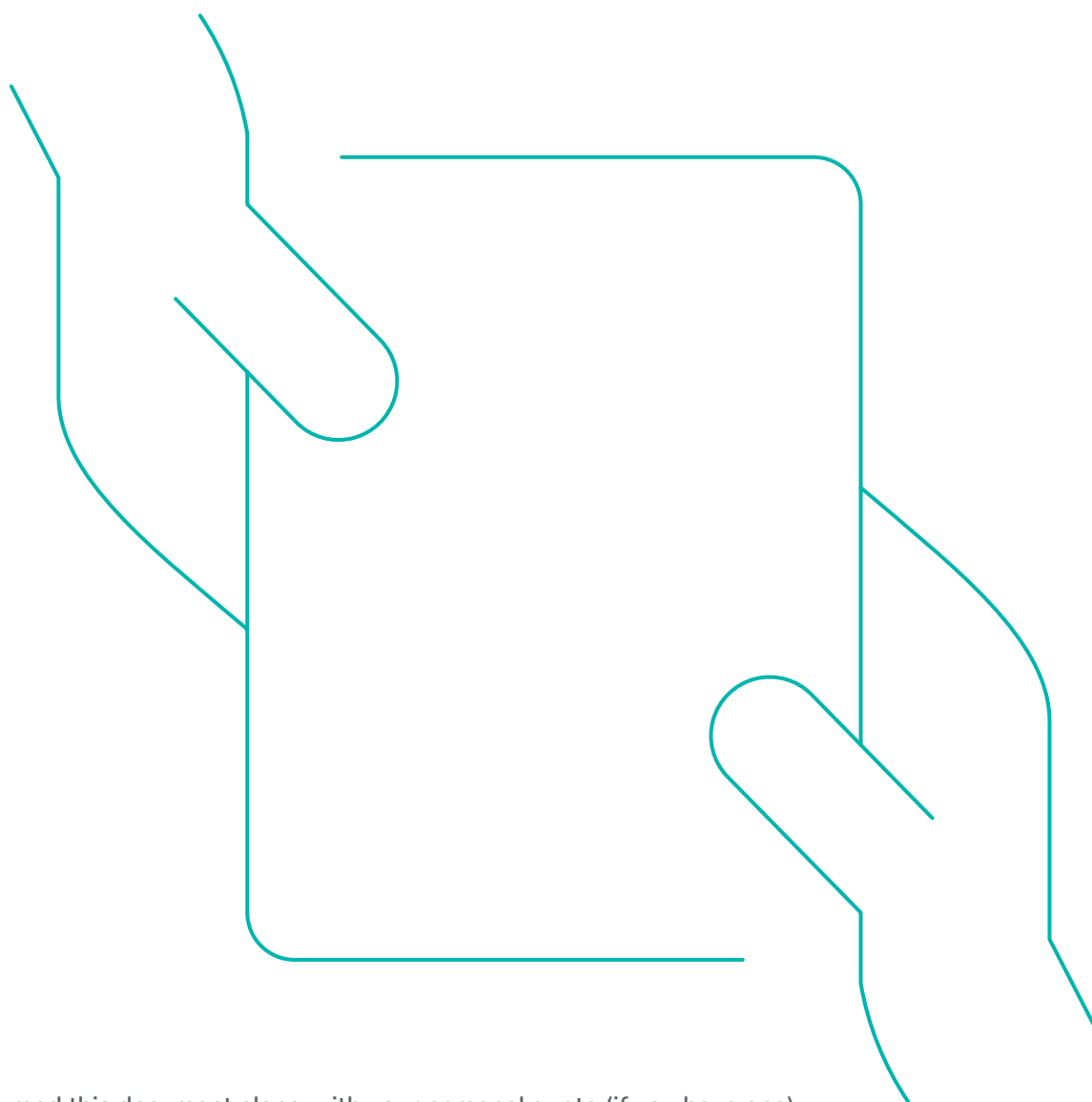


Key Features of the Prudential Guaranteed Income Plan



Please read this document along with your personal quote (if you have one) before you decide to buy this plan. It's important you understand how the Prudential Guaranteed Income Plan works, the benefits and associated risks.

Contents

About our Guaranteed Income Plan	3	What choices will I have at the end of the term?	7
Its aims	3	Where can I get guidance about what to do with my pension?	7
Your commitment	3	What about tax?	7
Risks	3	How will I know how the plan is doing?	8
Other documents you should read	4	What happens to the Guaranteed Income Plan if I die?	8
Questions & Answers	5	What if the Guaranteed Income Plan isn't right for me?	8
Is the Guaranteed Income Plan right for me?	5	Other information	9
How flexible is it?	5	Get in touch	11
How much can I pay into the plan?	5		
Where is the payment invested?	5		
Can I change the investments?	5		
What are the charges and costs?	5		
How will you calculate the benefits?	6		

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

All our literature is available in audio, large print or braille versions. If you would like one of these please contact your financial adviser.

