

Adviser Guide

Annual Review

A guide to your clients' Group Personal Pension
and Group Stakeholder Pension

About the review

The annual review is an important part of each member's financial planning. This review gives an indication of the benefits which may be available in the future. It will help you assess the progress and current status of each member's plan – to check that the pension provision is on course to meet his/her retirement needs. It will also help you streamline notification of new earnings and increases in contribution rates and life cover.

The Review covers the following:

1. Scheme Summary

This gives an overview of the scheme structure, including:

- payment method
- scheme earnings definition
- membership summary
- retirement breakdown (membership numbers in terms of years to retirement)
- the number and type of sections and tiers (if applicable).

2. Annual Summary

For Data Protection reasons, this information must not be given to anyone other than the member without the member's authority. The summary covers details you need to carry out the review including:

- projected retirement benefits which includes a Statutory Money Purchase Illustration showing a yearly pension, in today's terms and as a percentage of current earnings
- the number of years to Selected Retirement Age
- total contributions paid
- current scheme earnings
- current values

3. Contributions Update Schedule

For each member this shows:

- current scheme earnings (where contributions are earnings-related)
- current contributions (split between member and employer)
- life cover details

The Contributions Update Schedule must be completed and signed by the employer/firm before returning it to Prudential. Please make sure the Schedule is returned even if there are no changes, so that we do not issue reminders.

Note

Individuals identified by HMRC as Scottish rate taxpayers may pay a different rate of income tax to the rest of the UK from 6 April 2016, depending on the rate set by the Scottish Government for each tax year. This would affect the amount of tax relief received on pension contributions. However, the Government has introduced a period of two years from 6 April 2016 during which pension providers will continue to claim tax relief for personal pensions at the UK basic rate for all members. HMRC will identify Scottish taxpayers and make any adjustment (depending on the Scottish rate) directly with the member during the two year transitional period. This will be done either through the Self-Assessment process or PAYE Coding Notice.

For more information on the Scottish Rate of Income Tax, please visit the HMRC website www.gov.uk

4. Alteration Form

Where, as a result of the review, a change is to be made to the current terms, an Alteration Form should be completed. You will be able to use this for:

- change to contribution basis
- change to Selected Retirement Age
- change to beneficiaries
- add waiver benefit*
- change to investment strategy (including adding/removing investment options).

The member will need to sign this form.

To keep the Alteration Form simple, but allow its use to cover a wide range of changes, a “tick box” list has been included, with a larger box to be used to describe the change(s) to be made. Please photocopy this form for the number you need, or ask us for more forms if you prefer. (You can also print the forms from www.pruadviser.co.uk)

* Please read the note regarding waiver within the Review Checklist in the next page.

5. Plans Included

The Annual Summary and Contributions Update Schedule cover only the members' Group Pension plans. Members may have other personal pension and retirement annuity plans with Prudential. Details of these plans can be requested separately from Prudential.

6. Routing of Members' Annual Benefit Statements and Leavers Packs

The Members' Annual Benefit Statements help to meet the personal pension disclosure of information regulations and must be given to the members.

Unless you have already made arrangements with us to have the statements sent to you first, they will be sent direct to the members' home addresses when we send your pack to you.

We will also send Leavers Packs direct to the leaver unless you ask us to send to you to pass to the leaver.

If you have not already told us your preference for the issue of benefit statements and leaver packs, or want to change the instructions, please let us know.

