*** sold above a certain limit after the date of conversion. This limit is calculated by multiplying the ***maximum income limit*** at the date of conversion by the proportion of the total funds the **member** has invested in the ***With-Profits Fund*** at that date.

12.5 Circumstances when a Market Value Reduction does not apply

(a) A Market Value Reduction is not applied when **units** of the ***With-Profits Fund*** are sold under any **drawdown plan**:

- at the ***anticipated annuitisation age*** (whether in respect of the **member** or a **dependant**, ***nominee*** or ***successor*** who is taking ***income payments***);
- within the month leading up to the ***anticipated annuitisation age*** (whether in respect of the **member** or a **dependant**, ***nominee*** or ***successor*** who is taking ***income payments***);
- to provide death benefits under section 21 on the ***member's*** death before the ***anticipated annuitisation age***;

- to provide death benefits on the ***dependant's***, ***nominee's*** or ***successor's*** death before the ***anticipated annuitisation age***, where we are paying ***dependant***, ***nominee*** or ***successor income payments***; and/or
- to make programmed switches under the normal operation of a Drawdown Lifestyle Option profile.

(b) In addition to the circumstances set out in (a) above, where the ***minimum With-Profits investment period*** for the ***drawdown plan*** is five years, a Market Value Reduction is not applied when ***units*** of the ***With-Profits Fund*** are sold:

- to make regular or ad hoc ***income payments***, where the relevant instruction was treated as received by us before the ***member's*** 75th birthday; and/or
- to make regular ***income payments*** where the relevant instruction was treated as received by us on or after the ***member's*** 75th birthday, providing the instruction does not result in an increase to the existing level of regular ***income payments***; and/or
- to deduct any charges due under the ***drawdown plan***, including Ongoing and/or Ad hoc ***Adviser Charges***.

(c) In addition to the circumstances set out in (a) above, where the ***minimum With-Profits investment period*** for the ***drawdown plan*** is 10 years, a Market Value Reduction is not applied when ***units*** of the ***With-Profits Fund*** are sold to deduct any charges due under the ***drawdown plan***, apart from Ongoing and/or Ad hoc ***Adviser Charges***.

(d) In addition to the circumstances set out in (a) above, if a ***member*** converts his or her ***capped drawdown*** plan to a ***flexi-access drawdown*** plan as described in section 1.2.3 and subsequently sells ***units*** in the ***With-Profits Fund*** to make ***income payments***, a Market Value Reduction may apply. However, this only applies if the ***member's minimum With-Profits investment period*** for the ***capped drawdown*** plan is five years. The Market Value Reduction, if any, will not apply to the value of any ***units*** of the ***With-Profits Fund*** sold below a certain limit after the date of conversion. This limit is calculated by multiplying the ***maximum income limit*** at the date of conversion by the proportion of the total funds the ***member*** has invested in the ***With-Profits Fund*** at that date.

12.6 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 ***drawdown 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 ***drawdown 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 ***drawdown 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 12.6(b), we will use Basis (2) when selling some but not all ***units*** of the ***With-Profits Fund*** under a ***drawdown plan***:

- to provide ***income payments*** or a pension commencement lump sum;
- to meet any ***Adviser Charges***;
- to purchase an ***annuity*** with some but not all ***arrangements*** under the d***rawdown plan***; or
- to implement a pension sharing order.

(d) When selling some but not all ***units*** of the ***With-Profits Fund*** under a ***drawdown 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 12.6(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***.

13. The PruFund Funds

13.1 PruFund types

PruFund Protected Funds offer a guarantee in exchange for payment of a ***guarantee charge***, as described in section 14 (and in the separate terms and conditions for the ***rolling guarantee***). Non-protected ***PruFund Funds*** do not offer any guarantee.

13.2 Availability of PruFund Funds

A number of ***PruFund Funds*** are currently relevant to the ***Pru FRP Drawdown 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 ***drawdown plan***. See also sections 7.3(d) and 9.5(c).

13.3 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***.

13.4 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 Drawdown 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 10.4 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 Fund***s within that ***PruFund pair*** are taken together when we calculate the **expected growth rate** and the ***unit prices*** under sections 13.8.1 to 13.8.4, or when we assess whether the smoothing process should be suspended under section 13.8.5. 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 13.8.

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

The ***PruFund Fund***s and the ***PruFund Accounts*** form part of a sub-fund of the ***Prudential With-Profits Fund***. The assets of the ***PruFund Fund***s 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 Fund***s 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.

13.6 Operation of the PruFund Accounts

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

- a payment under section 3 to be invested in a **PruFund Fund**; or
- a switch to be made under section 9 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 13.6(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 13.6(c). If, however, the amount is allocated on a **quarter date** and there are already **units** held under the **drawdown 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 13.6(a), we can sell the **units** in the **PruFund Account** (subject to a 28 day waiting period, where applicable, under section 13.9):

- to meet charges under section 14.13 and/or section 16 and/or section 17 (and/or to meet the **guarantee charge** for any investment in the **PruFund Protected Growth Fund** with **rolling guarantee**);
- to switch out of the **PruFund Protected Growth Fund** with **rolling guarantee** in the 28 days following the **guarantee date**;
- to pay any pension commencement lump sum and/or **income payments**;
- to purchase an **annuity**;
- to pay death benefits; or
- to make a transfer-out.

(c) On each **quarter date**, any **units** remaining in the **PruFund Account** under the **drawdown 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 9.

Note: (ii) and (iii) above do not apply when switching out of the **PruFund Protected Growth Fund** with **rolling guarantee** in the 28 days following the **guarantee date.**

13.7 Unit prices – the PruFund Accounts

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 13.8.1 and relates to the **expected growth rate** of the corresponding **PruFund Fund** or **PruFund pair**.

If the smoothing process has been suspended (see section 13.8.5), 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 Fund***s, the **unit prices** within the ***PruFund Accounts*** are not subject to any potential **unit price** reset as described in section 13.8.4.

13.8 Unit prices – the PruFund Funds and the smoothing process

13.8.1 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**.

13.8.2 Calculation of unit price at each quarter date

Unless the smoothing process has been suspended (see section 13.8.5), 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 13.8.3:

- 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 13.8.1.

(c) For the avoidance of doubt, nothing in this section 13.8.2 would prevent us from resetting the **unit price** of a ***PruFund Fund*** under section 13.8.4.

13.8.3 Adjustments of unit price on or between quarter dates

Unless the smoothing process has been suspended (see section 13.8.5), 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 13.8.3, no adjustment that would otherwise apply on that day in line with section 13.8.2(a) will apply.

(b) Each **working day**, we calculate the average **net asset value per uni**t 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 13.8.3 would prevent us from resetting the **unit price** of a ***PruFund Fund*** under section 13.8.4.

13.8.4 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 13.8.2, 13.8.3, 13.8.4 and 13.8.5) 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.

13.8.5 Suspension of the smoothing process

(a) The smoothing process described in section 13.8, 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 13.8.1 to 13.8.4 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.

13.9 The 28 day waiting period

13.9.1 General

When selling ***units*** of a ***PruFund Fund*** (or a ***PruFund Account*** – see section 13.6(b)), a 28 day waiting period may apply, as set out in this section 13.9.

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.

13.9.2 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 9, from a ***PruFund Fund*** to any other ***fund(s)*** (see section 9.3.3), except in some particular circumstances which are described in section 13.9.4.

(b) Except in the circumstances described in section 13.9.4, 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***.

(c) The 28 day waiting period may also apply when selling ***units*** of any ***PruFund Fund*** (and, where applicable, the corresponding ***PruFund Account***) within the 28 days following receipt of instructions from the ***member*** to set up, or change, regular or ad hoc ***income payments*** from a ***flexi-access drawdown*** plan.

13.9.3 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 15.

(b) Where the transaction is a switch involving a number of ***PruFund Fund***s both within and outside a ***PruFund pair***, the 28 day waiting period may start one ***working day*** later than usually applies (see section 9.3.5), with the result that ***units*** are then sold one ***working day*** later.

(c) Following a waiting period under this section 13.9 (and subject to any further delays under section 15), 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 Fund***s will not be affected by the waiting period, except where switching into a Drawdown Lifestyle Option profile (see section 9.3.6).

13.9.4 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 ***anticipated annuitisation age***;

(b) to pay lump sum death benefits under section 21.5 or 22.7;

(c) to pay any pension commencement lump sum;

(d) to make ***income payments*** (subject to section 13.9.2(c));

(e) to switch between ***PruFund Fund***s in the same ***PruFund pair***; or

(f) 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 dat***e of an investment in that ***fund***;
- 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 14.11; or
- when selling ***units*** of the ***PruFund Protected Fund*** with ***rolling guarantee*** (and/or the corresponding ***PruFund Account***) on the ***guarantee date***, or within the 28 days following that date of an investment in that ***fund***.

13.10 Power to refuse or restrict investment in the PruFund Funds

In addition to our power to delay investment in the ***PruFund Fund***s under section 15, 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 13.8) while still benefiting from the ***expected growth rate***.

14. Investing in a PruFund Protected Fund and operation of the PruFund Protected Fund guarantee

Note: The guarantee terms and conditions in sections 14.1 to 14.13 do not apply to investments in the ***PruFund Protected Growth Fund*** with ***rolling guarantee***. The ***rolling guarantee*** is relevant only where the ***drawdown plan*** is set up through converting an existing ***PP plan*** and an investment in the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** has been continued in accordance with Option 2 under section 14.14. The terms and conditions for the operation of the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** are set out in the Addendum coded FRPT10400, subject to any changes that we may make (including any already made) and/or replacement terms and conditions that we may issue to the ***member*** and/or publish on our Website.

14.1 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 14.13.

14.2 Single investment

Once an amount has been invested in the chosen ***PruFund Protected Fund*** (and/or the corresponding ***PruFund Account***) under a ***drawdown plan***, no switches are permitted into that ***fund*** under that ***drawdown plan*** until all ***units*** held under the ***drawdown plan*** in that ***fund*** have been subsequently sold or switched out of that ***fund***. Switches into a ***PruFund Protected Growth Fund*** are also subject to the terms set out in sections 9.3 and 9.5.

Investment is not allowed in more than one guarantee type under a ***PruFund Protected Fund*** at the same time under a ***drawdown plan***.

Note: there is currently only one guarantee type available to new investments (including switches-in under section 9) under the ***Pru FRP Drawdown Plan***. This guarantee is described in this section 14. The ***PruFund Protected Growth Fund*** with ***rolling guarantee*** is, however, available when using an existing ***PP plan*** to set up a ***drawdown plan***, where the ***PP plan*** was at the time of conversion invested in the ***PruFund Protected Growth Fund*** with ***rolling guarantee***. References to the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** apply only to ***drawdown plans*** which can be invested in that ***PruFund Protected Fund*** with that guarantee type.

14.3 Selection of guarantee period

Section 7.3(e) explains that when investing in a ***PruFund Protected Fund***, only one ***guarantee period*** can be selected under each ***drawdown plan***. Section 7.6 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***.

14.4 Range of one or 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***.

14.5 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.

14.6 Setting the guarantee start date and the guarantee date

Where the **drawdown plan** has been set up through converting a ***PP plan***, the **guarantee start date** and the **guarantee date** are determined in the way described in section 14.14.

Otherwise, the **guarantee start date** and **guarantee date** are determined as described in the rest of this section 14.6.

The **guarantee date** and the **guarantee start date** are both set when **units** of a ***PruFund Protected Account*** (and/or **units** of a ***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 ***drawdown plan***.

The **guarantee start date** is the date on which those ***units*** are first allocated to the ***drawdown 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 the ***anticipated annuitisation age***, provided that the period between the **guarantee start date** and the ***anticipated annuitisation age***:

- 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 ***anticipated annuitisation age***.

(c) We will automatically set the **guarantee date** to match the ***anticipated annuitisation age*** if:

- the ***anticipated annuitisation age*** falls less than twelve 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 ***anticipated annuitisation age*** 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 multiple ***fund*** switch (see sections 9.3.4 and 9.3.5), 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.

14.7 Application of the guaranteed value – general

A separate **guaranteed value** applies in relation to each ***drawdown 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 21.4(b)).

14.8 Calculation of the initial guaranteed value

Where the ***drawdown plan*** has been set up through converting a ***PP plan***, the initial ***guaranteed value*** is determined in the way described in section 14.14.

Otherwise, the initial ***guaranteed value*** is determined in the way described in the rest of this section 14.8.

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 9.3.4 and 9.3.5), the initial ***guaranteed value*** is increased when the second set of ***units*** is allocated.

14.9 Reduction of the guaranteed value

The initial ***guaranteed value*** determined under section 14.8 and/or section 14.14 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 make an ***income payment(s)***;

(b) to pay any pension commencement lump sum;

(c) to make a transfer-out;

(d) to switch to another ***fund(s)***; and/or

(e) 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.

14.10 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 **drawdown plan**. In determining the value of those **units**, we deduct any charges that are then due in respect of the ***fund*** and the **drawdown plan**, but we do not take account of any amounts that are due to be switched out of the ***fund*** or about to be paid out of the **drawdown plan** under section 18, 20, 21, 22 or 23. The ***unit price*** used will be that applying after any adjustments under the smoothing process (see sections 13.8.3 to 13.8.5);

(b) calculate the ***guaranteed value*** on the **guarantee date** in accordance with section 14.8 or 14.14, and section 14.9; 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 14.1 comes into effect: as a result, we allocate additional **units** of that ***PruFund Protected Fund*** to the **drawdown 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 14.1 have already been met; so in this case, no **units** are added to the **drawdown plan**.

If **units** are added to the **drawdown plan** under this section 14.10, we will write to the ***member*** to tell him or her how many **units** we have added.

14.11 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 14.10) 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 the **units** then held in the chosen ***PruFund Protected Fund*** (including any **units** added through the operation of the guarantee under section 14.10) to the other ***PruFund Fund*** from the same ***PruFund pair*** on the **guarantee date**.

The 28 day waiting period under section 13.9 does not apply to the sale of **units** at the **guarantee date** under this section 14.11.

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

As stated in section 9.5(g), 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 14.11, 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***.

14.13 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 **drawdown plan**. This charge is designed to pay for the guarantee provided under those **fund**s.

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 ***anticipated annuitisation age***, 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 20, prior to purchasing an **annuity**, the final **guarantee charge** will be taken immediately prior to making that switch.

Different **guarantee charges** may apply to separate **drawdown plan**s depending on the **guarantee start date**.

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

In the case where the **drawdown plan** has been set up through converting a ***PP plan***, the **guarantee charge date** and the **guarantee charge** are determined in the way described in section 14.14.

14.14 Special provisions where the drawdown plan was set up through converting a PP plan

Where the ***member*** is setting up a **drawdown plan** through converting a ***PP plan*** and the ***PP plan*** is invested either partly or fully in a ***PruFund Protected Fund*** (and/or a ***PruFund Protected Account***), the following two options are available:

Option 1

The ***member*** may invest the payment from the ***PP plan*** in a ***PruFund Protected Fund*** as though it were a new payment to a **drawdown plan**, so long as the period from the effective date of conversion to the ***anticipated annuitisation age*** meets or exceeds the minimum **guarantee period** then available for the chosen ***PruFund Protected Fund***.

All of the provisions of sections 14.1 to 14.13 will apply to the payment as though it were a new investment including the requirement for the payment to be initially applied to the relevant ***PruFund Protected Account***.

The guarantee charges deducted under the ***PP plan*** will not be refunded.

Option 2

The ***member*** can carry over certain terms in relation to an existing investment in a ***PruFund Protected Fund*** (including the ***PruFund Protected Growth Fund*** with ***rolling guarantee***) into the new **drawdown plan** with effect from the **start date**. The terms apply where the ***member*** wishes to invest in the same ***PruFund Protected Fund*** under the **drawdown plan** as applied under the ***PP plan***. In this case:

(a) A separate **drawdown plan** will be set up in respect of each separate ***PP plan*** with investments in the relevant ***PruFund Protected Fund*** which is converted (or each ***PP plan*** arrangement where only part of a ***PP plan*** is being converted).