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

About our Guaranteed Income Plan

Our Guaranteed Income Plan can pay a guaranteed income to the scheme for a fixed term. It can also provide a guaranteed lump sum to the scheme at the end of the term, either in addition to or instead of an income. It's aimed at trustees of UK registered pension schemes, particularly Self-Invested Personal Pensions (SIPPs). The trustees will invest a payment on behalf of the designated scheme member ('you') who's moving into, or already in the early years of retirement. That payment will be held as an investment within the SIPP.

If you still have questions about the Prudential Guaranteed Income Plan after reading this booklet, please speak to your financial adviser.

Its aims

What this plan is designed to do

- To either pay a guaranteed regular income to the SIPP for a fixed term, or provide a guaranteed lump sum to the SIPP at the end of a fixed term, or a combination of both.
- To potentially pay to the SIPP a little bit more than the guaranteed income some years and a little bit more than the guaranteed lump sum at the end of the term.
- To pay a lump sum to the SIPP if you die during the term.

Your commitment

What we ask you to do

- Select the options you want at the start of the plan. You can't then change these.
- Allow the trustees to invest at least £10,000 on your behalf for the chosen term.
- Understand that any income will be payable to the SIPP for the chosen term. It won't be paid for the rest of your life.

Risks

What you need to be aware of

- This is a single life plan so any income you have selected will stop on death and we'll return a lump sum to the SIPP.
- The cash-in and death benefit values will change over time as market conditions change and may be less than the investment amount, or the total amount payable over the term. They may also be less than needed at that time to replace the remaining guaranteed benefits payable.
- The death benefit value may be less than the investment amount minus any income we've paid if, for example, you die in the early years and interest rates have increased since the plan was set up.
- To provide the guaranteed income or lump sum, we invest the payment in a range of relatively cautious assets. Alternative products might give more freedom to invest in assets that could deliver a higher return.
- If you choose the lump sum option, we can guarantee the lump sum payable at the end of the term. But if you decide to use that lump sum to then buy an income, we can't guarantee how much that income will be. And it might not be as much as any income you've received from this plan.
- As the price of everyday goods and services goes up, your money won't stretch as far as the same amount would now. This is called inflation. If you choose to receive an income, it may not keep up with inflation.

Other documents you should read

This document gives you key information about the Guaranteed Income Plan. If you want more detail on specific points, please read the following documents. We have highlighted when they are relevant throughout this document. They're all available from your financial adviser.

- **Terms and Conditions**

Gives you the full terms and conditions of the contract between us and the scheme trustees.

- **A Guide to the Prudential Guaranteed Income Plan**

This provides further information for scheme members about the plan and how it can be used.

Questions & Answers

Is the Guaranteed Income Plan right for me?

The Prudential Guaranteed Income Plan could be right for you if you'd like the security of a guaranteed income paid to the SIPP for a fixed term. You can also choose for the SIPP to receive a lump sum at the end of a fixed term or a combination of both options.

The guaranteed income and lump sum are calculated at the start of the plan and we will never pay less than these amounts. Please read the section 'How will you calculate the benefits?' for more information.

If you're not sure whether the Guaranteed Income Plan is right for you, please speak to a financial adviser. If you don't have an adviser, you can find one at pru.co.uk/find-an-adviser.

How flexible is it?

You can choose from the following options:

- Maximum income option – if income only is required, with no lump sum.
- Maximum lump sum option – if a lump sum only is required, with no income.
- Combination option – if both income and a lump sum are required.

Once the plan has started, you're unable to change your chosen option.

You can choose the term of your plan from a minimum of five years up to a maximum of 15 years. Within this range you can also select the number of months such as six years and two months, or ten years and one month.

You can choose whether to take any income monthly, quarterly, half-yearly or annually, and whether that's in advance or in arrears. Your SIPP trustees can normally invest in a Guaranteed Income Plan on your behalf from the age of 55 (57 from 6 April 2028, unless you have a protected pension age).

The plan is designed to last for the chosen term, but unlike a lifetime annuity, the SIPP trustees will be able to access the funds if your circumstances change. Under the full withdrawal option we'll pay a lump sum based on the value of your remaining benefits at that time back to the SIPP. Any income payments will stop, and the plan will close. This plan doesn't allow partial withdrawals. For more information about how we calculate the full withdrawal option, please see the **Terms and Conditions**.

How much can I pay into the plan?

The minimum investment is £10,000 and the maximum investment is £1 million. The trustees can make further investments and we'll set these up as separate plans. Any additional investments must be at least £10,000.

Where is the payment invested?