Note

A non-contractual increase is any increase resulting from

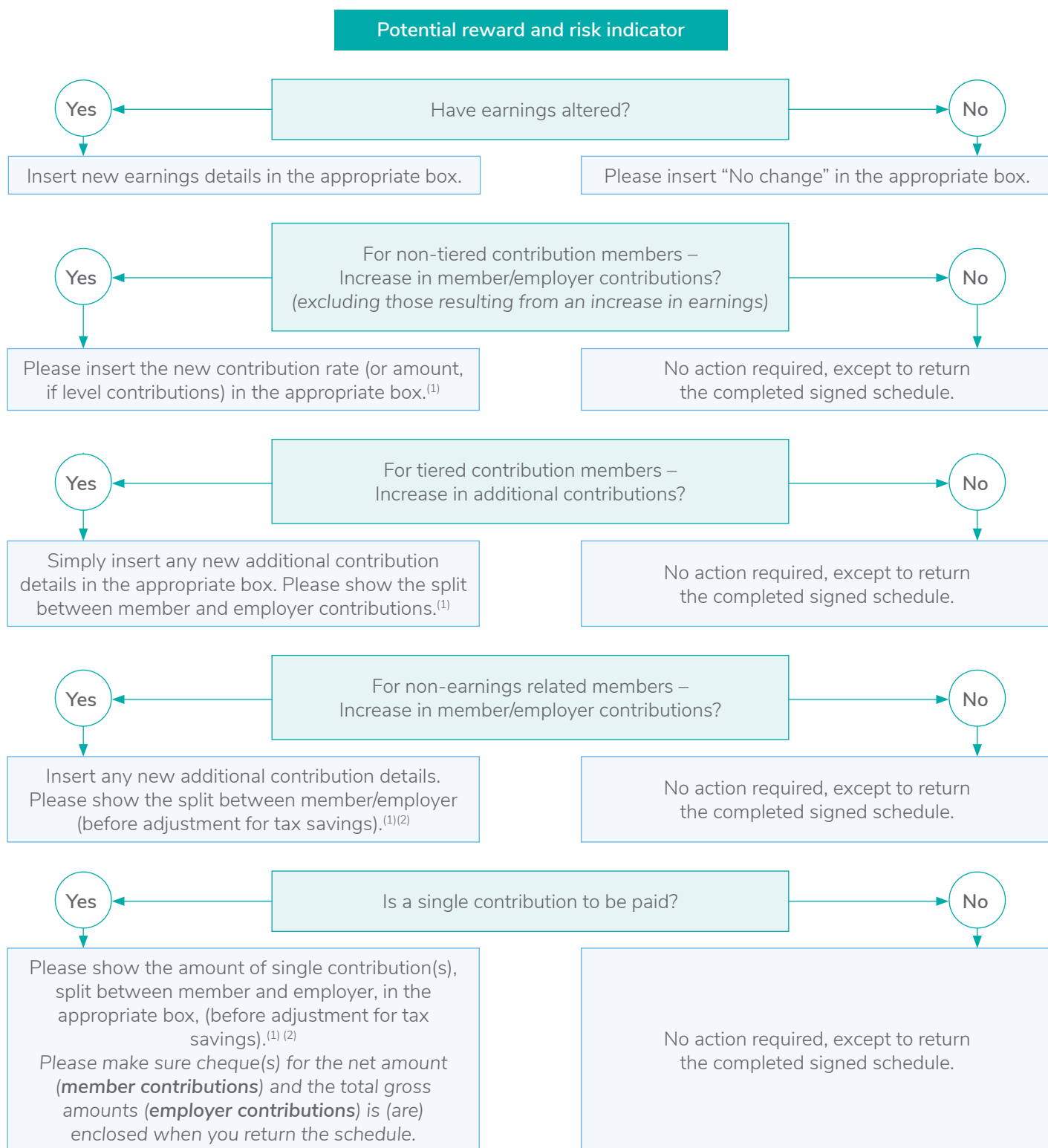
- a **change** to the percentage rate (except an automatic increase in a tiered contribution scale) or an increase in the automatic indexation rate.
- a mid-year **increase** in Scheme Earnings where Scheme Earnings are fixed at each scheme review date.
- Non-contractual increases will be invested in a Premier plan.