(b) The level of investment to be applied to the relevant ***PruFund Protected Account*** at the **start date** of the **drawdown plan** before any pension commencement lump sum is taken must be the same (subject to any rounding as described below) as the amount that was held in the ***PruFund Protected Fund*** (and the corresponding ***PruFund Protected Account***, if any) under the relevant ***PP plan arrangements*** immediately before conversion.

(c) Where any amounts are to remain under the ***PP plan*** after conversion, the aggregate value of the investment in the relevant ***PruFund Protected Fund*** and the corresponding ***PruFund Protected Account*** under both the **drawdown plan(s)** and the ***PP plan*** must (subject to any rounding as described below) be the same as the amount that was held in that ***PruFund Protected Fund*** (and the corresponding ***PruFund Protected Account***, if any) under the relevant ***PP plan arrangements*** immediately before conversion.

(d) The **units** of the relevant ***PruFund Protected Fund*** (and any **units** of the corresponding ***PruFund Protected Account***) held under the ***PP plan*** (or the relevant ***PP plan arrangements***) will be sold and reinvested in the corresponding ***PruFund Protected Account*** as at the **start date**, subject to any rounding as described below. Where **units** are held in both the ***PruFund Protected Fund*** and the corresponding ***PruFund Protected Account***, an equal proportion will be sold from each of these **funds**.

When calculating the actual amount to be used to buy **units** in the relevant ***PruFund Protected Account*** under the **drawdown plan(s)**, we express the amount realised by selling **units** held under the relevant ***PP plan arrangements*** in the relevant ***PruFund Protected Fund*** (and any **units** of the corresponding ***PruFund Protected Account***) as a percentage of the total value of those ***PP plan arrangements***. We round that percentage down to the next whole percentage. We adjust the percentages to be applied to any other **funds** accordingly, with the intention of remaining as close as reasonably possible to the **member**'s investment instructions.

(e) The initial **guaranteed value** for the new **drawdown plan** will be the **guaranteed value** that applied under the ***PP plan*** immediately before conversion.

If only part of a ***PP plan*** is being converted to a **drawdown plan**, the **guaranteed value** that applied under the ***PP plan*** will be apportioned between the remaining part of the ***PP plan*** and the new **drawdown plan** before applying any reduction.

Any rounding down (see (d) above) of the percentage of the ***PP plan*** proceeds to be applied to the relevant ***PruFund Protected Account*** under the **drawdown plan** does not affect the **guaranteed value**.

(f) The **guarantee date**, the **guarantee charge** and the **guarantee charge date** that applied in the ***PP plan*** will apply to the **drawdown plan**.

(g) Where the investment is in the ***PruFund Protected Growth Fund*** with **rolling guarantee**, the additional terms and conditions for the **rolling guarantee** are as set out in the Technical Guides for **pre-RDR pension plans** coded IPPB6369 and/or IPPB6373, subject to any changes that we may make (including any already made) and/or replacement terms and conditions that we may issue to the **member** and/or publish on our Website.

15. Delays in buying, selling or switching units

Note: This section 15 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, **income payments** and transfers-out). It does not, however, apply when selling **units** at the **anticipated annuitisation age** either to buy an **annuity** or transfer out, or when selling **units** on the **member's** death. It should be noted in particular that where there is a delay in selling **units** of a **fund** from which the **member** has instructed us to make **income payments** the payment of those **income payments** will accordingly be delayed.

15.1 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***.

15.2 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.

15.3 Notification to member

We will notify the ***member*** if a transaction requested by him or her is affected by a delay under this section 15. 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.

15.4 Processing transactions affected by delays

The alternative instruction sought under section 15.3 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.

15.5 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.

15.6 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 13.9). 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 15.

15.7 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.

16. Annual Management Charges, Fund Size Discount and Loyalty Discount

16.1 General

There are separate Annual Management Charges that apply to each ***drawdown 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 while they are held in a ***holding account***, nor do such amounts contribute towards either of the Discounts.

16.2 Basic Annual Management Charges

16.2.1 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 ***drawdown 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 16.8.

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

16.2.2 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 11.2.3.
- For the ***With-Profits Fund***, the ***basic Annual Management Charge*** is taken into account when setting the bonus levels reflected in the ***unit price***s.

16.2.3 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 ***drawdown 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 16.7 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.

16.3 Actual Annual Management Charges

The ***actual Annual Management Charge*** for a ***drawdown 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 ***drawdown plan*** (see section 16.4).

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 16.4. The percentage value of any adjustment may change during the term of the ***drawdown plan***, to take account of (among other things) any Fund Size Discount, any Loyalty Discount, any changes in the special terms available and any other changes we may make under section 16.8.

16.4 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***.

16.5 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 ***drawdown 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 ***drawdown plan*** and/or has one or more in-force ***PP plans***, the aggregate value of all ***drawdown plans*** and ***PP plans***, is taken into account in determining the Fund Size Discount, and the discount so determined applies to all of those ***drawdown plans*** and ***PP plans***.

Where applying the Fund Size Discount to a ***dependant's***, ***nominee's*** or ***successor's drawdown plan***, if the ***dependant***, ***nominee*** or ***successor*** is also a ***member*** in his or her own right and has one or more ***drawdown plans*** and/or ***PP plans*** in his or her own name, the aggregate value of all ***drawdown plans*** and all ***PP plans*** under which the ***dependant***, ***nominee*** or ***successor*** has benefits, is taken into account in determining the Fund Size Discount, and the discount so determined applies to all of those ***drawdown plans*** and ***PP plans***.

The percentage discount depends on the total value of all ***units*** held under the ***member's drawdown plan(s)*** and ***PP plan(s)*** at each ***monthly transaction date*** before any other deductions are made to meet charges and/or to make any ***income payment(s)*** (and/or to meet any additional life cover costs under any ***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 a ***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 provide details of this if it applies.

16.6 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	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 ***drawdown plan***; and/or
- one or more in-force ***PP 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 ***drawdown plan*** or ***PP 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 ***drawdown plan*** (or ***PP plan***) with the earliest ***start date*** will apply to all of the ***member's drawdown plans*** (and ***PP plans***), irrespective of their ***start dates***. Entitlement to a Loyalty Discount ceases where no further ***units*** are held in respect of any ***drawdown plan*** or ***PP plan***, for example, following the sale of all ***units*** to provide benefits, purchase an ***annuity*** or provide a transfer-out.

The earliest ***start date*** of all the ***member's drawdown plan(s)*** (and ***PP plan(s)***) will also be taken into account in determining the Loyalty Discount applicable under a ***dependant's***, ***nominee's*** or ***successor's drawdown plan*** payable under section 21 or 22.

Where the ***dependant***, ***nominee*** or ***successor*** is a ***member*** in his or her own right and has one or more ***drawdown plans*** and/or ***PP plans*** in his or her own name, the Loyalty Discount that applies to all those plans will be based on the earliest ***start date*** of those plans.

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 provide details of this if it applies.

16.7 Basic Annual Management Charge following a fund switch

16.7.1 General

This section 16.7 applies where ***units*** are switched under section 8 or 9. In this section 16.7, 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***".

16.7.2 Switches between *funds* with implicit charges

Where the outgoing ***fund*** and the destination ***fund*** both have implicit ***basic Annual Management Charge***s (see section 16.2), 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.***

16.7.3 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***.

16.7.4 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.

16.7.5 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***.

16.8 Changes to the Annual Management Charges and related discounts

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

- a change to the investment ***fund*** selection (see section 16.7);
- a change to special terms or due to the application of a Fund Size Discount and/or Loyalty Discount (see sections 16.5 and 16.6)

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 16.2); and
- the ***actual Annual Management Charge*** applicable to a ***drawdown plan*** (see section 16.3)

Each of these may be changed independently of the other.

In addition, we may increase Annual Management Charges under section 27.

We reserve the right to withdraw or change the terms of the Fund Size Discount and the Loyalty Discount under section 27.

We will only make changes to the Annual Management Charges and related Discounts for the reasons described in section 27.

We will write to the ***member*** if we make any changes to the charges described in this ***Technical Guide***. See also section 27.

17. Adviser Charges

17.1 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 ***drawdown plan*** through one or more charges known as ***Adviser Charges***. As stated in section 1.4, any ***Adviser Charges*** deducted from the ***drawdown 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 25.4.).

Except where there is a change to the financial adviser (as described in section 17.12) or where there is an increase in Value Added Tax (where applicable, as described in section 17.10), 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 17.3).

Adviser Charges are tested to ensure they do not exceed certain limits, as explained in section 17.14.

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

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

Note 1: This section 17 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 section 17.5.

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 17. Further details are set out in the ***SIPP Supplement***.

Note 2: ***Adviser Charges*** are relevant only to ***Pru FRP Drawdown Plans*** which are ***post-RDR pension plans***. No ***Adviser Charges*** (other than ***SIF*** Ad hoc ***Adviser Charges***) can be deducted from any ***Pru FRP Drawdown 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***.

17.2 Adviser Charges from a dependant's, nominee's or successor's drawdown plan

If a ***dependant's*** or ***nominee's drawdown plan*** is set up following the ***member's*** death, or a ***successor's drawdown plan*** is set up after the death of a ***dependant***, ***nominee*** or ***successor***, the ***dependant***, ***nominee*** or ***successor***, as appropriate, will pay for advice in relation to his or her ***drawdown plan***. The payments for this advice can also be funded from the ***dependant's***, ***nominee's*** or ***successor's drawdown plan*** through ***Adviser's Charges***.

Where ***Adviser Charges*** are to be paid from the ***dependant's***, ***nominee's*** or ***successor's drawdown plan***:

- the word "***member***", when used in this section 17, includes the ***dependant***, ***nominee*** or ***successor***; and
- the terms and conditions in this section 17 apply to the ***dependant's***, ***nominee's*** or ***successor's drawdown plan*** (so, for example, the ***dependant***, ***nominee*** or ***successor*** must give us written instructions as described in section 17.3).

17.3 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 ***drawdown plan*** when it is to be set up.

Note: Section 6.2 explains how payments are allocated to ***drawdown plans*** and what constitutes a separate ***drawdown plan***.

(b) Subject to (c) below, the ***member's*** or the financial adviser's instructions to make any of the changes described in sections 17.9, 17.10, 17.11 and/or 17.12 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.

17.4 Types and combinations of Adviser Charges

17.4.1 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**.

The ***member*** has a choice of two bases on which **Adviser Charges** can be deducted:

- a specified monetary amount; or
- 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.

17.4.2 Combinations and choice of Adviser Charge

(a) Subject to (b) below, the **member** can select any combination of **Adviser Charges** for each **drawdown plan**, including no **Adviser Charges**. For example, the ***member*** can decide that one **drawdown plan** will have both a Set-up **Adviser Charge** and an Ongoing **Adviser Charge**, and that another **drawdown 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 **drawdown 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 **drawdown plan**, and vice versa under another **drawdown 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 17.5 and 17.8.1); 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.

17.5 Set-up Adviser Charge

(a) A Set-up **Adviser Charge** is a one-off **Adviser Charge** deducted from the **drawdown plan** when the **drawdown 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 **drawdown 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:

(i) In all cases, we start with the amount of the payment made to set up the **drawdown plan**.

(ii) We include any part of the payment that is waiting to be invested in the ***SIF*** (but not "in specie" transfers into the ***SIF*** or any amounts already invested in the ***SIF*** – see (iv) and (v) below).

(iii) Where the payment is a single contribution, the amount mentioned under (a) above will include any basic rate tax relief added to the contribution under the ***PP plan*** which is set up and then converted to a ***drawdown plan*** (see section 4.2).

(iv) 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***.

(v) Where the payment is made by converting one or more ***arrangements*** under a ***PP plan*** which has investments in the ***SIF***, we exclude any part of the value that is to remain invested in the ***SIF*** under the ***drawdown plan***;

(vi) Where the payment is made by converting one or more ***arrangements*** under a ***PP plan***, we exclude any Surrender Charge that would have applied to those ***arrangements*** if they had been cashed in to make a transfer-out at the date of conversion.

We exclude the full value of the Surrender Charge, except where there are investments in the ***SIF*** under the ***PP plan***, which are to be retained under the ***drawdown plan***. In such a case, we exclude only that part of the Surrender Charge which would have applied to:

- amounts held in ***funds*** other than the ***SIF***; and
- amounts held in the ***SIF*** under the ***PP plan*** but which are to be switched to another ***fund(s)*** immediately following conversion.

(vii) Finally, in all cases, the amount calculated as described above, is reduced by the amount of any pension commencement lump sum to be paid to the ***member*** under section 18.3.

17.6 Ongoing Adviser Charge

17.6.1 General

(a) An Ongoing ***Adviser Charge*** is an Adviser Charge deducted from the ***drawdown plan*** at regular intervals throughout the term of the ***drawdown 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 ***drawdown 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 17.9.

The ***member*** can request to change or stop Ongoing ***Adviser Charges*** as described in section 17.9. The financial adviser can also instruct us to stop or reduce Ongoing ***Adviser Charges*** under section 17.9 or section 17.12, or make changes in relation to changes in the rate of Value Added Tax under section 17.10.

(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 25.4).

17.6.2 "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***.

Where we receive the ***member's*** instruction to deduct Ongoing ***Adviser Charges*** after the ***drawdown plan*** has been set up, the "effective start date" of those Ongoing ***Adviser Charges*** is the "effective change date" described in section 17.13 (a).

Note: 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 17.6. Deductions cannot be backdated to cover the period between stopping and restarting.

17.6.3 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 15.

17.6.4 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 17.15);
- the date we stop deducting Ongoing **Adviser Charges** as a result of an instruction from the **member** or the financial adviser (see sections 17.9 and 17.12);
- the date all ***units*** under the **drawdown plan** are sold to purchase an ***annuity*** or pay a transfer-out.
- the date of the ***member's*** death; and
- the ***anticipated annuitisation age***.

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 financial adviser. In that case, the last deduction will be the deduction due immediately before the "effective change date" under section 17.13.

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 due immediately before we receive the relevant notification.

Note: Where the ***anticipated annuitisation age*** is changed by us under section 20.5.3(b), there is no corresponding change to the actual date on which we stop deducting Ongoing **Adviser Charges**: these deductions will stop on the previous ***anticipated annuitisation age*** that applied before we made the change.

17.7 Ad hoc Adviser Charge

An Ad hoc **Adviser Charge** is a one-off **Adviser Charge** deducted from the **drawdown plan** at any time during the term of the **drawdown plan**. The date on which an Ad hoc ***Adviser Charge*** is deducted is explained in section 17.8.3.

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 **drawdown plan**, including any amounts held in the **PruFund Accounts** (but excluding any amounts held in the ***SIF***).

Note: ***SIF*** Ad hoc **Adviser Charges** are deducted separately from the Ad hoc **Adviser Charges** described in this section 17. ***SIF*** Ad hoc **Adviser Charges** are not subject to the terms and conditions set out in this section 17. Further details are set out in the ***SIPP Supplement***.

17.8 Sale of units to pay Adviser Charges

17.8.1 Set-up Adviser Charges

Set-up **Adviser Charges** 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 an amount waiting to be invested in the ***SIF*** is deducted from the payment before the balance is invested in the ***SIF***.

17.8.2 Ongoing Adviser Charges

Subject to section 17.8.6, Ongoing **Adviser Charges** are deducted proportionately across all ***funds*** in which ***units*** are held under the ***drawdown plan*** at the date the deduction is made, including the ***PruFund Accounts*** (but excluding the ***SIF***). Subject to any delays under section 15, we sell the ***units*** using the ***unit price(s)*** for the ***monthly transaction date*** on which the deduction is made.

