Pru
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Prudential Investment Plan

A guide to understanding your plan

The tax information in this guide is based on current rules, which can change. Any tax you may pay will also be based on your own circumstances.

At a glance – your Prudential Investment Plan

The main aim of the Prudential Investment Plan is to grow your money by investing in your chosen fund(s). The Plan has built-in flexibility, so you can adapt your Plan if your attitude to investment risk or your requirements change, for example, by needing to take withdrawals from your Plan. Before taking out this product, please speak to your Financial Adviser to discuss whether using your full annual ISA allowance first would be the right solution for you.

Be aware of the risks

Please remember the value of your investment can go down as well as up and you may not get back the amount you put in.

For more information about the Prudential Investment Plan, please speak to your financial adviser and/or see the Key Information Document and relevant Investment Options Document(s). In addition, you can also read the Key Features document.

At a glance:

Potential for your money to grow	By putting your money into your chosen fund(s), and keeping your money with us over the medium to long-term, your money has the potential for growth.
Broad range of funds to choose from	You can choose from a wide range of funds from Prudential and other leading fund providers.
Tax efficiencies and Taking money from your Plan	You can take up to 5% of your initial investment as withdrawals each year for up to 20 years and the tax liability will be deferred until you cash in your Plan. Any allowance you do not use one year can be taken up in later years until you have taken the full amount that you put into your Plan. If you exceed the annual tax-deferred allowance limit, you may be subject to an income tax charge.
Adding more money to your Plan	You can add money to your Plan at any time (top-ups).
Switching funds	You can move (switch) your investment between funds. This is currently free, but could change in the future. We will let you know if this happens.
Money on your death	The standard death benefit will pay out 100.1% of the value of your Plan when you die (or when the second person dies if the Plan is taken out on two lives). Or, you can select the Return of Premium option when you set up the Plan so that we pay out at least the original investment, less any withdrawals, on your (or the second life's) death. There may be a cost if you select this option.
Help with Inheritance Tax planning	Placing your Plan in trust means you can potentially reduce your Inheritance Tax liability. You can remain in control by choosing the Trustees and who can benefit from your investment.

Things to consider at the start of your Plan

How long should you invest for?

Prudential Investment Plan is suitable for when you want to invest over the medium to long term (5-10 years or more).

What level of risk are you willing to take?

Choosing which funds to invest in can be difficult. By putting your money into chosen funds, and keeping your money with us over the medium to long term, your money has the potential for growth.

Each fund will invest in different areas, known as 'asset classes'. Each asset class has a different level of risk and potential return. Generally, higher-risk assets have a greater potential reward however they have a greater chance of fluctuating in value and higher loses. Lower-risk assets have less potential for reward. Understanding the relationship between asset class risks and potential rewards is an essential part in working with your financial adviser to establish your current risk profile.

After discussing the various asset classes and your investment aims with your financial adviser, you should hopefully have an expectation of what you want your investment to achieve and the level of risk you are willing and able to take and how much you could afford to lose.

In the diagram below, we've briefly explained the relationship between risk and reward for the different asset classes.

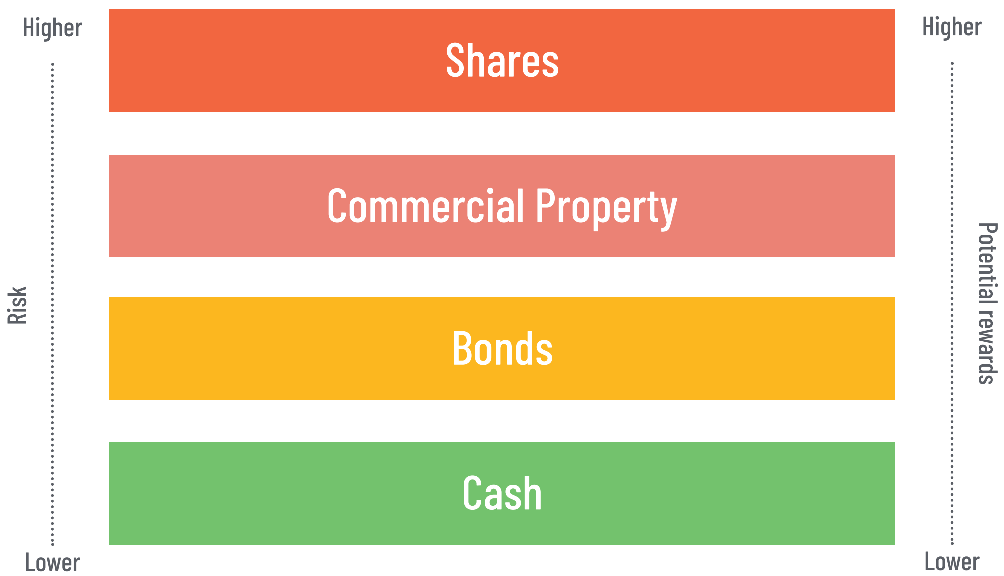
The diagram is only intended to be a general indicator of the relationship between the different asset classes in terms of risk and reward and may vary in certain circumstances. It is not intended to show examples of all types of asset classes. It reflects Prudential's long-term view and may differ from others in the industry.