Review checklist

You may want to consider the following:

- Have the member's earnings increased? If so, are the contributions already earnings-related?
- Has any member received any cash or bonuses? If so, would he/she like to make a single contribution?
- Have any members flexibly accessed any pension benefits on or after 6 April 2015 and triggered the Money Purchase Annual Allowance?
- Does the employer want to make special contributions to reward particular employees?
- Are the projected benefits shown in the Annual Summary in line with the member's current standard of living and expectations?
- Are the benefits likely to be enough if early retirement or a tax free lump sum is taken?
- Have any member's family circumstances changed? If so, the nomination of beneficiary details may need to be updated. Following the abolition of contracting out under defined contribution schemes, any nominations made will be used to help the trustees exercise discretion in settling any death benefit (including former protected rights).
- Should waiver benefit be added for some or all members?
 - Waiver can be added to plans where the member joined the scheme before 6 April 2001.
 - The cost will qualify for tax relief.
 - The cost of waiver benefit for a member who joined the scheme after 5 April 2001 must be met by the member and does not qualify for tax relief. The cost will be in addition to the pension plan contributions. This type of waiver cannot be added after a plan has started.
 - Waiver benefit is not available for new members who join the scheme after 17 January 2005.
- Does the investment strategy need to be revised?
- Should the free Lifetime Investment Profile/Lifetime Investment Option/ Pension Protector Option be added for some or all members?
- Has the employer/firm taken on any new staff/partners?
- Are there leavers who need further advice?

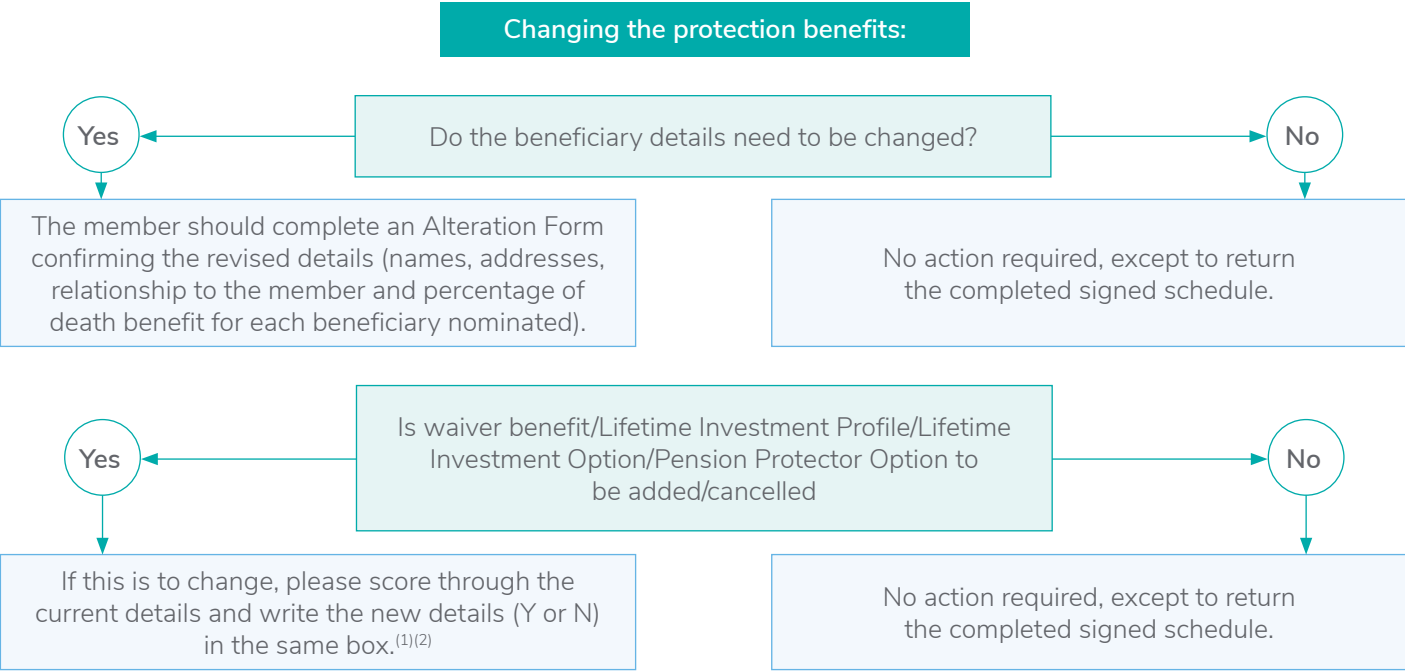
Completing the contributions update schedule



(1) Please ask the member to complete an Alteration Form.