17.8.3 Ad hoc Adviser Charges

Ad hoc ***Adviser Charges*** are deducted proportionately across all ***funds*** in which ***units*** are held under the ***drawdown 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 15, 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.

17.8.4 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 12.6. Any final bonus will be added to the value of the ***units*** sold. As set out in section 12.4(c), 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 ***drawdown plan*** is 10 years.

17.8.5 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 13.9.4.

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 14.9.

17.8.6 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 17.8.6 do not apply to Set-up ***Adviser Charges***.

(a) Where there are ***units*** of a ***PruFund Protected Fund*** under the ***drawdown 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 ***drawdown plan*** and the ***minimum With-Profits investment period*** for that ***drawdown 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 ***drawdown 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 17.15 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 ***drawdown 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 ***drawdown

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**.

17.8.7 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 **drawdown plan**, we round our calculations to two decimal places and make deductions to the nearest whole penny.

17.9 Changes to Ongoing Adviser Charges

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

- start Ongoing **Adviser Charges** after the **start date** (as described in section 17.6.1(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 17.11).

(b) Where there are **units** of a **PruFund Protected Fund** (or **PruFund Protected Account**) under the **drawdown 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 17.8.6(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 17.8.6(a).

(c) Where there are **units** of the **With-Profits Fund** under the **drawdown plan** and the **minimum With-Profits investment** period for that **drawdown 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 17.8.6(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 17.8.6(b).

(d) The financial adviser can also instruct us to stop or reduce Ongoing **Adviser Charges** without us having to obtain the **member's** consent.

(e) The "effective change date" of any changes requested under this section 17.9 is determined in the way explained in section 17.13.

17.10 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" for any changes made under this section 17.10 is determined in the way explained in section 17.13.

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 17.10 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.

17.11 Change to financial adviser – notification from the member

As stated in section 17.1, the ***member*** can specify only one financial adviser in relation to all of his or her ***drawdown plans*** (and ***PP 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 17.3. Unless the ***member*** gives new instructions regarding future **Adviser Charges**, we will stop deducting any Ongoing **Adviser Charges** (see also the Note to section 17.6.2).

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 17.13.

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 ***drawdown 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 25.4).

17.12 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 17.9(d). See also the Note to section 17.6.2.

17.13 Effective date of changes to Ongoing Adviser Charges

Note: This section does not apply to the transfer of ***Adviser Charges*** to a new financial adviser under section 17.12.

(a) The "effective change date" of any changes made under section 17.9 and/or 17.10 is the 10th ***working day*** following the date we treat the ***member's*** or financial adviser's instruction as having been received by us under section 1.7.

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 17.11, 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 15). 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 15).

(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 15) 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*** immediately before the "effective change date", and the yearly deduction of Ongoing ***Adviser Charges*** will (subject to any delays under section 15) start with effect from the 11th ***monthly transaction date*** following the "effective change date".

17.14 Limit on Adviser Charges

17.14.1 General

The limits set out in this section 17.14 apply and are calculated separately in relation to each ***drawdown 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 ***drawdown plan***, the total Ongoing ***Adviser Charges*** must not, when first checked, exceed the limit for the ***drawdown 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***.

17.14.2 Limit on Set-up Adviser Charges

The maximum Set-up ***Adviser Charge*** that can be deducted from the ***drawdown plan*** is a percentage of the payment made to set up the ***drawdown plan***. Details of the maximum percentage that applies at any time can be obtained from the financial adviser.

The amount of the payment to which the maximum percentage is applied is determined in the way described in section 17.5.

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

17.14.3 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 **drawdown plan** in each "Plan Year" is a percentage of the value of ***units*** held under the **drawdown 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 **drawdown 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 **drawdown plan** is set up;
- when we first receive the ***member's*** instructions to start paying Ongoing **Adviser Charges** or to pay an Ad hoc **Adviser Charge**; and/or
- 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 **drawdown 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 re-tested 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 **drawdown 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.

17.14.4 *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 ***drawdown 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 that 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***.

17.15 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 Charg***e.

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 17.6.

Deductions cannot be backdated to cover the period between stopping and restarting.

18. Benefits payable to the member: lump sum and income payments

18.1 General

Benefits can start once the **drawdown plan** has been set up, although for **capped drawdown** plans, the initial maximum income limit must have been established under section 19. Where the **capped drawdown** plan is set up before the initial ***maximum income limit*** has been established, the start of benefits will be delayed. As described in section 1.2.3, from 6th April 2015, a **capped drawdown** plan can only be set up under a ***Pru FRP Drawdown Plan*** as a result of a transfer from an existing **capped drawdown** plan.

No benefits can be paid from amounts held in a ***holding account***.

First of all, any pension commencement lump sum is deducted and paid under section 18.3.

Once units have been allocated under section 6, the **member** can start to draw ***income payments*** from the **drawdown plan**.

The **member** initially selects the form, amount, and frequency of payments, along with the **fund(s)** from which the ***income payments*** are to be deducted, in the **application form**. If ***income payments*** are to be made, the first ***income payment*** must be made within 12 months of the **start date**.

The **member** selects the amount of ***income payments*** as a "gross" amount, that is, before the deduction of income tax. ***Income payments*** are then paid to the **member** after deduction of income tax through the PAYE system.

There are currently no charges for making ***income payments*** from the **Unit-Linked Funds**, the ***With-Profits Fund*** or the **PruFund Funds** and **PruFund Accounts**, but we do reserve the right to introduce a charge (see section 27). Specific additional charges for making ***income payments*** apply when investments are held in the ***SIF*** under a **drawdown plan** (see the ***SIPP Supplement***).

Under current legislation, the **member** can opt to take no ***income payments***.

18.2 Lifetime allowance check

18.2.1 Timing of lifetime allowance check

Where the **start date** is on or before the ***member's*** 75th birthday, we are required by legislation to ensure that the value of the benefits does not exceed the ***standard lifetime allowance***. We carry out this check when the **drawdown plan** is set up. Further checks are made if **units** are sold to make a transfer-out or buy an **annuity** before or on the ***member's*** 75th birthday. A final check is made at the ***member's*** 75th birthday, even if no **units** are sold or benefits taken as at that date.

Note: Where the **member** requests to take a pension commencement lump sum under section 18.3, a check must be made to ensure that the **member** has sufficient ***personal lifetime allowance*** available. This applies irrespective of whether the pension commencement lump sum is payable before, on, or after the 75th birthday.

18.2.2 Evidence requirements

If, in the **application form**, the **member** indicates that the value of his or her total benefits from all ***registered pension schemes*** is close to or exceeds the ***standard lifetime allowance***, we will need to request evidence of:

- the ***member's*** actual ***personal lifetime allowance*** (if greater than the ***standard lifetime allowance***);
- any percentage of the ***standard lifetime allowance*** that has already been used in providing benefits;
- the amount of any pension commencement lump sum already taken from ***registered pension schemes***; and
- details of other ***registered pension schemes*** (including schemes administered within **M&G plc**) under which the ***member*** has benefits.

18.2.3 Updated evidence

(a) The evidence described in section 18.2.2 may need to be updated by the ***member*** if, at the time when a **drawdown plan** is set up any benefits are taken from other ***registered pension schemes*** either in the period between the date on which the ***member*** completed the **application form** and the **start date** or while any transfers-in are held in a ***holding account***.

(b) The evidence described in section 18.2.2 will need to be updated by the ***member***:

- if ***units*** are sold to make a transfer-out or buy an ***annuity*** before or on the ***member's*** 75th birthday;
- as at the ***member's*** 75th birthday; and/or
- if any pension commencement lump sum is taken after the ***member's*** 75th birthday.

18.2.4 Lifetime allowance charge

When testing the benefits against the ***member's personal lifetime allowance***, the value of benefits previously taken from the **Scheme** or from any other ***registered pension scheme***, will be taken into account. If the ***member's personal lifetime allowance*** is exceeded the excess benefits will be subject to a ***lifetime allowance charge***.

18.2.5 Member's responsibility

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.

18.3 Pension commencement lump sum

18.3.1 Entitlement to pension commencement lump sum

When the ***drawdown plan*** is first set up, the ***member*** may have the option to take a pension commencement lump sum from the payment made to the ***drawdown plan***.

This option is not available where the ***drawdown plan*** is set up as a result of a transfer payment from another ***drawdown pension arrangement***. This is because the entitlement to a pension commencement lump sum arose at the start of the earlier ***drawdown pension arrangement***.

In addition, any pension commencement lump sum:

- can only be paid when the ***drawdown plan*** is first set up;
- can only be paid if all or part of the ***member's personal lifetime allowance*** is available; and
- cannot be paid under a ***drawdown plan*** set up in respect of a ***disqualifying pension credit***.

18.3.2 Amount of pension commencement lump sum

Where the ***drawdown plan*** is set up through a transfer-in under section 3, the pension commencement lump sum must not be more than 25% of the value of that transfer-in as at the ***start date*** of the ***drawdown plan***.

Where the ***drawdown plan*** is set up through a single contribution under section 4, the pension commencement lump sum must not be more than 25% of the value of the ***PP plan*** in respect of that contribution, as at the ***start date***, when the ***PP plan*** is converted to a ***drawdown plan***.

Where the ***drawdown plan*** is set up through converting one or more ***arrangements*** under a ***PP plan***, under section 5, the pension commencement lump sum must not be more than 25% of the value of the ***PP plan arrangements*** applied to the ***drawdown plan*** on the ***start date***. The value of the ***PP plan arrangements*** will take into account any final bonus due on investments in the ***With-Profits Fund*** and may also be subject to a Market Value Reduction.

In addition, the pension commencement lump sum:

- 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.

The size of the lump sum will also depend on whether the ***member*** 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***.

18.3.3 Deduction of pension commencement lump sum

On the ***start date***, the pension commencement lump sum is deducted from the ***drawdown plan*** by selling ***units*** to the value required.

Where the payment of benefits is delayed as described in section 18.1, the pension commencement lump sum is nevertheless deducted with effect from the ***start date***, based on ***unit*** values at that date.

The sale of any ***units*** of a ***PruFund Protected Account*** to pay a pension commencement lump sum will affect the ***guaranteed value*** as described in section 14.9 (or the separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** – see the Note at the start of section 14).

18.4 Minimum income payments

We do not set a minimum ***income payment***. If this changes, we will:

- give the ***member*** as much notice as practicably possible;
- seek the ***member's*** instructions as to the making of ***income payments***; and
- inform the ***member*** as to how ***income payments*** will be made if we do not receive such instructions within a period specified at the time by us.

The ***member*** may, therefore, choose to take no regular ***income payments***. In this case, he or she would still be permitted to take ad hoc ***income payments***.

18.5 Maximum income payments

If the ***member*** has a ***capped drawdown*** plan, the total of all ad hoc ***income payments*** and all regular ***income payments*** must not exceed the ***maximum income limit*** for the ***drawdown pension year*** in which the payments are made. If the ***member*** has a ***flexi-access drawdown*** plan, there is no maximum ***income payment***, subject to there being sufficient ***units*** under the ***drawdown plan*** to make the payment.

18.6 Income payment levels

18.6.1 Regular and ad hoc income payments

Income payments are normally made as regular amounts. The ***member*** specifies the level or amounts of regular ***income payment*** that he or she wishes to take in the ***application form***. The ***income payments*** are then made by selling ***units*** as set out in section 18.9. Where there are investments in the ***SIF***, part or all of the payment may be made from the ***SIF*** (see the ***SIPP Supplement*** for further details).

The ***member*** may, by giving us at least two weeks' notice in writing or by telephone, take one or more ad hoc ***income payments*** either in addition to, or instead of, regular ***income payments***.

18.6.2 Income payments to be specified as monetary or percentage amounts

If the ***member*** has a ***capped drawdown*** plan, he or she must specify all ***income payments*** as either a monetary amount or a whole number percentage of the ***maximum income limit***. If the ***member*** has a ***flexi-access drawdown*** plan, he or she must specify all ***income payments*** as a monetary amount.

If the ***member*** has a ***capped drawdown*** plan and specifies ***income payments*** as a monetary amount, the amount paid will remain unchanged (even if the ***maximum income limit*** is increased or decreased under section 19.3) so long as the specified monetary amount is still within the ***maximum income limit***, until the ***member*** gives us new instructions in writing. If, as a result of a review under section 19, the specified monetary amount is no longer within the ***maximum income limit*** we will contact the ***member*** and the ***member*** must provide new instructions before the effective date of the review. If the ***member*** fails to give such instructions, we will reduce the ***income payments*** to the ***maximum income limit***.

If the ***member*** has a ***capped drawdown*** plan and specifies ***income payments*** as a percentage of the ***maximum income limit*** and the ***maximum income limit*** is increased or decreased under section 19.3, the percentage will be applied to the revised ***maximum income limit***.

This will result in a change to the amount of the ***income payment*** and we will notify the ***member*** of this new amount. If the ***member*** then decides that he or she does not want the amount of the ***income payment*** to change, he or she must give us new instructions in writing. Otherwise the new amount will apply.

18.7 Income payment dates

Each time a ***drawdown plan*** is set up, the ***member*** selects an ***income payment date*** for the purposes of regular ***income payments*** only. Regular ***income payments*** start on the first ***income payment date*** following the ***start date***, or the next ***working day*** following that ***income payment date.***

18.8 Income payment frequency

Regular ***income payments*** are payable from the first ***income payment date*** and at regular intervals thereafter, as selected by the ***member***. The ***member*** can choose from the following payment frequencies:

- monthly;
- quarterly;
- half-yearly; or
- yearly.

A different payment frequency may be selected for each separate ***drawdown plan***.

18.9 Deducting income payments from the funds

18.9.1 Investment strategy

The ***fund(s)*** used for making ***income payments*** depends on whether the ***member*** has selected the "individual choice" investment strategy or the Drawdown Lifestyle Option investment strategy for the ***drawdown plan***.

18.9.2 Individual choice

Where the ***member*** has selected the "individual choice" investment strategy, the ***member*** may (subject to section 18.10) choose either Basis A or Basis B below for the deduction of ***income payments***:

Basis A: Proportionate Basis

The ***member*** can take ***income payments*** from all ***funds*** in which he or she has invested under the ***drawdown plan*** (including the ***SIF*** and the ***PruFund Accounts***) on a proportionate basis; or

Basis B: Selected Funds Basis

The ***member*** can specify a percentage amount from one or more selected ***funds***.

Having selected one of the above bases for the payment of regular ***income payments***, the ***member*** can, if he or she so chooses, select the other basis for any ad hoc ***income payment***.

If the ***member*** selects Basis B and subsequently requests (under section 9) to switch out of the selected ***funds*** (either in part or in full), we will seek alternative instructions for ***income payments*** in the event that the existing instructions are no longer operable. The new instructions will be implemented with effect from the next ***income payment date*** after the date we receive them, so long as we receive them in reasonable time prior to that ***income payment date***. If not, they will be implemented as soon as is practicable. Until we have received and implemented the ***member's*** new instructions, we will treat the ***drawdown plan*** as having insufficient ***units*** and, therefore, falling under section 18.11.1, and we will deduct ***income payments*** in the way described in that section.

18.9.3 Drawdown Lifestyle Option

Where the ***member*** has selected the Drawdown Lifestyle Option investment strategy for the ***drawdown plan***, both regular and ad hoc ***income payments*** will be taken from all ***funds*** applicable to that Drawdown Lifestyle Option profile on a proportionate basis.

18.9.4 Selling units and investments to provide income payments

(a) Subject to any delays under section 15, we sell ***units*** to provide regular ***income payments*** on the ***income payment date*** at the ***unit price(s)*** for that ***working day***. The number of ***units*** sold from each ***fund*** is calculated by reference to the value of ***units*** held in each ***fund*** under the ***drawdown plan*** on the ***income payment date***.