Which fund should you invest in?

The Key Investment Document and relevant Investment Option Document(s) can provide details on the fund risks, costs and objectives.

We have a broad range of funds for you to choose from. You can choose one or more funds that match your attitude to risk based on your personal circumstances and objectives. Funds you can choose include our multi-asset funds that spread your investments over a number of assets, including funds that try to smooth some of the extreme short term ups and downs of direct stockmarket investment.

Asset classes – risk and potential rewards



Switching between funds

You can decide to switch funds at any time as your personal circumstances or attitude to risk changes. For information on our full range of funds please see the Prudential Fund Range on page 9.

For most people, choosing a fund or funds and having the option to switch when you choose works perfectly well. There are options where you may want us to do something else for you. This is what we call Automatic Rebalancing.

Automatic Rebalancing

Automatic Rebalancing helps to keep the funds in the same proportion as they are when you first apply. For example, you may choose to invest half of your money in one fund, for instance UK equity and half in another fund, for instance UK fixed interest. It is very likely a year later that the percentage in each fund will be different as each fund goes up or down in value in line with the assets they invest in.

If you choose rebalancing at the start of your Plan, we will, on each anniversary of your Plan, move the funds so they are back to the percentage you first chose. This helps make sure that your investment keeps in line with your investment fund choices and can save you time and money as we do this work for you.

Do you want to take withdrawals?

Having the flexibility to choose when and how you take a withdrawal means that, if your circumstances change, your Plan can adapt. If you need to access some money, you can without having to stop your Plan. Or, if you require regular withdrawals to pay for school fees or other ongoing costs, your Plan has the necessary flexibility, subject to certain limits.

Paying your Financial Adviser through your Prudential Investment Plan

You and your financial adviser will agree the charge for financial advice. If you wish, you can ask us to pay some or all of these charges from the payment you send us and/or from your investment.

Any adviser charges paid from the Plan, or any regular or one-off withdrawals from the Plan, will count towards your tax-deferred allowance. For more information, please read through your Key Features document.

Annual Management Charge (AMC)

Prudential takes an AMC for looking after your investment. The amount of the AMC depends on the fund(s) you choose, and how much you invest.

Further Costs

There are other costs which aren't covered by the AMC, these can include maintenance costs for property investments and costs associated with investing in infrastructure, such as utilities, transport and renewable energy. These can vary over time.

Yearly total

The yearly total combines the Annual Management Charge and further costs.

The fund, or funds, you choose will determine how much we deduct. You can see a full list of funds in our "Fund Guide: Prudential Investment Plan"

Staying in control during the lifetime of your Plan

Your Plan is flexible, so you can:

Change your funds

You can change the fund(s) you're invested in to:

- match any change in your personal circumstances
- match any change in your attitude to risk
- take advantages of investment opportunities

You can currently move between funds at any time with no charge and without the need to change product.

Add more money into your Plan

You can make additional investments (top-ups) to your Plan of £10,000 or more at any time. There is a Plan maximum investment limit of £5 million. You may pay by cheque or a bank transfer.

We may accept larger investments in certain circumstances.

If appropriate, your financial adviser can enquire on your behalf.

Take money from your Plan

There are several ways you can take money out of your Plan.

Arrange tax-efficient withdrawals

You can take regular withdrawals of up to 5% (of the amount invested) each policy year without any immediate tax liability, until 100% of that amount has been reached. We will include any Ongoing or Ad-hoc Adviser Charges taken from your Plan within this allowance. This 5% tax-deferred allowance accumulates to following years if you don't use it.

As standard we set up your plan as a group of 20 identical segments. You can request to set up the plan as a group of up to 100 segments (subject to a minimum of £1,000 per segment). This means that you can cash in individual segments, rather than a part of the whole Plan. This can help you with your tax planning.

For details on restrictions on switching in and out of our range of funds, withdrawals, regular withdrawal limits and any other features, please refer to your Key Features document.

You can also refer to our Fund Guide for more details on our complete range of funds or see page 8.