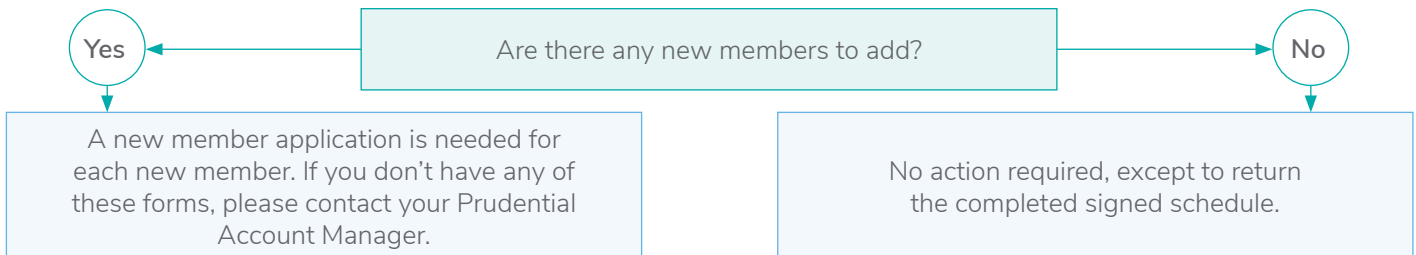
(2) For Group Personal Pension, subject to Prudential's minimum increase level.

Completing the contributions update schedule

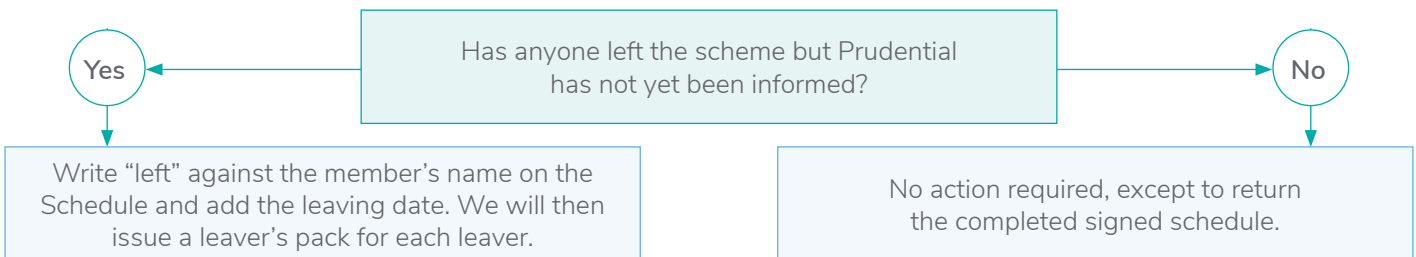


(1) Please ask the member to complete an Alteration Form.
(2) For Group Personal Pension, subject to Prudential's minimum increase level.

Adding new scheme members:



Members leaving the scheme:



Completing the review process

Now you have completed your clients' annual review, please make sure that the Declaration has been signed by the employer/firm to confirm, for example, that the scheme earnings details are correct. Please make sure each Alteration Form (if applicable) has been signed by the member.

Please now return the completed package and any cheques to:

Customer Service
Prudential,
Lancing, BN15 8GB.

Contribution collection deadline

Where regular contributions are payable by direct debit, completed schedules should, if possible, be returned to Prudential three weeks before the review date to allow for contribution/benefit changes to be processed before the regular contribution collection date. If schedules are returned later than this, banking collection systems mean the new contributions (allowing for adjustments effective from the review date) may be collected from the next contribution payment date. This, in turn, could lead to a breach of the legal requirements on contribution monitoring – and possibly a fine from the Pensions Regulator. As such, it is important that Scheme Review information is returned promptly.

Full written terms and conditions of Prudential's pension plans are available from Prudential on request.