Subject to the rest of this section 18.9.4 and section 18.11.2, ***units*** are sold proportionately across all ***funds*** in which ***units*** are held under the relevant ***drawdown plan(s)***.

(b) In the case of ad hoc ***income payments***, ***units*** are sold, subject to any delays under section 15, at the ***unit prices*** available on the ***working day*** that we treat all items necessary to process the request as having been received by us under section 1.7.

(c) Where any part of the ***drawdown plan*** is invested in ***units*** of the ***With-Profits Fund***, ***units*** are sold in the way described in sections 12.6 and 18.10. As set out in sections 12.4(b),(c) and (d), a Market Value Reduction may be applied when selling ***units*** of the ***With-Profits Fund*** to make ***income payments***.

(d) Where Basis A under section 18.9.2 has been selected, ***units*** are, subject to the rest of this section 18.4.4 and section 18.11.2, sold proportionately across all ***funds*** in which ***units*** are held under the relevant ***drawdown plan(s)***. This includes any amounts held in the ***Prufund Accounts***.

(e) Where Basis B under section 18.9.2 has been selected, ***units*** are, subject to sections 18.9.4(c), 18.9.4(f), 18.9.4(g) and 18.11.2 sold in the proportions requested by the ***member*** in the specified ***funds***.

Where any part of the ***drawdown plan*** is invested in a ***PruFund Fund*** and its corresponding ***PruFund Account***, ***units*** are sold in the first instance from the ***PruFund Fund***. If the appropriate amount cannot be met by selling such ***units***, we then sell ***units*** of the ***PruFund Account***.

As set out in section 13.9, the 28 day waiting period does not apply when selling ***units*** of a ***PruFund Fund*** or a ***PruFund Account*** to make ***income payments***.

(f) Where there are investments in the ***SIF***, an appropriate proportion of the ***income payment*** will be deducted from the ***SIF*** as described in the ***SIPP Supplement***.

(g) The provisions in this section 18.9.4 are all subject to the restrictions on the amount of ***units*** that may be sold from the ***With-Profits Fund*** or a ***PruFund Fund*** to provide ***income payments***. Where the ***member*** requests for an ***income payment(s)*** to be deducted from the ***With-Profits Fund*** or a ***PruFund Fund***, but such payment(s) would exceed the limits set out in section 18.10, we will act in accordance with section 18.11.2.

(h) Where the ***drawdown plan*** is invested partly or wholly in a ***PruFund Protected Fund*** (including the corresponding ***PruFund Protected Account***), the sale of ***units*** of that ***fund(s)*** to make an ***income payment*** will affect the ***guaranteed value*** as described in section 14.9 (or the separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** – see the Note at the start of section 14).

18.10 Restrictions on withdrawals from the With-Profits Fund and/or the PruFund Funds for income payments

Note: This section 18.10 only applies to the ***member*** if he or she has a ***capped drawdown*** plan.

(a) If any part of a ***drawdown plan*** is invested in the ***With-Profits Fund*** and/or a ***PruFund Fund***, the restrictions set out in this section 18.10 apply to the level of ***income payments*** that can be taken under the ***drawdown plan*** from these ***funds*** in any ***drawdown pension year***.

This section 18.10 does not apply to investments in the ***With-Profits Fund*** under the Drawdown Lifestyle Option, except where a switch is made between different Drawdown Lifestyle Option profiles or from a Drawdown Lifestyle Option to another ***fund*** (see section 18.10(g)(iii)).

(b) Where the ***member*** has more than one ***drawdown plan***, the restrictions apply separately in relation to each ***drawdown plan***.

(c) The restrictions apply separately to investments in the ***With-Profits Fund*** and the ***PruFund Fund(s)***.

(d) When determining the value of ***With-Profits Fund units*** for the purposes of this section 18.10, we make an allowance for a final bonus but no account will be taken of any Market Value Reduction that would apply if the ***units*** were cashed in at that date.

(e) Where a ***drawdown plan*** is invested in more than one ***PruFund Fund***, the restrictions do not apply separately to each ***PruFund Fund***. When calculating the maximum amount that can be taken as ***income payments*** from ***PruFund Fund(s)***, we aggregate the total value of ***units*** held under the ***drawdown plan*** in all ***PruFund Funds***. In determining the amount held in the ***PruFund Fund(s)*** for the purposes of this section, we also include any amounts then invested in the ***PruFund Account(s)***.

(f) Subject to section 18.10(g), the maximum annual ***income payments*** that can be taken from the ***With-Profits Fund*** or from the ***PruFund Funds*** are calculated by multiplying the ***member's maximum income limit*** (as determined in accordance with section 19) for that particular ***drawdown pension year*** by the proportion of the total value of the ***drawdown plan*** that is invested in ***units*** of the ***With-Profits Fund*** or ***PruFund Funds***.

Initially this proportion is the proportion of the total value of the ***units*** held under the ***drawdown plan*** (after payment of any pension commencement lump sum) that is invested in the ***With-Profits Fund*** or ***PruFund Funds***.

(g) We recalculate the maximum annual ***income payments*** that can be taken by selling ***units*** in the ***With-Profits Fund*** or the ***PruFund Fund(s)*** as appropriate:

(i) one month and one ***working day*** prior to each ***GAD review date*** or on any other date on which we review the ***maximum income limit*** under section 19;

(ii) one month and one ***working day*** prior to each ***GAD anniversary date***, where ***maximum income limit*** reviews are carried out less frequently than yearly;

(iii) when a switch is made to or from the ***With-Profits Fund*** under section 9;

(iv) when a switch is made from one Drawdown Lifestyle Option profile to another Drawdown Lifestyle Option profile or to another ***fund(s)*** (irrespective of whether there is any change in ***With-Profits Fund units***); or

(v) when a switch is made to or from a ***PruFund Fund*** including the corresponding ***PruFund Account***, but not including switches where there is no change to the overall value held in ***PruFund Funds*** and ***PruFund Accounts*** under the ***drawdown plan***.

We do this by recalculating the proportion of ***units*** then held in the ***With-Profits Fund*** or ***PruFund Fund(s)***.

The new proportion is then applied to the ***member's maximum income limit*** in order to determine the maximum amount that can be drawn from the ***With-Profits Fund*** or ***PruFund Fund(s)*** until the next ***GAD review date*** or, if earlier, the date the next calculation is performed.

18.11 Monitoring unit values

18.11.1 Monitoring unit values – insufficient units

(a) We monitor the values of ***units*** of each ***fund*** (and the pooled ***SIF*** bank account) in order to highlight any ***unit*** holdings in a ***fund*** under the ***drawdown plan*** which are about to become exhausted through making ***income payments***.

(b) We will give the ***member*** as much advance notice as we reasonably can in the event that one or more of the ***member's unit*** holdings (or the pooled ***SIF*** bank account) is likely to become exhausted. We will seek the ***member's*** alternative instructions and will notify the ***member*** of the action we will take if no instruction is received.

(c) If we do not receive alternative instructions within the time-frame specified in our notice:

- in the case of an ad hoc ***income payment***, the payment will not be made; or
- in the case of a regular ***income payment***, the ***income payment*** will be made (subject to sections 18.10 and 18.11.2) by selling ***units*** proportionately from all ***funds*** in which ***units*** are held under the ***drawdown plan***.

(d) Special provisions apply if making an ***income payment*** would cause the balance of the pooled ***SIF*** bank account to fall below the minimum that we require or to become overdrawn (see the ***SIPP Supplement*** for further details).

(e) If no ***income payment*** or a reduced ***income payment*** would be made to the ***member*** (for example, because there are no ***units*** or insufficient ***units*** under the ***drawdown plan***), we will contact the ***member*** to discuss the options available.

18.11.2 Monitoring income payments from the With-Profits Fund and/or the PruFund Funds

Note: This section 18.11.2 only applies to the ***member*** if he or she has a **capped drawdown** plan.

(a) We monitor the value of ***units*** of the ***With-Profits Fund*** and/or ***PruFund Fund(s)*** that are sold to make ***income payments*** to ensure that the limits in section 18.10 are not exceeded.

(b) If the ***member*** requests for some or all of an ***income payment(s)*** to be deducted from the ***With-Profits Fund*** and/or ***PruFund Fund(s)***, but such payment(s) would exceed the limits set out in section 18.10, our course of action depends on:

- whether the ***income payment*** is an ad hoc ***income payment*** or a ***regular income*** payment; and
- whether the ***member*** has selected the "Proportionate Basis" or the "Selected Funds Basis" for the deduction of the payment under section 18.9.2.

Sections 18.11.2 (c) to (f) describe what happens in each combination of these circumstances.

(c) Where the payment is an ad hoc ***income payment*** and the ***member*** has requested for it to be deducted on Basis A ("Proportionate Basis"), the payment will be met automatically in the way described in section 18.11.2(g).

(d) Where the payment is an ad hoc ***income payment*** and the ***member*** has requested for it to be deducted on Basis B ("Selected Funds Basis"), the payment will not be made. We will seek the ***member's*** alternative instructions.

(e) Where the payment is a regular ***income payment*** and the ***member*** has requested for it to be deducted on Basis A ("Proportionate Basis"), we will give the ***member*** reasonable notice and seek his or her alternative instructions. If we do not receive alternative instructions within the time-frame specified in our notice, the payment will be made in the way described in section 18.11.2(g).

(f) Where the payment is a regular ***income payment*** and the ***member*** has requested for it to be deducted on Basis B ("Selected Funds Basis"), we will give the ***member*** reasonable notice and seek his or her alternative instructions. If we do not receive alternative instructions within the time-frame specified in our notice, the ***income payment*** will be made by selling ***units*** proportionately from all ***funds*** in which ***units*** are held under the ***drawdown plan***. If, however, in so doing, the limit on withdrawals from the ***With-Profits Fund*** and/or ***PruFund Fund(s)*** in section 18.10 would still be exceeded, the payment will be made in the way described in section 18.11.2(g).

(g) The ***income payment*** will be made by selling ***units*** proportionately from all ***funds*** under the ***drawdown plan*** excluding the ***fund*** in respect of which the limit in section 18.10 has been reached.

Where there are investments in both the ***With-Profits Fund*** and a ***PruFund Fund(s)*** and the limit in section 18.10 would be exceeded in respect of one of these funds but not the other, just the affected fund will be excluded when deciding the other funds from which units will be sold on the proportionate basis described above. Where, however, the exclusion of one of these funds but not the other would cause the limits to be exceeded in relation to that other fund, then both funds will be excluded when deciding the other funds from which units will be sold.

In either case, no investments in the ***SIF*** will be taken into account.

18.12 Overpayments

Note: This section 18.12 only applies to the ***member*** if he or she has a ***capped drawdown*** plan.

In the unlikely event that in any ***drawdown pension year*** we make a payment to the ***member*** in excess of the ***maximum income limit***, we will tell him or her as soon as we discover the mistake and he or she must pay the excess back to us. We will then reinvest the excess payment under the ***drawdown plan*** in such a way that the ***drawdown plan*** is restored to the same position as if the excess payment had not been made. If the ***member*** fails to return the payment, he or she will incur a tax liability (see section 25) for which ***Prudential*** cannot be held liable.

18.13 Changes to income payments

The ***member*** can, by giving us at least two weeks' notice in writing or by telephone prior to the next ***income payment*** date, ask us to:

- start, stop or change the amount of ***income payments*** at any time. If the ***member*** has a ***capped drawdown*** plan, these changes must take place between ***GAD review dates*** and are subject to the ***maximum income limit***;
- change the frequency of ***income payments***;
- change the ***fund(s)*** from which ***income payments*** are made; and/or
- change the ***income payment date***.

Any such changes become effective from the next ***income payment date***.

In the case of a change to the ***income payment date***, the ***member's*** written or telephone request must be received by us at least two weeks before the next ***income payment date*** that would be due if the change was not made, and at least two weeks before the proposed new ***income payment date***.

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

Changes to the level of ***income payment*** may also be made by us under section 18.6.2.

18.14 Termination of income payments

Income payments continue to be made to the ***member*** until the earliest of the following dates:

- the date on which ***units*** in all ***funds*** under the ***drawdown plan*** become exhausted (see section 18.11);
- the date from which the ***member*** requests us to stop;
- the date on which the ***member*** purchases an ***annuity***, whether this be on the ***anticipated annuitisation age*** or some other date;
- the date on which the ***member*** takes a transfer-out;
- the date on which we stop ***income payments***, having been notified that the ***member*** has died; and
- the ***final conversion date***.

The last regular ***income payment*** due to the ***member*** is the one which is paid on the ***income payment*** date immediately preceding the date determined in accordance with this section 18.14.

Any payments that are made to the ***member*** after the date of death must be returned to us (see section 18.16).

18.15 Repayment of benefits if the plan is cancelled

If the pension commencement lump sum and/or any ***income payment(s)*** are paid before the expiry of the ***cancellation period***, and the ***member*** cancels the ***drawdown plan***, he or she must repay us the pension commencement lump sum and/or ***income payment(s)***.

18.16 Return of any income payments made after the member's death

Any ***income payments*** that are made to the ***member*** after the date of his or her death and which are not permitted by ***HMRC***, must be returned to us. The amount will then become part of the death benefit payable under section 21.

If any such payment is not returned, we must set up a repayment plan. The repayment plan may provide that either:

- the non-returned payment(s) is effectively deducted from the value of any lump sum death benefit; or
- where the **drawdown plan** is being used to provide a **dependant's** or ***nominee's drawdown plan***, the amount is returned by making an ad hoc **dependant's** or ***nominee's income payment*** which is payable to us.

19. Maximum income limit reviews

Note: This section 19 only applies to the ***member*** if he or she has a **capped drawdown** plan.

19.1 General

In accordance with ***HMRC*** rules, the ***member's maximum income limit*** is normally determined when the **drawdown plan** is first set up. The ***maximum income limit*** must then be reviewed at least once every three years until the ***member*** reaches age 75, and then at least once a year thereafter.

The ***maximum income limit*** review is carried out as at a date known as the ***GAD review date***. ***GAD review dates*** are determined in the way described in sections 19.2.1 and 19.2.2.

The anniversary of the ***GAD review date*** is called the ***GAD anniversary date***. The ***GAD anniversary date*** is relevant only where ***maximum income limit*** reviews are carried out less frequently than once a year.

While the ***GAD review date*** is the effective date for the ***maximum income limit*** review, the review will actually be carried out on a date nominated by us in accordance with section 19.2.5.

Where the ***member*** has more than one **drawdown plan**, ***maximum income limit*** reviews are carried out separately for each **drawdown plan**.

In the case where transferring from another ***drawdown pension arrangement***, the ***maximum income limit*** under that previous arrangement will usually apply initially under the **drawdown plan** until the next ***GAD review date***.

19.2 GAD review dates and drawdown pension years

19.2.1 GAD review date – general

Except where transferring from another ***drawdown pension arrangement*** (in which case section 19.2.2 applies), the first ***GAD review date*** is normally the **start date** and the initial ***maximum income limit*** is determined as at that date.

The timing of the subsequent ***GAD review dates*** depends on the ***member's*** age at the **start date**, as follows:

- Where the ***member*** is aged 72 or under at the **start date**, the next ***GAD review date*** is normally the third anniversary of the **start date**. Subsequent ***GAD review dates*** will fall every third anniversary thereafter until the ***member*** reaches age 75. At that point, ***maximum income limit*** reviews must be carried out at least once a year. The first ***GAD review date*** after the 75th birthday will fall on the next ***GAD anniversary date*** following the 75th birthday and subsequent ***GAD review dates*** will fall each year on the anniversary of that ***GAD review date***.
- Where the ***member*** is aged over 72 at the **start date** but has not passed his or her 75th birthday, the next ***GAD review date*** will normally fall on the next ***GAD anniversary date*** following the 75th birthday. At that point ***maximum income limit*** reviews must be carried out at least once a year, so subsequent ***GAD review dates*** will fall each year on the anniversary of the first ***GAD review date***.
- Where the ***member*** is aged 75 or over at the **start date**, the next ***GAD review date*** is normally the first anniversary of the **start date**. Subsequent ***GAD review dates*** will fall each year on the anniversary of the first ***GAD review date***.