Payments are invested in The Prudential Assurance Company Limited (PAC) With-Profits Fund.

Your Guaranteed Income Plan is backed by an investment strategy within this With-Profits Fund focused on fixed income assets. This aims to provide stability to support the underlying income and lump sum guarantees we're offering.

Can I change the investments?

There are no investment choices under the plan. For details of how money is invested please refer to the section 'Where is the payment invested?'

What are the charges and costs?

We charge you for looking after your plan. These charges are already taken into account when we calculate the guaranteed income and lump sum. We will consider:

- The various costs associated with setting up and looking after the plan, for example the cost of administration, investment management and providing the guarantees.
- How we expect the fixed income assets used to back the plan to perform each year over the term.

Charges and costs may vary in the future and may be higher than they are now.

Charges for advice

You agree with your adviser how they will be paid for the advice they provide to you. You can choose to pay your adviser directly or the trustees can ask us to take adviser charges from your plan to pay your adviser, or a combination of both.

If you have asked us to deduct adviser charges from your investment to pay your adviser, full details will be shown on your personal quote. There are two different types of adviser charges and your adviser can give you more information.

Set-up advice charge: The maximum set-up advice charge is 5% of the investment amount, with an upper limit of £30,000. Any set-up advice charge is taken from the investment amount and paid to the adviser, before calculation of the benefits.

Ongoing advice charge: An ongoing advice charge can only be facilitated if income is being taken. The maximum ongoing advice charge is 1% of the investment amount less any set-up adviser charge. This is deducted from income and paid to the adviser before income is paid. The frequency of ongoing advice charge payments will be the same as the frequency of income payments.

Ongoing advice charge payments can be switched off, reduced, or paid to a different adviser. They can't be increased or added at a later date.

How will you calculate the benefits?

To calculate the benefits we'll need to know how much the trustees are going to invest, for how long and whether we're paying income, lump sum or both. We'll use this information to calculate the benefits we can offer but if you know how much you want, we can calculate the amount you need to invest.

- For the **maximum income** option, if we know the investment amount and term, we can work out the guaranteed income.
- For the **maximum lump sum** option, if we know the investment amount and term, we can work out the guaranteed lump sum.

- For the **combination** option, we'll guarantee to return the full amount of your investment to you at the end of the term and we'll also provide you with a guaranteed income.

We calculate the guaranteed income or lump sum by using a fixed rate of investment return. We call this the Guaranteed Return. The Guaranteed Return is shown in our quote and is set considering investment conditions at that time.

Will the income change?

The income we calculate at the start of the plan is guaranteed to be paid each year over the term. We'll never pay less, but some years we might be able to pay a little bit more.

How might the income change?

Each year at the policy anniversary, we'll look at how the assets used to back the plan have performed. If they have performed better than expected, we'll declare a small bonus. As an example, a small bonus might be in the range 0 to 0.2%.

We'll then add the declared bonus to the Guaranteed Return to make what we call the Earned Return. It's the relationship between the Guaranteed Return and the Earned Return that determines how much more than the guaranteed income we'll be able to pay.

For example:

Starting income = £12,000 a year

Guaranteed Return = 4.0%

Bonus = 0.2%

Earned Return = 4.2% (i.e. 4.0% + 0.2%)

The income for year two is calculated as follows:

Starting income/

$(1 + \text{Guaranteed Return}) \times (1 + \text{Earned Return})$

$= £12,000 / 1.04 \times 1.042$

$= £12,023$

So, we pay £12,023.

Will the lump sum change?

The lump sum we calculate at the start of the plan is guaranteed to be paid at the end of the term. We'll never pay less, but we might be able to pay a little bit more.

How might the lump sum change?

At the end of the term, we'll look at how the assets backing the plan have performed each year. And if the performance has been better than we expected at the start, we'll be able to pay a little bit more than the guaranteed lump sum.

We'll work this out in a similar way to the guaranteed income but any payment in addition to the guaranteed lump sum amount will be determined at the end of the term.

How do these changes to income and lump sum work for the combination option?

For the combination option, if a bonus is being paid, some of this will be shared each year in income and the rest at the end of the term.

What choices will I have at the end of the term?

At the start of your plan you will have chosen to take an income, a lump sum or a combination of both. This will be paid to the SIPP trustees.

If you chose an income, the plan will stop at the end of the term and there will be no further income payable. If you chose a lump sum, we'll pay this to the SIPP at the end of the term.

There will be a range of options available to you at that time – the SIPP trustees or your financial adviser can help you with this.

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

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

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

Telephone: **0800 011 3797**

Website:

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

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

Telephone: **0800 280 8880**

Website: **moneyhelper.org.uk/pensionwise**

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

What about tax?