Arrange regular withdrawals

You can take regular withdrawals of up to 7.5% of the original investment each year from your Plan. You can do this monthly, quarterly, every four months, half-yearly, or yearly to suit your needs. Please remember, if the total of your withdrawals exceeds the growth of your Plan, your Plan will reduce in value and will be worth less than your original investment.

If you exceed the 5% tax-deferred allowance described above there may be an income tax charge.

Take full and partial withdrawals

You can take full and partial withdrawals from your Plan at any time. The minimum amount of any withdrawal is £50. If you're not withdrawing the full value of your investment from a particular fund, you must leave at least £500 in that fund.

Gift your Plan to someone else

You can gift/assign the Plan at any time to someone else. If you decide to pass the benefit of the Plan to someone else, there will be no income tax charge at that time and any future income tax charges will normally be assessed on the new owner.

If you live for seven years after the gift has been made, there will be no Inheritance Tax charge (as this is treated as a Potentially Exempt Transfer).

The Prudential Fund Range

The Prudential Investment Plan offers a wide selection of funds that could suit your investment needs. The range includes the Prudential Multi-Asset Funds and funds that invest in one area. Here's information on some of the Multi-Asset funds available on Prudential Investment Plan.

The PruFund Range of Funds

The PruFund range of funds aim to grow your money over the medium to long term, while protecting you from some of the short-term ups and downs of direct stock market investments by using an established smoothing process. This means that while you won't benefit from the full upside of any potential stock market rises you won't suffer from the full effects of any downfalls either thanks to our smoothing process and Multi-Asset approach, spreading the risk to your investment.

There is a range of PruFund funds designed to suit different attitudes to risk and reward, for those wishing to invest for 5 to 10 years or more.

There are the five Risk Managed PruFund funds, and also the PruFund Growth and Cautious Funds, the latter two included guarantee options (at an additional charge). However, the PruFund Protected Growth Fund is currently closed to new investments.

Expected Growth Rates (EGRs)

Prudential set Expected Growth Rates (EGRs) – annualised rates your investment would normally grow at – which reflect our view of how we expect the assets that make up each PruFund fund will perform over the long term (up to 15 years). The likelihood of receiving returns in line with these expectations will be greater, the longer you remain invested.

Unit Price Adjustments (UPAs)

While the EGR reflects our long term view, we need to check that the fund is performing as expected – if not we may need to make an adjustment to your fund value, either up or down. These are Unit Price Adjustments. There are limits which set out when an adjustment would be required.

Range of funds

For the PruFund range of funds, we may decide to reset the unit price of a PruFund Fund to the unsmoothed price on a particular day, to protect the With-Profits Fund. There may also be occasions where we have to suspend the smoothing process for one or more PruFund Funds for a period of consecutive days, to protect our With-Profits fund and those invested in it.

Risk Managed Active and Risk Managed Passive – range of funds

The multi-asset range includes five Risk Managed Active funds and two Risk Managed Passive funds. Each of these is a “fund of funds”, which means that it invests in a collection of funds that are themselves run by some of the leading investment managers in the country.

The Risk Managed Active range gives you access to M&G Treasury & Investment Office (T&IO)* for active asset allocation with a focused selection of underlying funds that use expert active fund management approaches.

You can choose between five active risk-managed portfolios which can be matched to your attitude to risk.

The Risk Managed Passive range gives you access to M&G Treasury & Investment Office (T&IO)* for active asset allocation, with a focused selection of underlying funds that use predominantly (at least 70%) passive fund management approaches. You can choose between five risk-managed portfolios which can be matched to your attitude to risk.

We will manage your money to achieve the best return we can for the level of risk you are willing to take. Your financial adviser can give you more information.

* *M&G Investment Management Ltd, part of the M&G Group, are the investment managers for the Risk Managed Active range and the Risk Managed Passive range. They make the relevant adjustments to the portfolios based on T&IO recommendations.*

Where to find more information

For further information, please read the following documents or speak to your financial adviser.

Key Information and Investment Option Document(s) are available from **pru.co.uk/investments/investment-fund-range**

Fund Guides are available from **pru.co.uk/funds/guides**

Key Features are available from **pru.co.uk/existing-customers**

Once your Plan is set up

You can request information about your Plan from pru.co.uk/existing-customers

You will receive Annual Statements and Plan Valuations

We'll send you a statement each year with the latest performance details of your Plan. You can also call us on **0345 640 2000** for an up-to-date valuation of your Plan. We may monitor or record calls for quality and security purposes.

To contact us

Prudential Investment Plan Customer Service telephone number – **0345 640 2000** (8am-6pm, Monday to Friday). We may monitor or record calls for quality and security purposes.

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

Web address: **pru.co.uk**

pru.co.uk

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