19.2.2 GAD review date for transfers-in from other drawdown pension arrangements

Where the **drawdown plan** has been set up as a result of a transfer from another ***drawdown pension arrangement***, the ***GAD review date*** that applied in the previous ***drawdown pension arrangement*** will apply in the **drawdown plan.**

The **GAD anniversary date** (where relevant) for the **drawdown plan** will fall on the anniversary of that **GAD review date**.

The first **GAD review date** under the **drawdown plan** will depend on the ***member's*** age at the **start date** and on whether the last maximum income limit review under the previous ***drawdown pension arrangement*** occurred before or after 6 April 2011 as follows:

- Where it occurred before 6 April 2011 and the ***member*** is aged 72 or under at the **start date**, the first **GAD review date** under the **drawdown plan** will be on the fifth anniversary of the last **GAD review date** under the previous ***drawdown pension arrangement***.
- Where it occurred on or after 6 April 2011 and the ***member*** is aged 72 or under at the **start date**, the first **GAD review date** under the **drawdown plan** will be on the third anniversary of the last **GAD review date** under the previous ***drawdown pension arrangement***.
- Where the ***member*** is aged over 72 at the **start date**, the first **GAD review date** will normally fall on the next anniversary of the last **GAD review date** under the previous ***drawdown pension arrangement*** that occurs after the ***member's*** 75th birthday.

Subsequent **GAD review dates** will then fall on an anniversary of that **GAD review date** as described in section 19.2.1.

19.2.3 Drawdown pension year

Each year between the **GAD review dates** is known as a ***drawdown pension year***.

The first ***drawdown pension year*** is the period starting on the **GAD review date** and ending the day before either:

- the next **GAD anniversary date** (where ***maximum income limit*** reviews are less frequent than yearly); or
- the next **GAD review date** (where maximum income limit reviews are carried out at least once a year).

Subsequent ***drawdown pension years*** start on the **GAD anniversary date** or **GAD review date** (as appropriate) and end on the day before the next **GAD anniversary date** or **GAD review date** (as appropriate).

Note: Where the **drawdown plan** has been set up as a result of a transfer from another ***drawdown pension arrangement***, the ***drawdown pension year*** runs from the **GAD anniversary date** under the previous ***drawdown pension arrangement***.

19.2.4 Change to GAD review date

The ***member*** can, by giving us at least two months' advance notice in writing before the start of the next ***drawdown pension year***, ask us to change the **GAD review date** and to bring forward the review of the ***maximum income limit***.

If we agree to do this, we recalculate the ***maximum income limit*** in relation to the new **GAD review date**. Subsequent **GAD review dates** will then fall on the relevant anniversary of that date.

19.2.5 Timing of review

Each ***maximum income limit*** review will be carried out close to the **GAD review date** on a date which is nominated by us in accordance with ***HMRC*** requirements. We currently carry out each ***maximum income limit*** review approximately one month prior to the **GAD review date** but we can nominate another date close to the **GAD review date**.

19.2.6 Duration of maximum income limit

Once determined at the **start date** or the **GAD review date**, the ***maximum income limit*** applies for each ***drawdown pension year*** until the next **GAD review date**.

It will cease to apply sooner if the ***maximum income limit*** is redetermined in accordance with section 19.2.7 or if the ***member*** asks us to change the **GAD review date** under section 19.2.4.

19.2.7 Other reviews

The ***maximum income limit*** must be reviewed in the event that:

- the ***member*** decides to use some but not all of the **arrangements** under the **drawdown plan** to purchase an ***annuity***; or
- a pension sharing order is awarded against the **drawdown plan** (see section 29.2) and a **pension credit** is deducted from the **drawdown plan**.

The revised ***maximum income limit*** applies from the start of the next ***drawdown pension year*** and, where the ***member*** has more than one ***drawdown plan***, the review applies only to the ***drawdown plan*** from which some of the ***units*** have been sold to purchase an ***annuity*** or pay a ***pension credit***.

Following a review under this section 19.2.7, the timing of the next ***GAD review date*** remains unchanged.

19.3 Maximum income limit

19.3.1 GAD *annuity* rates and maximum percentage

The level of ***income payments*** taken each ***drawdown pension year*** must not exceed 150% of an ***annuity*** value calculated using ***GAD annuity rates***, or such other percentage that may from time to time apply.

19.3.2 Maximum income limit at the start date

We calculate the ***maximum income limit*** at the ***start date*** by applying the relevant ***GAD annuity rate*** to the total payment to the ***drawdown plan*** after the deduction of any pension commencement lump sum.

19.3.3 Maximum income limit at a GAD review date

When we calculate the ***maximum income limit*** at a ***GAD review date*** (or other date under section 19.2.7), we apply the relevant ***GAD annuity rate*** to the value of ***units*** (together with the value of any ***SIF*** investments) then held under the ***drawdown plan***. The ***units*** are valued in accordance with section 19.3.4.

19.3.4 *HMRC* valuation

A valuation carried out for the purposes of calculating the ***maximum income limit*** is known as an ***HMRC valuation***.

When valuing ***units*** for an ***HMRC valuation***, we use the ***unit prices*** available at the date we carry out the calculation.

In the case of ***With-Profits Fund units*** we take account of any final bonus that would apply if the ***units*** were sold on that date.

We may also take account of any Market Value Reduction that would apply under section 12.4(b) or (c) if any ***units*** of the ***With-Profits Fund*** were to be sold on the date we carry out the calculation in order to make an ***income payment***.

In the case of ***units*** of a ***PruFund Protected Fund***, where the ***HMRC valuation*** is no more than one month and one day prior to the ***guarantee date***, we take account of any ***units*** that we expect to add on the ***guarantee date*** if the guarantee applies under section 14.10 (or under the separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** – see the Note at the start of section 14).

SIF investments are valued in accordance with the details set out in the ***SIPP Supplement***. When carrying out an ***HMRC valuation***, it is necessary to obtain formal valuations of all ***SIF*** investments. In some cases, these will be professional valuations from third parties. The cost of such a valuation is charged to the pooled ***SIF*** bank account as described in the ***SIPP Supplement***. The ***SIF*** (and ultimately the ***member***) is liable for the costs of obtaining the ***HMRC valuation***, whatever the reason for the ***HMRC valuation*** and irrespective of who has requested it.

19.4 Change to income payment level following a review

When we carry out a review of the ***maximum income limit***, we contact the ***member*** to notify him or her of the effect, if any, of the new ***maximum income limit*** on the current level of ***income payments***.

The level may change automatically, if the level has been specified as a percentage of the ***maximum income limit***. The ***member*** may, however, need to give new instructions if the level has been specified as an amount and the existing amount exceeds the new ***maximum income limit***. See section 18.6.2 for further details.

20. Annuity purchase

20.1 Anticipated annuitisation age

20.1.1 General

The ***anticipated annuitisation age*** must be a birthday in the age range 56-99.

Where the ***start date*** of the ***drawdown plan*** was before 11th November 2013, the ***anticipated annuitisation age*** will have been set by us with effect from 11 November 2013 as at the ***member's*** 75th birthday. The ***member*** has the option to change that date to a birthday of his or her choice, subject to the terms of section 20.1.2.

Where the **start date** of the **drawdown plan** is on or after 11th November 2013, the ***anticipated annuitisation age*** is a birthday normally selected by the ***member*** in the ***application form***.

The current ***anticipated annuitisation age*** can be changed by the ***member*** under section 20.1.2 or reset by the ***member*** or by us under section 20.5.

The ***anticipated annuitisation age*** is a date that the ***member*** can select as being the most likely time that he or she will wish to buy an ***annuity***. It enables us to provide the ***member*** with relevant illustrations of benefits and to remind the ***member*** to buy an ***annuity*** when that date approaches.

There is, however, no requirement to sell ***units*** to buy an ***annuity*** at the ***anticipated annuitisation age*** (unless the ***anticipated annuitisation age*** falls on the same date as the ***final conversion date***). The ***member*** can ask us at any time before the ***anticipated annuitisation age*** to sell ***units*** to purchase an ***annuity*** – see section 20.2.

If all ***units*** have not been used under a ***drawdown plan*** to purchase an ***annuity*** before the ***final conversion date*** section 20.6 will automatically apply.

If the ***member*** chooses to buy an ***annuity*** on a date other than the ***anticipated annuitisation age***, a Market Value Reduction (MVR) (see section 12.4) may be applied to any money taken out of the **With-Profits Fund**.

20.1.2 Change to anticipated annuitisation age

The ***member*** can ask us to change the ***anticipated annuitisation age*** to an earlier or later birthday at any time before the ***final conversion date***. There must normally be at least one complete year between the date of change and the new ***anticipated annuitisation age***.

However, if there are any ***units*** of the ***With-Profits Fund*** under the ***drawdown plan***:

- there must be at least five complete years between the date of change and the new a***nticipated annuitisation age***; and
- where the ***minimum With-Profits investment period*** for that ***drawdown plan*** is 10 years and the ***anticipated annuitisation age*** is being reduced, there must be at least ten complete years between the date those ***units*** of the ***With-Profits Fund*** were bought and the new ***anticipated annuitisation age***.

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

- A change to the ***anticipated annuitisation age*** does not affect the ***guarantee date*** of those ***units***. For example, where the ***anticipated annuitisation age*** and the ***guarantee date*** had previously been set to coincide, a change to the ***anticipated annuitisation age*** will not result in an automatic change to the ***guarantee date***.
- The ***anticipated annuitisation age*** 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 9.

Note: The ***member*** may also reset the ***anticipated annuitisation age*** on reaching the current ***anticipated annuitisation age***. We may also change the ***anticipated annuitisation age*** without any instruction from the ***member***, where the ***member*** fails to contact us with details of his or her intentions at the ***anticipated annuitisation age***. See section 20.5.3.

20.2 Using one or more arrangements for annuity purchase

All ***drawdown plans*** can be used to purchase an ***annuity*** at the same time.

Alternatively each ***drawdown plan*** and/or each ***arrangement*** under each ***drawdown plan*** can be used separately to purchase ***annuities*** at different times.

When cashing in some but not all ***arrangements*** under a ***drawdown plan*** to purchase an ***annuity***:

- the minimum encashment at any one time is £1,000. Whole ***arrangements*** must be cashed in and there must be at least £1,000 remaining under the ***member's drawdown plan***;

- ***units*** are sold on a proportionate basis across all ***funds*** (including the ***PruFund Accounts***) in which ***units*** are then held under the **drawdown plan**;
- a Market Value Reduction may apply where ***units*** of the ***With-Profits Fund*** are sold (see section 12.4); and
- the sale of **units** of a ***PruFund Protected Fund*** (and, where applicable, the corresponding ***PruFund Protected Account***) to buy an **annuity** under this section 20.2, will affect the **guaranteed value** as described in section 14.9.

20.3 Form of annuity

The **annuity** can be in the form most suited to the ***member's*** requirements at that time, subject to the options then available; for example the **annuity** may have a ***guarantee period*** during which the pension will continue to be payable notwithstanding the ***member's*** death within that period and/or it may be set up on a "joint life" basis to include a pension payable to a **dependant** on the ***member's*** death.

An **annuity** purchased from the proceeds of a **dependant's**, ***nominee's*** or ***successor's drawdown plan*** cannot, however, be set up with a guarantee period or as a "joint life" pension payable to another specified person on the **dependant's**, ***nominee's*** or **successor**'s death.

Once an **annuity** has been set up, the basis cannot normally be altered.

20.4 Starting the annuity purchase process

20.4.1 General

As the **member** approaches the ***anticipated annuitisation age***, we will contact him or her with details of the options available and the **member** then needs to send us his or her instructions.

If the ***member*** wishes to buy an **annuity** at any other time, he or she will need to contact us in order to start the **annuity** purchase process.

When the **member** instructs us to buy an **annuity**, we will calculate the value of the selected ***arrangements*** to be cashed in for **annuity** purchase.

20.4.2 Choosing an annuity date

The actual date chosen by the ***member*** for the purchase of his or her **annuity** is called the **annuity** date. The **annuity** date can be at the ***anticipated annuitisation age***, or it can be before or after the ***anticipated annuitisation age***. It cannot be later than the ***final conversion date***.

Buying an **annuity** on a date that is not the ***anticipated annuitisation age*** may result in:

- a Market Value Reduction under section 12.4, where investments in the ***With-Profits Fund*** are concerned;
- a waiting period under section 13.9, where investments in the ***PruFund Funds*** are concerned; and/or
- the loss of the guarantee under section 14.10 where investments in the ***PruFund Protected Funds*** are concerned, if the **member** chooses to take benefits on a date other than the ***guarantee date.***

20.5 Selling units to buy an annuity at or before the anticipated annuitisation age

Note: This section 20.5 applies in all cases where ***units*** are sold at or before the ***anticipated annuitisation age***, including cases where the ***anticipated annuitisation age*** has been set at the ***final conversion date***.

20.5.1 Switch to Prudential Cash Fund before the chosen annuity date

(a) When the **member** tells us to cash in one or more ***arrangements*** under a **drawdown plan** to buy an **annuity**, we will, subject to any waiting period under section 13.9 and/or any delays under section 15, switch all ***units*** allocated to the selected ***arrangements*** into the ***Prudential Cash Fund*** up to one month before the selected **annuity** date. Any ***SIF*** investments will be sold in accordance with the ***SIPP Supplement***.

(b) The **member** can instruct us not to make the 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 **annuity** date.

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

(c) Where there is a waiting period under section 13.9, and/or there are delays applying under section 15 and/ or section 20.5.3, we will switch the ***units*** of the ***funds*** that are not so affected at the date described above. The ***units*** of the affected ***funds*** will then be switched to the ***Prudential Cash Fund*** when the waiting period/ delay has ended.

(d) If there are ***units*** of a ***PruFund Protected Fund*** under the ***drawdown plan***, 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 if it was the **guarantee date**. We will then, if applicable, allocate ***units*** under section 14.10 (or under the separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee***).
- We will deduct the **guarantee charge** that would have been payable under section 14.13 (or under the separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee***), but which will now not be taken at the next **guarantee charge date** due to the switch to the ***Prudential Cash Fund***.

(e) If there are ***units*** of a ***PruFund Protected Fund*** under the ***drawdown plan***, the ***member*** may request for the date under which all ***units*** are switched to the ***Prudential Cash Fund*** to buy an ***annuity*** 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.

(f) Where ***units*** of a ***PruFund Protected Fund*** are sold on the **guarantee date** they will be valued in accordance with section 14.10. Where ***units*** of the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** are sold on the **guarantee date** or in the 28 days following the **guarantee date**, they will be valued in accordance with the separate terms and conditions for that guarantee option.

(g) 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 14.10 (or under the separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee***) will be lost in relation to the ***units*** that are sold.

(h) The sale of any units of a ***PruFund Protected Fund*** (and, where applicable, the corresponding ***PruFund Protected Account***) to buy an ***annuity*** under this section 20.5 will affect the ***guaranteed value***, as described in section 14.9 (or in the separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee***).

(i) If selling ***With-Profits Fund units*** before the ***anticipated annuitisation age***, a Market Value Reduction may apply (see section 12.4).

20.5.2 Selling the units to buy the annuity

On the date that we treat all of our requirements for setting up an ***annuity*** 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 raised is (subject to any deduction under (b) below) used to purchase the ***annuity***. A later ***unit price*** date may apply if any ***SIF*** investments are to be sold and/or if there is a delay under section 20.5.4.