Income will be paid to the trustees gross of any tax. If you choose to withdraw any income from your drawdown plan this will be subject to income tax at your usual rate. Any lump sum payments (including on death or full withdrawal) will be paid to the trustees gross of tax.

Tax rules can change – you should speak to your financial adviser about this. They can help you understand the tax rules and how they might affect this plan.

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

How will I know how the plan is doing?

We'll send the scheme trustees an annual statement to show how the plan is doing. You can also contact your financial adviser for an up to date valuation.

What happens to the Guaranteed Income Plan if I die?

If you die before the end of the term, a lump sum will be paid to the trustees to pass on to your beneficiaries.

We'll calculate the lump sum payment by placing a value on the remaining benefits payable under the plan. The lump sum will reflect the value at that time of the investments we bought when you took out the plan.

The lump sum death benefit will change over time because the value of the investments will vary with market conditions. It may be less than the amount invested or the total benefits payable over the term of the plan.

As one example, if interest rates have increased since you took out the plan, the lump sum paid on death, particularly in the early years, may be lower than the amount invested less any income we've already paid. The lump sum paid on death may also be less than would be needed at that time to replace the remaining guaranteed benefits that are payable.

The plan can only be set up on a single-life basis so any income payments will stop on death, a lump sum will be paid to the trustees and the plan will end.

What if the Guaranteed Income Plan isn't right for me?

The scheme trustees have 30 days from the date we issue the **first** quote to cancel the plan. This is called a cooling-off period. If you don't exercise your right to cancel your plan within 30 days of when we issue the first quote, it may not be possible.

You may get back less than you paid in if, for example, any income or adviser charges have been paid.

To cancel, trustees should complete and return the Cancellation Form that we send with plan documents, or write to us at:

Prudential Customer Services

Prudential

Lancing

BN15 8GB

Please include the plan number.

After 30 days your plan becomes binding and you can't cancel it. But if you decide it's not right for you later, you can cash it in. Please read the section 'How flexible is it?'

Other information

Client category

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

Compensation

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

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

Where does FSCS protection apply?

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

As your Guaranteed Income Plan is a 'contract of long-term insurance' within the meaning of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, it will be protected 100% in the event of the default of PACL.

You can find out more information on the FSCS at pru.co.uk/fscs or you can call us. Information is also available from the Financial Services Compensation Scheme.

Visit their website: fscs.org.uk

Or write to:

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

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

Financial strength

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

Terms and conditions

This Key Features Document gives a summary of your plan. Full details are set out in our **Terms and Conditions** which is available from your financial adviser or scheme trustee. It will be sent to the trustees when your plan starts.

Conflict of interest

We want to make sure that we uphold our reputation for conducting business with integrity. If we become aware that our interests may conflict with yours we will take all reasonable steps to manage it in an appropriate manner. We have drawn up a policy to deal with any conflicts of interest. If you would like to know the full details of our Conflict of Interest Policy, please contact our Customer Service Team on the contact details on the last page.

Law

The law of England and Wales applies to your contract.

Our regulators

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

You can contact the FCA at:

**The Financial Conduct Authority
12 Endeavour Square
London
E20 1JN**

Email: consumer.queries@fca.org.uk

Prudential Regulation Authority details:

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

Email: enquiries@bankofengland.co.uk

Communicating with you

Our documents and terms and conditions, as well as all other communications, will be in English.

How to make a complaint

If you're a scheme trustee and have a complaint, please get in touch with us and we will do everything we can to resolve it. You can also ask us for details of our complaints handling process.

Our contact details are in the 'Get in touch' section on the last page.

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

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Telephone: **0800 023 4567** or **0300 123 9123**

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

Help is also available from The Pensions Ombudsman who deals with complaints and disputes about the administration and management of occupational and personal pension schemes

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

Telephone: **0800 917 4487**

Email: enquiries@pensions-ombudsman.org.uk

Website: pensions-ombudsman.org.uk

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

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

Get in touch

If you still have questions about the Guaranteed Income Plan after reading this booklet, please speak to your financial adviser.

If you're a scheme trustee and want to contact us you can do so in the following ways:



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



Telephone: **0345 074 7575** Monday to Friday **8:30am** to **5:30pm** (we are not open on public holidays). We might record your call for training and quality purposes. To find out more about how we use your personal data please visit pru.co.uk/mydata



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

pru.co.uk/contact-us/signvideo

There's no additional cost for using these services, you just pay your normal call charges.



Email: **PGIP.Servicing@mandg.com**

We want to make sure we keep your information private. So please don't send us any personal details using email.

We're here to help

If you're experiencing health challenges, money worries or other difficulties that require us to work with you differently, please get in touch to find out how we can help.

Do you need audio, braille or large print?

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

Keep in touch

It's important that we keep in touch so if the scheme changes address or any contact details, they should let us know.