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 3.6 will be based on the value of the relevant transfers-in.

20.5.3 Resetting the anticipated annuitisation age and switch to the Prudential Cash Fund

(a) If the ***member*** decides not to buy an ***annuity*** at the ***anticipated annuitisation age***, he or she can reset the ***anticipated annuitisation age*** to a later date in line with section 20.1.2.

This option is not available where the current ***anticipated annuitisation age*** is the same date as the ***final conversion date***. In this case the ***member*** must either buy an ***annuity*** or take a transfer-out.

(b) If the ***member*** reaches the ***anticipated annuitisation age***, but does not buy an ***annuity*** or take a transfer-out, and does not ask us to reset the ***anticipated annuitisation age***, the following will happen:

- If there are ***units*** of a ***PruFund Protected Fund*** under the ***arrangements*** and the current ***anticipated annuitisation age*** is the ***guarantee date***, we will, if applicable, allocate ***units*** under section 14.10 and deduct any ***guarantee charge*** payable under section 14.13. We will then automatically switch all ***units*** to the corresponding non-protected ***PruFund Fund.***
- One month after the ***anticipated annuitisation age***, using the ***unit prices*** for the ***anticipated annuitisation age***, we will automatically switch all ***units*** to the ***Prudential Cash 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 9.
- Where the ***member's*** current ***anticipated annuitisation age*** is less than age 70, we will automatically reset the ***anticipated annuitisation age*** to the ***member's*** 75th birthday.
- Where the ***member's*** current ***anticipated annuitisation age*** is between ages 70 and 79 inclusive, we will automatically reset the ***anticipated annuitisation age*** to the ***member's*** 85th birthday.
- Where the ***member's*** current ***anticipated annuitisation age*** is age 80 or over, we will automatically reset the ***anticipated annuitisation age*** to the ***member's*** 99th birthday (i.e. the ***final conversion date***).
- Where the ***member's*** current ***anticipated annuitisation age*** is the ***final conversion date***, the ***anticipated annuitisation age*** cannot be reset and section 20.6 will apply.

20.5.4 Delay until an income payment has been made

The ***annuity*** date, the switch to the ***Prudential Cash Fund*** and the final encashment of ***units*** to buy the ***annuity***, may all be delayed if an ***income payment*** is due to be paid under the ***drawdown plan***. In this case, the sale of ***units*** under all ***arrangements*** which are being cashed in will be delayed until the ***income payment*** has been made (subject to any further delay under section 15).

20.6 Annuity purchase or transfer-out at the final conversion date

20.6.1 Final conversion date

The ***final conversion date*** is the ***member's*** 99th birthday.

At the ***final conversion date*** all remaining ***units*** under a ***drawdown plan*** must be sold and used to purchase an ***annuity***. Alternatively, the ***member*** can use the value raised to make a transfer-out to a ***drawdown pension arrangement*** that allows drawdown after age 99.

Note: Where the ***start date*** of the ***drawdown plan*** was before 11th November 2013, the ***final conversion date*** was originally set at the ***member's*** 75th birthday. We automatically changed the ***final conversion date*** from the ***member's*** 75th birthday to the ***member's*** 99th birthday with effect from 11th November 2013.

20.6.2 Sale of units and annuity purchase

(a) If the ***member*** has not taken all of his or her benefits from a ***drawdown plan(s)*** by the ***final conversion date***, we may, (unless we allow the ***drawdown plan*** to remain intact as described below), sell the ***units*** and any investments in the ***SIF*** as at the ***final conversion date*** and use the money to buy an ***annuity*** for the ***member***.

We may leave the **drawdown plan(s)** intact after the ***final conversion date***, if at that time the ***member*** has given us notice that he or she is in the process of purchasing an **annuity** or arranging a transfer-out. In this case, the **drawdown plan** will be treated according to ***HMRC*** requirements, but no income will be payable. If there are any ***units*** (or amounts under the ***SIF***) remaining under the **drawdown plan** by the day before the **member's** 100th birthday, we may sell the **units** (and any investments in the ***SIF***) and use the money to buy an ***annuity*** for the ***member***.

(b) If we buy an ***annuity*** under section 20.6.2(a), we will choose the insurance company and the form of pension.

(c) If we have not received complete and proper instructions from the ***member*** within one month after the ***final conversion date*** and we have not exercised our right to purchase an ***annuity*** under section 20.6.2(a), we will switch all remaining ***units*** to the ***Prudential Cash Fund*** using the ***unit prices*** for the ***final conversion date***. Any amounts previously invested in the ***SIF*** will be treated in accordance with the ***SIPP Supplement.***

20.7 Lifetime allowance check

A check against the ***member's personal lifetime allowance*** is made each time ***units*** are sold to purchase an ***annuity*** before or at the ***member's*** 75th birthday. This check is not required, however, in the case of a ***dependant's***, ***nominee's*** or ***successor's drawdown plan*** or where the ***drawdown plan*** was set up through a transfer-in from a previous ***drawdown pension arrangement*** that started before 6 April 2006.

A final check is made on the ***member's*** 75th birthday if there are any units still held under the ***drawdown plan*** at that date. For this purpose, the ***member*** will need to update and recertify the information set out in section 18.2. A ***lifetime allowance charge*** may be payable. If the ***member*** does not provide up to date information, we may need to assume that all of the ***member's personal lifetime allowance*** has already been used in providing benefits, and a ***lifetime allowance charge*** will be deducted from the value of the ***units*** held under the ***drawdown plan***.

We cannot be held liable if the ***member*** incurs a ***lifetime allowance charge***.

21. Benefits on the death of the member

21.1 General

If the ***member*** dies before the ***final conversion date***, before purchasing an ***annuity*** or before taking a transfer-out, all ***income payments*** to the ***member*** will cease immediately and the remaining value of the ***drawdown plan*** will be used to provide death benefits, as described in this section 21.

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

If a ***drawdown plan*** has been left intact following the ***final conversion date*** as described in section 20.6, and the ***member*** then dies before purchasing an ***annuity*** or making a transfer-out to another ***drawdown pension arrangement***, the ***drawdown plan*** will be used to provide benefits in accordance with ***HMRC rules***. The rest of this section 21 will not apply.

21.2 Form of benefits

On the death of the ***member***, the value of his or her ***drawdown plan*** will be used either:

- to pay a lump sum benefit to the recipient(s) in sections 21.3.1 or 21.3.2, as applicable (subject to any deduction for tax):
- to make income payments through a ***drawdown plan*** set up for one or more ***dependants*** or ***nominees***;
- to buy an ***annuity*** or ***annuities*** for one or more ***dependants*** or ***nominees***: or
- to make a transfer-out to another ***drawdown pension arrangement*** for one or more ***dependants*** or ***nominees***,

in each case, subject to the ***member's*** nomination of persons to receive death benefit under section 21.3.

The relevant ***dependant*** or ***nominee*** can usually choose the form of benefits, except that:

- If the **dependant** or ***nominee*** has passed his or her ***final conversion date***, the value cannot be used to set up a ***drawdown plan***, but must instead be paid as a lump sum, or used to buy an ***annuity*** or be transferred to another ***drawdown pension arrangement***.
- A ***dependant's*** or ***nominee's annuity*** cannot be set up with a guarantee period or as a "joint life" pension payable to another specified person on the ***dependant's*** or ***nominee's*** death.

See section 25 regarding the taxation of death benefits.

21.3 Selection of recipients

21.3.1 Binding nomination

Under the ***Rules***, if any individual nominated by the ***member*** to receive any death benefit is a ***restricted dependant***, then that nomination will be treated as binding on ***Prudential*** as ***Scheme Administrator*** on the ***member's*** death.

21.3.2 Discretionary selection

Alternatively, if the ***member*** has not nominated a ***restricted dependant***, the ***Rules*** permit ***Prudential*** as ***Scheme Administrator*** to exercise discretion to select one or more recipient(s) from a defined class of persons.

21.3.3 Nomination form

The ***member's*** nomination can be changed during his or her lifetime.

A special form is available from us for the purpose of specifying ***restricted dependants*** who should receive any benefits or nominating recipient(s) whom the ***member*** would like us to consider when exercising our discretion.

The ***member*** should ensure that his or her instructions or nominations are kept up to date at all times.

21.4 Value of drawdown plan

(a) In the event of death before the ***final conversion date***, before buying an ***annuity*** or taking a transfer-out, the value of the ***drawdown plan(s)*** is calculated. 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 12.5 and no 28 day waiting period will apply under section 13.9.

(b) If there are units of a ***PruFund Protected Fund*** under the ***drawdown 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 14.10 (or under the separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** – see the Note at the start of section 14).

(c) If there are ***units*** of the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** under the ***drawdown plan***, where the ***member*** dies in the 28 day period following the ***guarantee date*** those ***units*** will be valued as if the ***member*** had requested the sale of those ***units*** during that period, in accordance with the separate terms and conditions for that guarantee option. (See the Note at the start of section 14).

(d) If there are any ***SIF*** investments, these are sold in accordance with the ***SIPP Supplement*** (except where a ***dependant's***, ***nominee's*** or ***successor's drawdown plan*** is set up, in which case they are valued for the purposes of this section 21 and section 22 and then reallocated to the ***dependant's***, ***nominee's*** or ***successor's drawdown plan***).

21.5 Lump sum death benefits

If any death benefits are to be paid as a lump sum, then we pay the amount raised under section 21.4 either:

- to the ***restricted dependant*** as instructed by the ***member*** (under section 21.3.1); or
- to the recipient(s) selected by ***Prudential*** as ***Scheme Administrator***, exercising the discretionary powers given by the Rules (see section 21.3.2).

Lump sum death benefits paid to a recipient(s) will be paid free of income tax if the ***member*** dies before reaching age 75 and they are paid within two years of us being notified of the ***member's*** death (or when we could first reasonably have been expected to have known of the ***member's*** death, if earlier).

Any lump sum death benefit that is paid if the ***member*** dies after reaching age 75, or is not paid within the two year time limit mentioned above, 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. Dependant's, nominee's or successor's drawdown plan

22.1 General

As mentioned in section 21.2, a ***drawdown plan*** can be set up for a ***dependant*** or ***nominee*** on the death of a ***member***. A ***drawdown plan*** can also be set up for a ***successor*** on the death of a ***dependant***, ***nominee*** or previous ***successor*** who had a ***drawdown plan***.

For a ***drawdown plan*** to be set up, the ***dependant***, ***nominee*** or ***successor*** must not have passed the ***final conversion date***.

22.2 Dependant's, nominee's or successor's rights under the drawdown plan

Subject to the rest of this section 22, the terms and conditions in this ***Technical Guide*** apply to the ***dependant's***, ***nominee's*** or ***successor's drawdown plan*** as if he or she were the ***member***, except that no pension commencement lump sum is permitted under section 18.3.

22.3 Anticipated annuitisation age and final conversion date

(a) The ***dependant***, ***nominee*** or ***successor*** can select the ***anticipated annuitisation age*** in line with section 20.1 and the ***final conversion date*** will be his or her 99th birthday.

(b) Any remaining value under the ***Drawdown Plan*** at a ***dependant's***, ***nominee's*** or ***successor***'s ***final conversion date*** must be converted at that date to an ***annuity*** or be transferred out.

22.4 Investment under a dependant's, nominee's or successor's drawdown plan

The investment strategy for the ***dependant's***, ***nominee's*** or ***successor's drawdown plan*** must be selected in accordance with the options set out in section 7. The ***dependant***, ***nominee*** or ***successor*** can only select ***funds*** which are then open to new investments.

If a ***member's drawdown plan***, or a ***dependant's***, ***nominee's*** or ***successor's drawdown plan***, was invested in a ***PruFund Protected Fund***, the ***guaranteed value*** and guarantee do not continue in any new ***drawdown plan*** set up for a ***dependant***, ***nominee*** or ***successor***. If the ***dependant***, ***nominee*** or ***successor*** chooses to invest in a ***PruFund Protected Fund*** (if available), the terms of section 14 apply as though the investment was a new investment.

22.5 Charges and discounts

The ***actual Annual Management Charges*** described in section 16 that applied to the ***member's drawdown plan***, apply to a ***dependant's***, ***nominee's*** or ***successor's drawdown plan***.

In determining any Fund Size Discount and/or Loyalty Discount due under a ***dependant's***, ***nominee's*** or ***successor's drawdown plan***, we take into account all ***drawdown plans***, ***PP plans*** and ***PCP Plans*** held in the ***dependant's***, ***nominee's*** or ***successor***'s name, as described in sections 16.5 and 16.6.

If any Ongoing ***Adviser Charges*** were payable to a financial adviser in respect of the ***member's*** or a ***dependant's***, ***nominee's*** or ***successor's drawdown plan***, these will stop with effect from the date of the ***member's***, ***dependant's***, ***nominee's*** or ***successor***'s death. Any Ongoing ***Adviser Charges*** to be paid in respect of the ***dependant's***, ***nominee's*** or ***successor's drawdown plan*** must be agreed between the ***dependant***, ***nominee*** or ***successor***, as appropriate, and the financial adviser, and notified to us as described in section 17.2. As reflected in section 17, Set-up and Ad hoc ***Adviser Charges*** can also be paid from a ***dependant's***, ***nominee's*** or ***successor's drawdown plan***.

22.6 Income reviews

Note: This section 22.6 only applies where a **dependant** has a **capped drawdown** plan. As mentioned in section 1.2.3(B), only a **dependant**, rather than a ***nominee*** or **successor**, can have a **capped drawdown** plan.

If the **dependant** has a **capped drawdown** plan, ***income payments*** are subject to the ***maximum income limit*** applicable to the **dependant's** attained age, determined by reference to the **GAD *annuity rates***.

The first review is carried out and the initial ***maximum income limit*** is set as at the date we treat all the necessary information to set up the **dependant's drawdown plan** as having been received by us under section 1.7. This date then becomes the ***start date*** of the **dependant's drawdown plan**, and the **GAD *review date*** and ***drawdown pension year*** will be determined in relation to this date. The **dependant's *maximum income limit*** is otherwise determined in the way described in section 19. The **dependant's *maximum income limit*** is also subject to the conditions set out in section 19. An ***HMRC valuation*** must be carried out in order to determine the ***maximum income limit***.

22.7 Death of a dependant, nominee or successor while drawing income payments

If a **dependant**, ***nominee*** or ***successor*** dies while drawing ***income payments***, the remaining value under his or her **drawdown plan** will be used:

- to buy an **annuity** or to set up a **drawdown plan** for a ***successor***;
- to pay a lump sum to a person specified by the **dependant**, ***nominee*** or ***successor***; or
- to pay a lump sum to a recipient selected by us under our discretionary powers.

Lump sum death benefits paid to a recipient(s) will be paid free of income tax if the **dependant**, ***nominee*** or ***successor*** dies before reaching age 75 and they are paid within two years of us being notified of his or her death (or when we could first reasonably have been expected to have known of his or her death, if earlier).

Any lump sum death benefit that is paid if the **dependant**, ***nominee*** or ***successor***, as appropriate dies after reaching age 75, or is not paid within the two year time limit mentioned above, will be taxable at the recipient's highest marginal rate of income tax.

22.8 Transfers-out

A **dependant**, ***nominee*** or ***successor*** may cash in a **drawdown plan** in order to take a transfer-out under section 23.

23. Transfers-out

23.1 General

At any time before the **member** purchases an **annuity**, he or she can end his or her membership and have the value of all of his or her **drawdown plan(s)** transferred out of the **Scheme** to another ***registered pension scheme*** or a ***qualifying recognised overseas pension scheme***.

All of the ***member's drawdown plans*** and all ***arrangements*** must be transferred out at the same time and to the same 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 another **drawdown *pension arrangement*** to provide ***income payments*** under the receiving scheme;
- we will need to ensure that the receiving scheme or insurance company is legally able to accept the transfer; and
- the transfer cannot take place until the requirements of both schemes and/or insurance companies have been satisfied.

23.2 Sale of units for a transfer-out

(a) Unless:

  - there is a waiting period under section 13.9;
  - there is delay under section 15 or section 23.2(e) or (f); or

- section 23.2(d) applies in relation to sales of **units** in a ***PruFund Protected Fund***,

units are sold at the ***unit prices*** available on the ***working 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 selling ***units*** under some but not all ***arrangements*** under a ***drawdown 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 ***drawdown plan***.

(b) The value realised must be paid direct to the receiving scheme or the provider of that scheme or the ***annuity*** provider.

(c) If the ***member*** chooses to transfer out on a date other than the ***anticipated annuitisation age***, a Market Value Reduction may apply where ***units*** of the ***With-Profits Fund*** are sold (see section 12.4).

(d) If there are ***units*** of a ***PruFund Protected Fund*** under the ***drawdown 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 such ***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 14.10. Where ***units*** of the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** are sold on the ***guarantee date*** or in the 28 days following the ***guarantee date***, they will be valued in accordance with the separate terms and conditions for that guarantee option (see the Note to section 14).

If the ***member*** chooses to sell units of a ***PruFund Protected Fund*** on a date other than the ***guarantee date***, the guarantee under section 14.10 (or under the separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee***), 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 make a transfer-out will affect the ***guaranteed value***, as described in section 14.9 (or under the separate terms and conditions for the ***PruFund Protected Growth Fund*** with ***rolling guarantee***).

(e) The sale of ***units*** to make a transfer-out may be delayed where an ***income payment*** is due to be paid under the ***drawdown plan***. In this case, the sale of ***units*** under the ***drawdown plan(s)*** which is being cashed in will be delayed until the ***working day*** after the date we make the ***income payment***.

(f) Where there is a waiting period under section 13.9 and/or a delay under section 15, the sale of all ***units*** under the ***drawdown 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 investments in the ***SIF*** are to be sold. See the ***SIPP Supplement*** for further details.

23.3 Lifetime allowance check

A check against the ***member's personal lifetime allowance*** is made where ***units*** are sold on or before the ***member's*** 75th birthday to make a transfer-out from a ***drawdown plan*** to a ***qualifying recognised overseas pension scheme***. For this purpose, the ***member*** will need to update and recertify the information set out in section 18.2. A ***lifetime allowance charge*** may be payable.

24. Payments from the Scheme

Income payments under sections 18 and 22 and any pension commencement lump sum under section 18.3 are paid by direct transfer into a bank or building society account of the ***member*** (or the ***dependant***, ***nominee*** or ***successor***, if applicable).

All other payments are 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 the correct person.

25. Taxation

25.1 Tax relief on payments to a drawdown plan

(a) Where the ***member*** or employer pays a single contribution, the payment is initially invested in a ***PP plan***. The tax relief available in respect of such a payment is described in the ***Pru FRP PP Technical Guide***.

(b) Transfers-in and payments made from a ***PP plan*** to set up a ***drawdown plan*** represent existing benefits and are not eligible for any tax relief.

25.2 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.

25.3 Benefits

(a) All ***income payments*** payable to the ***member*** are taxable as earned income.

(b) If the ***member*** dies before his or her 75th birthday and ***income payments*** payable to a ***dependant*** or ***nominee*** commence on or after 6th April 2015, the income payments will normally be tax free.

If the ***member*** dies on or after his or her 75th birthday, ***Income payments*** payable to a ***dependant*** or ***nominee*** will be taxable as earned income.

(c) Pension commencement lump sums payable under section 18.3, are tax-free.

(d) Lump sum death benefits will normally be free of inheritance tax.

(e) Lump sum death benefits paid to a recipient(s) will be paid free of income tax if the ***member*** dies before reaching age 75 and they are paid within two years of us being notified of the ***member's*** death (or when we could first reasonably have been expected to have known of the ***member's*** death, if earlier).

Any lump sum death benefit that is paid if the ***member*** dies after reaching age 75, or is not paid within the two year time limit mentioned above, will be taxable. Where the lump sum death benefit is paid to an individual who is a beneficiary, the payment will be taxed at the beneficiary's highest marginal rate of income tax.

(f) A ***lifetime allowance charge*** may be payable when benefits are tested against the ***member's personal lifetime allowance*** at the start of a ***drawdown plan***, when the value of the ***drawdown plan*** is transferred-out to a ***qualifying registered overseas pension scheme***, or when an ***annuity*** is bought.

All benefits, except any lump sum death benefit that is not paid within the time limit set out in section 21.5 and section 25.3(e), or is paid if the ***member*** dies after age 75, count towards the ***personal lifetime allowance*** and a ***lifetime allowance charge*** may be payable by the recipient(s).

25.4 Unauthorised payments

Payments made from the ***drawdown 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, if the ***member*** dies and we are not notified promptly; in this case, any ***income payments*** made after the ***member's*** death may be treated as unauthorised payments unless they are returned to us (see section 18.16).

Also any Ongoing ***Adviser Charges*** deducted and paid to a financial adviser after he or she has ceased to provide advice to the ***member*** or a ***dependant***, ***nominee*** or ***successor***, as applicable, may be treated as an unauthorised payment (see section 17.11). It should be noted that these are not the only instances when payments may be treated as unauthorised payments. 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***).

26. Changes to the drawdown plan and/or to the terms and conditions set out in this Technical Guide

26.1 Changes requested by the member

The ***member*** can ask for his or her ***drawdown plan(s)*** to be changed. Any such change is subject to our agreement.

26.2 Changes by Prudential

Note: This section 26.2 does not apply to our limits or charges. Our right to change our limits and charges is set out in section 27.

(a) Subject to (b) below, we can make changes to any ***drawdown plan*** and/or to the terms and conditions set out in this ***Technical Guide*** (including the Appendix), 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*** (including the Appendix) without giving **reasonable notice** and/or obtaining the ***member's*** consent in the circumstances set out below.

We can make changes under this section 26.2(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 drawdown plan***. Except where it is impracticable to do so, we will, however, always notify the ***member*** of any changes made under this section 26.2(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 ***drawdown 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 ***drawdown 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 ***drawdown 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 ***drawdown plan*** do not relate to pension business in the way described in section 58 of the Finance Act 2012. See also section 29.7;

(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*** (or a ***dependant***, ***nominee*** or ***successor***, if appropriate) is unhappy with any changes, he or she should contact us in accordance with section 28.

(d) Additional terms and conditions regarding changes to the ***funds*** and a ***holding account*** are set out in sections 8.5, 10.1, 10.4 and 14.5.

27. 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 8 and 9 and/or for making ***income payments***. We may also introduce or increase charges if a charge is imposed on us under the Financial Services Compensation Scheme (FSCS) (or other compensation scheme) as described below and in section 29.8.

A change to the charges payable under the ***drawdown 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 16.5 and 16.6.

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 ***drawdown 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, increases the charges that we pay them; or
- if we experience an increase in the general administrative costs that we incur in operating the ***drawdown 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 ***drawdown plan*** do not relate to pension business in the way described in section 58 of the Finance Act 2012. See also section 29.7.

See also section 16.8 which explains in detail how changes may affect the Annual Management Charges.

We will give the ***member*** (or ***dependant***, ***nominee*** or ***successor***, if appropriate) ***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*** (or ***dependant***, ***nominee*** or ***successor***, if appropriate) is unhappy with any changes he or she should contact us in accordance with section 28.

28. Complaints

We want to know about any disputes or complaints as soon as possible. If the ***member*** or ***dependant***, ***nominee*** or ***successor*** (as appropriate) has any disputes or complaints, he or she should contact us in the first instance at the address shown in section 1.9.

In the unlikely event that we are unable to resolve any disputes or complaints, the ***member*** or ***dependant***, ***nominee*** or ***successor*** (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 4 567

Website address: 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: 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 ***dependant***, ***nominee*** or ***successor*** (as appropriate) to contact in the event of a particular dispute or complaint.

29. Other information

29.1 Yearly statement

There are legal requirements – the "disclosure regulations" – on the provision of information about pension plans. We meet these requirements and give additional information automatically through yearly benefit statements. This helps the ***member*** to track the progress of his or her investment.

Yearly benefit statements show the ***income payments*** made in the last year (or, if less, since the start of the ***drawdown plan***), the current value(s) and projected value(s) of the ***drawdown plan(s)***.

29.2 Divorce and dissolution

(a) 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) After the implementation of a Court earmarking or pension sharing order, the ***maximum income limit*** where the ***member*** or ***dependant*** (as appropriate) has a ***capped drawdown*** plan, is reviewed in accordance with section 19.2.7.

(e) 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.

29.3 Assignment and forfeiture

The benefits payable under a ***drawdown plan*** should not be assigned or forfeited, except that:

- ***annuity*** payments which continue 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 29.2 is permitted; and
- benefits may be forfeited to the extent permitted by sections 273 to 278 of the Proceeds of Crime Act 2002.

29.4 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 (as is the case under a ***drawdown plan***), 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, 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. If such an order is obtained:

- the trustee in bankruptcy may obtain an "income payment order" against the pension commencement lump sum and/or ***income payments***; and
- the ***drawdown plan*** remains in the name of the ***member*** or ***dependant***, ***nominee*** or ***successor*** (as appropriate) and the "income payment order" can only last for as long as the bankruptcy or other shorter specified period. At the end of that period, ***income payments*** will revert to the ***member*** or ***dependant***, ***nominee*** or ***successor*** (as appropriate).

If an "income payment order" is made, we must comply with it and stop paying part or all of the ***income payments*** to the ***member*** or ***dependant***, ***nominee*** or ***successor*** in accordance with the directions given in the order.

Legislation also limits the scope for pension contributions where the money should, instead, have been available to creditors.

29.5 Governing law

The ***member's drawdown plan(s)*** will be governed by the laws of England and Wales and any disputes connected with the ***drawdown 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.

29.6 Contract of long-term insurance

The benefits arising under the ***drawdown 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.

29.7 Pension business

All payments made to any ***drawdown 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 ***drawdown plan(s)*** under sections 26 and/or 27 in whatever way is necessary to ensure that ***HMRC*** does not tax any of the ***funds*** or does not impose any penalty on us. If such modification is necessary, we will notify the ***member*** and provide full details of the changes.

29.8 The Financial Services Compensation Scheme

If we get into financial difficulties which affect our ability to pay the ***member's*** (or ***dependant's***, ***nominee's*** or ***successor'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*** (or ***dependant***, ***nominee*** or ***successor***) 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*** (or ***dependant's***, ***nominee's*** or ***successor's***) eligibility, the type of financial product or service involved, the funds selected and the circumstances of the claim.

The ***member*** (or ***dependant***, ***nominee*** or ***successor***) 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** or he or she can call our Customer Services team on 0345 075 2244.

Information is also available from the FSCS. The ***member*** (or ***dependant***, ***nominee*** or ***successor***) 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

Prudential policyholders, including the ***member*** or ***dependant***, ***nominee*** or ***successor*** (as appropriate), 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. ***Unit prices*** may fluctuate in line with the value of the assets owned by the ***Unit-Linked Fund***, but this is normal investment risk.

As reflected in section 27, 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 (see section 27 for further information).

29.9 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.

29.10 Contracts (Rights of Third Parties) Act 1999

Although the ***Trustee*** is the policyholder (as explained in section 1.5), the ***member*** and any ***dependant***, ***nominee*** or ***successor*** entitled to benefits have directly enforceable rights against us in respect of the benefits under this ***Technical Guide*** to which they are or become 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.

29.11 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

30. Meanings of special words and expressions

The words and expressions explained in this section 30 are shown in ***bold italics*** throughout this ***Technical Guide***.

actual Annual Management Charge: This is the main charge that we make for operating the ***drawdown 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 16.3).

Adviser Charge: An amount deducted from the ***drawdown plan*** and paid to the ***member's*** financial adviser as his or her agreed payment for advice (see section 17.1). There are three types of Adviser Charge available under the ***Pru FRP Drawdown Plan***:

- Set-up Adviser Charge (see section 17.5);
- Ongoing Adviser Charge (see section 17.6); and
- Ad hoc Adviser Charge (see section 17.7).

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 ***drawdown 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 ***drawdown plan***.

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.***

anticipated annuitisation age: This is the date that we and the ***member*** expect to use the value of the ***drawdown plan*** to buy an ***annuity*** for the ***member***.

Where the ***start date*** of the ***drawdown plan*** was before 11 November 2013, the anticipated annuitisation age was set by us with effect from 11 November 2013 as at the ***member's*** 75th birthday.

Where the ***start date*** of the ***drawdown plan*** is on or after 11 November 2013, the anticipated annuitisation age is a birthday normally selected by the ***member*** in the ***application form***.

The importance of the anticipated annuitisation age is explained in section 20.

The current anticipated annuitisation age can be changed by the **member** under section 20.1.2 or reset by the **member** or by us under section 20.5.3. Unless stated otherwise, where the current anticipated annuitisation age is changed or reset under section 20.1 or 20.5, references to anticipated annuitisation age are to the new date.

application form: The form that we require an individual to complete in order to take out a **Pru FRP Drawdown Plan**.

arrangement: One of the segments into which each **drawdown plan** is automatically divided, as described in section 6.3.

Where used in the context of a **PP plan**, an arrangement is one of the segments into which each **PP plan** is automatically divided, as described in the **Pru FRP PP Technical Guide**.

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.

cancellation period: A period following the making of a payment under section 3, 4 or 5, during which the member has the right to change his or her mind and cancel the payment and the **drawdown plan**.

capped drawdown: Where income payments are limited by reference to a percentage of **GAD annuity rates**.

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

dependant: This is:

- the **member's** spouse, civil partner, and/or children under the age of 23; or
- any person who was, in our opinion, financially dependent or interdependent on the **member** at the date of his or her death; or
- a person who was, in our opinion, dependent on the **member** at the date of his or her death due to physical or mental impairment.

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 the pension savings. The **Pru FRP Drawdown Plan** is a drawdown pension arrangement.

drawdown pension year: Each year between **GAD review dates** as described in section 19.2.3.

drawdown plan: A **Pru FRP Drawdown Plan** set up for the **member**. It can also mean a drawdown plan set up for a **dependant**, **nominee** or **successor**, under section 21 or 22. As explained in section 6.2, a number of separate drawdown plans may be set up for the **member** under the **Scheme**. The types of drawdown plans available under a **Pru FRP Drawdown Plan** are described in section 1.2.3.

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 13.8.5) 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 13.7 and 13.8.

external companies and Externally-Linked Fund(s): 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***.

final conversion date: This is the ***member's*** 99th birthday and the last date by which the ***member*** must use any remaining money under the ***drawdown plan(s)*** to purchase an ***annuity*** or take a transfer-out. Where the ***drawdown plan*** has been set up for a ***dependant***, ***nominee*** or ***successor***, under section 21 or 22, the final conversion date is also his or her 99th birthday and again is the last date by which he or she must use any remaining money under the ***drawdown plan*** to purchase an ***annuity*** or take a transfer-out.

Note: Where the ***start date*** of the ***drawdown plan*** was before 11th November 2013, the final conversion date was changed from the ***member's*** 75th birthday to the ***member's*** 99th birthday with effect from 11 November 2013.

flexi-access drawdown: As explained in section 1.2.3, The Taxation of Pensions Act 2014 introduced a new drawdown option known as "flexi-access drawdown" and this is available under the ***Pru FRP Drawdown Plan*** on and after 6th April 2015. There is no maximum ***income payment***, subject to there being sufficient ***units*** under the ***drawdown plan*** to make the payment. Also, there is no minimum income requirement that needs to be satisfied.

flexible drawdown: This was introduced as an option under the ***Pru FRP Drawdown Plan*** on and after 8th December 2014. However, on 6th April 2015, a new type of ***drawdown pension arrangement*** was introduced by the Taxation of Pensions Act 2014 called "flexi-access drawdown" and this replaced flexible drawdown. The flexible drawdown option is therefore no longer available under the ***Pru FRP Drawdown Plan*** and if the ***member*** already had a flexible drawdown plan this was, as mentioned in section 1.2.3, automatically converted to a ***flexi-access drawdown*** plan from that date. Any provisions relating to flexible drawdown in any previous version of this ***Technical Guide*** ceased to have any effect; instead, the ***flexi-access*** drawdown provisions detailed in this ***Technical Guide*** apply.

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***). While 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 FRP Drawdown Plan*** are set out in our funds literature (available on request) and are subject to change from time to time (see section 10.4).

GAD anniversary date: This applies to ***capped drawdown*** only and is the anniversary each year of the ***GAD review date***. The GAD anniversary date is relevant only where ***maximum income limit*** reviews are carried out less frequently than yearly.

GAD annuity rates: These apply to ***capped drawdown*** only and are the annuity rates supplied by the Government Actuary Department for the purposes of ***drawdown pension arrangements***.

GAD review date: This applies to ***capped drawdown*** only and is the effective date for the ***maximum income limit*** review. Full details of how GAD review dates are determined are set out in section 19.2. The first GAD review date normally falls on the **start date** of the **drawdown plan**. The timing of subsequent GAD review dates then depends on the ***member's*** age; broadly speaking, subsequent GAD review dates will fall on every third anniversary of the **start date** until the ***member's*** 75th birthday and on each anniversary of the ***start date*** thereafter.

Where the **drawdown plan** has been set up as a result of a transfer from another ***drawdown pension arrangement***, different rules apply for determining the first GAD review date (see section 19.2.2). Also, where the GAD review date is changed at the ***member's*** request, subsequent GAD review dates fall on the relevant anniversary of the changed GAD review date.

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 16.7.3(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

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 **drawdown 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. Where the **drawdown plan** has been set up through converting a ***PP plan***, the guarantee charge date is determined in line with section 14.14 (or the separate terms and conditions for the ***rolling guarantee***, where there is continued investment in the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** – see the Note at the start of section 14).

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 **drawdown plan**. The guarantee date of an investment in a ***PruFund Protected Fund*** is determined in accordance with section 14.6. Where the **drawdown plan** has been set up through converting a ***PP plan***, the guarantee date is determined in line with section 14.14 (or the separate terms and conditions for the ***rolling guarantee***, where there is continued investment in the ***PruFund Protected Growth Fund*** with ***rolling guarantee*** – see the Note at the start of section 14).

guaranteed value: This is the minimum value, determined in accordance with sections 14.8 to 14.10 (or the separate terms and conditions for the ***rolling guarantee*** – see the Note at the start of section 14), 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 14. 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 14.5. 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 **drawdown plan**.

Where the **drawdown plan** has been set up through converting a ***PP plan***, the guarantee start date is determined in line with section 14.14.

Where there is continued investment in the ***PruFund Protected Growth Fund*** with ***rolling guarantee***, the guarantee start date can also be the guarantee date on which that investment is rolled over (see the Note at the start of section 14 for further information about the terms and conditions for the ***rolling guarantee***).

HMRC: Her Majesty's Revenue & Customs.

HMRC valuation: A valuation carried out in accordance with principles determined by ***HMRC***.

holding account: A cash deposit account which may be held under the ***Scheme*** but which is not part of a ***drawdown plan*** or a ***PP plan***. A holding account is used for the consolidation of multiple transfers-in under section 3.6, before the payments are allocated to a ***drawdown plan(s)*** and, if appropriate, to a ***PP plan(s)***.

income payment: This is a payment made to the ***member*** or to a ***dependant***, ***nominee*** or ***successor*** under section 18, 21 or 22, by selling ***units*** of a ***drawdown plan*** (or where there are investments in the ***SIF***, by making payments from the pooled ***SIF*** bank account).

income payment date: This is the date selected by the ***member*** for the payment of regular income payments under each ***drawdown plan***. The income payment date can be any day of the month except the 29th, 30th or the 31st.

lifetime allowance charge: This is a tax charge that applies if, when the ***member*** takes benefits from the ***Scheme*** or reaches his or her 75th birthday, the value of those benefits exceeds his or her available ***personal lifetime allowance***. If the excess is used to provide a pension (whether through an ***annuity*** or ***income payments***) 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.

Note: The excess can only be taken as a lump sum taxed at 55% prior to age 75. Where an excess arises on the final check at the 75th birthday, it will be taxed at 25%.

M&G plc: **M&G plc** and its subsidiaries as defined in the Companies Act 2006.

maximum income limit: This applies to ***capped drawdown*** only and is the maximum allowable level of ***income payments*** determined under section 19 in accordance with ***HMRC*** rules.

member: The person identified in the Certificate of Membership, who has been accepted by us as a member of the ***Scheme*** and whose ***drawdown plan(s)*** 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*** or a Drawdown Lifestyle Option profile, the period from the date of investment to the ***anticipated annuitisation age*** 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 11 November 2013, the minimum With-Profits investment period is five years.

(b) Where the ***start date*** is on or after 11 November 2013, the minimum With-Profits investment period is ten years, unless (c) below applies.

(c) Where:

- the ***drawdown plan*** is for one or more transfers-in; and
- the initial ***application form*** and all other information required to set up that ***drawdown plan*** have been treated as received by us before 11th November 2013; and
- the ***start date*** of that ***drawdown plan*** was before 25th November 2013,

the minimum With-Profits investment period for that ***drawdown plan*** is five years.

The requirement to meet or exceed the minimum With-Profits investment period is waived in the circumstances set out in sections 7.5(f) and (g).

Full details of how the minimum With-Profits investment period works are set out in section 7.5. 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 ***drawdown 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 16.2);
- we allocate ***units*** for the explicit rebate required under section 16.4 to meet the ***actual Annual Management Charge***; and or;
- we deduct ***units*** to meet any Ongoing ***Adviser Charges*** under section 17.

The monthly transaction date will normally fall on the same day of the month as the ***start 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 ***start 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 13.8). 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 13.8.

nominee: This is a person nominated by the ***member*** or the ***Scheme Administrator*** to receive a ***drawdown plan*** or an ***annuity*** on the ***member's*** death who is not a ***dependant***. No individual nominated by the ***Scheme Administrator*** counts as a nominee where there is a ***dependant***, or an individual or charity nominated by the ***member*** before his or her death.

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 ***drawdown plan*** or a ***PP plan*** for the individual and he or she will then have pension credit rights under the ***Scheme***.

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.

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 ***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 save for benefits under the "personal pension" option.

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 ***drawdown plan*** or a ***PP 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 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 ***drawdown 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 all 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 12 and 13.

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 Personal Pension Plan: The pension arrangement that constitutes the "personal pension" option under the ***Pru Flexible Retirement Plan***.

Pru FRP PP Technical Guide: This is the Booklet which sets out the terms and conditions of the ***Pru FRP Personal Pension Plan***.

The ***Technical Guide*** coded FRPT10363 sets out the terms and conditions of the ***Pru FRP Personal Pension Plan*** for ***post-RDR pension plans***. The ***Technical Guide*** coded IPPB6369 sets out the terms and conditions of the ***Pru FRP Personal Pension Plan*** for ***pre-RDR pension plans***. The Pru FRP PP Technical Guides may be subject to associated addendums or customer letters. See also section 1.3.

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 13.3 to 13.7 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 Drawdown 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 Drawdown 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 the guarantee options described in section 14. The full range of PruFund Protected Fund(s) available at any time is set out in our funds literature which is available on request.

PruFund Protected Growth Account: This is the ***PruFund Account*** used to facilitate investment in the ***PruFund Protected Growth Fund***. Its full formal name is the Prudential PruFund Protected Growth Pension Account.

PruFund Protected Growth Fund: One of the ***PruFund Protected Funds*** currently offered under the ***Pru Flexible Retirement Plan*** (including any successor fund). Its full formal name is the Prudential PruFund Protected Growth Pension Fund. This ***fund*** currently offers the guarantee option described in sections 14.1 to 14.13 for new investments and switches-in. It was originally opened to new investments and switches-in under any ***drawdown plan*** and/or ***PP plan*** with effect from 13th October 2008 when it offered the ***rolling guarantee*** option. The PruFund Protected Growth Fund with ***rolling guarantee*** remains available only in the limited circumstances described in section 14.14.

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 25 February, 25 May, 25 August and 25 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

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: 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 other instruction regarding the payment required in order to set up the ***drawdown plan*** (or the prior ***PP plan*** under section 4.2, in the case of a single 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.

restricted dependant: This is:

- the ***member's*** spouse, civil partner, and/or children under the age of 23; or
- any person who was, in our opinion, financially dependent on the ***member*** at the date of his or her death; or
- a person who was, in our opinion, dependent on the ***member*** at the date of his or her death due to physical or mental impairment.

A person whose relationship with the ***member*** was one of interdependence (rather than full dependence) does not qualify as a restricted dependant.

rolling guarantee: This is a guarantee which applies to the ***PruFund Protected Growth Fund*** and which continues to be available to the initial investment under a ***drawdown plan*** only in the limited circumstances where:

- the ***drawdown plan*** is set up by converting a ***PP plan*** which is, at the time of conversion, wholly or partly invested in the ***PruFund Protected Growth Fund*** with rolling guarantee; and
- Option 2 under section 14.14 of the ***Technical Guide*** has been selected for the continuation of that investment in the ***PruFund Protected Growth Fund***.

The full terms and conditions for the operation of the ***PruFund Protected Growth Fund*** are set out in the Addendum coded FRPT10400 subject to any changes that we may make (including any already made) and/or replacement terms and conditions that we may either issue to the ***member*** and/or publish on our website. The Addendum coded FRPT10400 will have been issued to the ***member***, if it is relevant to him or her.

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 section 1.5).

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 PP Technical Guide*** and which sets out the terms and conditions of the SIPP option and the ***SIF***.

standard lifetime allowance: There is a limit on the total value of the benefits that can be taken from all ***registered pension schemes*** (including ***drawdown plan(s)***) of which the ***member*** 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 18.2, 20.7 and 23.3 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 ***drawdown plan***. The ***start date*** is normally the same as the ***relevant date*** except that:

- in the case where the **drawdown plan** is set up through converting one or more arrangements under a ***PP plan*** under section 5, the start date is the date on which we treat all items and information we need to carry out the conversion as having been received by us (apart from any external valuations required to complete the ***HMRC valuation***);
- in the case where a transfer payment is held in a ***holding account***, the start date will be set when the money is moved from that ***holding account*** and used to set up the ***drawdown plan(s)***; and
- in the case of a single contribution under section 4, the start date is determined in accordance with section 4.2(b).

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

successor: This can be an individual:

- nominated by a ***dependant***;
- nominated by a ***nominee***;
- nominated by a previous successor; or
- nominated by the ***Scheme Administrator*** (but no individual nominated by the ***Scheme Administrator*** counts as a successor where there is an individual or charity nominated by the ***dependant***, ***nominee*** or previous successor before his or her death), to receive a successor's drawdown plan or an ***annuity*** on the death of a ***dependant***, ***nominee*** or previous successor.

Technical Guide: This Booklet coded FRPT10364, which sets out the terms and conditions of the ***Pru FRP Drawdown Plan*** for ***post-RDR pension plans***. The Technical Guide may be subject to associated addendums or customer letters. See also section 1.3.

Note: Where the ***member*** has a **drawdown plan** which is a **pre-RDR pension plan** (see section 1.3.6(b)), the terms and conditions in the Pru Flexible Retirement Plan – Drawdown Option Technical Guide coded IPPB6373 (and any associated addendums or customer letters) apply to that **drawdown 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 5 April 2009.
- If the ***member*** has pension savings built up before 6 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 5 April 2012.
- If the ***member*** has pension savings built up before 6 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 5 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 5 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 online by visiting its website at 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): 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 11 (for the ***Unit-Linked Funds***), section 12 (for the ***With-Profits Fund***) and section 13 (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 12).

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 13.8, 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).

Appendix

The Drawdown Lifestyle Option profiles

There are three Drawdown Lifestyle Option profiles from which to choose: Cautious, Balanced and Adventurous. The table below shows the investment proportions at each age from age 55 to age 75 for each of the Drawdown Lifestyle Option profiles. The **units** held in the respective ***funds*** under the Balanced profile are not rebalanced after the member's 75th birthday; as such, where the ***drawdown plan*** remains invested in the profile after the 75th birthday, the percentages may change depending on the relative investment performances of the ***funds***. The Drawdown Lifestyle Option is operated and subject to change in the way described in section 8 of the ***Technical Guide***.

The percentage amounts shown below are for guidance. The actual proportions will be as close as possible to these percentages, but minor variations may occur due to rounding of amounts to be switched.

Age	Cautious			Balanced			Adventurous		
	M&G Managed Growth Pension Fund	M&G Corporate Bond Pension Fund	With-Profits Pension Fund	M&G Managed Growth Pension Fund	M&G Corporate Bond Pension Fund	With-Profits Pension Fund	M&G Managed Growth Pension Fund	M&G Corporate Bond Pension Fund	With-Profits Pension Fund
55	40.00%	28.00%	32.00%	56.00%	18.00%	26.00%	80.00%	0.00%	20.00%
56	38.00%	31.60%	30.40%	53.20%	19.60%	27.20%	76.00%	0.00%	24.00%
57	36.00%	35.20%	28.80%	50.40%	21.20%	28.40%	72.00%	0.00%	28.00%
58	34.00%	38.80%	27.20%	47.60%	22.80%	29.60%	68.00%	0.00%	32.00%
59	32.00%	42.40%	25.60%	44.80%	24.40%	30.80%	64.00%	0.00%	36.00%
60	30.00%	46.00%	24.00%	42.00%	26.00%	32.00%	60.00%	0.00%	40.00%
61	28.00%	49.60%	22.40%	39.20%	27.60%	33.20%	56.00%	0.00%	44.00%
62	26.00%	53.20%	20.80%	36.40%	29.20%	34.40%	52.00%	0.00%	48.00%
63	24.00%	56.80%	19.20%	33.60%	30.80%	35.60%	48.00%	0.00%	52.00%
64	22.00%	60.40%	17.60%	30.80%	32.40%	36.80%	44.00%	0.00%	56.00%
65	20.00%	64.00%	16.00%	28.00%	34.00%	38.00%	40.00%	0.00%	60.00%
66	18.00%	67.60%	14.40%	25.20%	35.60%	39.20%	36.00%	0.00%	64.00%
67	16.00%	71.20%	12.80%	22.40%	37.20%	40.40%	32.00%	0.00%	68.00%
68	14.00%	74.80%	11.20%	19.60%	38.80%	41.60%	28.00%	0.00%	72.00%
69	12.00%	78.40%	9.60%	16.80%	40.40%	42.80%	24.00%	0.00%	76.00%
70	10.00%	82.00%	8.00%	14.00%	42.00%	44.00%	20.00%	0.00%	80.00%
71	8.00%	85.60%	6.40%	11.20%	43.60%	45.20%	16.00%	0.00%	84.00%
72	6.00%	89.20%	4.80%	8.40%	45.20%	46.40%	12.00%	0.00%	88.00%
73	4.00%	92.80%	3.20%	5.60%	46.80%	47.60%	8.00%	0.00%	92.00%
74	2.00%	96.40%	1.60%	2.80%	48.40%	48.80%	4.00%	0.00%	96.00%
75	0.00%	100.00%	0.00%	0.00%	50.00%	50.00%	0.00%	0.00%	100.00%

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 12.4 of this Technical Guide.

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