

Prudential Retirement Account

The Prudential Retirement Account allows individuals to save for retirement in a tax-efficient manner and provide an income in retirement through a combined personal pension and drawdown account. These two elements of the Retirement Account are referred to as the Pension Savings Account and the Pension Income Account.

With more financial advisers choosing to make use of technology for efficiencies in their business, the Retirement Account comes with extensive online functionality and accessibility designed to make your life easier in maintaining your client's pension portfolio.

	Prudential Retirement Account	
	Pension Savings Account	Pension Income Account
Eligibility		
Minimum age at entry	No minimum age requirements	55 If the account holder has a protected pension age, or they are in ill health, they may be able to take their benefits before this age. Please contact us to discuss this.
Maximum age at entry	<ul style="list-style-type: none"> • 75 next birthday for contributions • 99 next birthday for transfers 	99 next birthday for transfers
Maximum age at exit	There is no maximum age at exit of the Retirement Account	
Contributions		
Contributor	Account holder, employer and third party contributions	<ul style="list-style-type: none"> • Transfer from existing drawdown plans (capped or flexi-access) • Switches from the Pension Savings Account within the Retirement Account.
Payment Types	<ul style="list-style-type: none"> • Regular contributions payable monthly and annually • Single contributions – cheque or bank transfer • Transfer values • <75 – eligible contributions receive immediate basic rate tax relief 	<ul style="list-style-type: none"> • Transfer values
Minimum and Maximum Investment limits	There are no minimum investment limits applicable. The maximum total investment is £1 million. If your client would like to pay in more please contact us to discuss.	

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Investment Options The account holder can choose between the following funds:		
Extensive Fund range	We offer a wide range of investment options, including our PruFund range of funds and access to hundreds of collective funds.	
Multi-asset Investment Fund Range	This includes our M&G Treasury & Investment Office managed PruFund range of funds and two risk-managed multi-asset families of funds – Risk Managed Active and Risk Managed Passive fund ranges.	
PruFund range	The option to invest in a choice of five Risk Managed PruFund funds. Also PruFund Growth and PruFund Cautious funds both of which include guarantee options for an additional charge. These PruFund Protected Funds are currently closed to new investments for new and existing customers.	
PruFund Planet range	A choice of five risk-managed, multi-asset funds each with its own risk profile, actively managed by M&G Treasury and Investment Office (T&IO). PruFund Planet enables advisers to design an investment strategy that suits the client's appetite for risk and reward, whilst helping to ensure their money works to deliver positive environmental and societal outcomes.	
Risk Managed Active range	The Risk Managed Active range provide access to a unique combination of experts: <ul style="list-style-type: none"> • M&G Treasury & Investment Office for asset allocation • Morningstar Investment Management Europe Ltd for fund selection The five funds target different levels of risk and potential return. This reduces your time and effort when building individual portfolios.	
Risk Managed Passive range	The five Risk Managed Passive funds are designed to meet different investment objectives and help target clients' different attitudes to risk. Risk Managed Passive funds invest in both passive and actively managed funds. Funds from Legal & General track a range of world equity stock markets; M&G provide actively managed, fixed interest and property funds; and alternative assets will be provided from selected specialists.	
Collective Funds	Access to hundreds of collective funds from some of the most popular fund managers and investment companies available covering all Investment Association sectors.	
ESG Investment Options	There are a range of ESG rated funds available on the Retirement Account which invest in asset classes such as equities, fixed income, property and alternatives.	
Stocktrade	Investment options such as direct investment in UK stocks and shares, investment trusts and exchange traded funds are also available through an execution only stockbroker. Stocktrade is a division of Alliance Trust Savings Limited, which is a subsidiary of Alliance Trust PLC and is registered in Scotland No. SC 98767, registered office, PO Box 164, 8 West Marketgait, Dundee DD1 9YP; is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, firm reference number: 116115. Alliance Trust Savings gives no financial or investment advice.	
Adviser Model Portfolios	The Retirement Account allows financial advisers to select preferred funds to create portfolios. These portfolios can be created to suit their investment advice process in line with their clients' attitudes to risk. This option applies to all external funds and the Risk Managed Active range.	
Cash Account	All contributions in and payments out go via the cash account. We also use the cash account to pay financial adviser and non PruFund product charges. There's no minimum amount required in this account. Any interest earned is credited, without deduction, to the account holder's cash account.	
Switches	Financial advisers can carry out ad hoc fund switches. Switches out of PruFund funds will be subject to a 28-day waiting period. The unit price used is that which is applicable at the end of the waiting period. Automatic Switches occur either through adviser portfolio rebalancing or when moving from PruFund holding account to the smoothed fund. A switch request involving any of the PruFunds may only be made once every three months. Bulk switches also available.	

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Pension Savings Account

Pension Income Account

Optional Guarantees

The PruFund Cautious and PruFund Growth Funds previously offered guarantee options, for an extra charge.

Due to current market conditions new guarantees on PruFunds are currently suspended for new and existing customers from 25.11.2019.

Details on the suspended guarantee options that are currently unavailable can be found below.

Capital Guarantees

Selected funds from the PruFund range of funds come with the option of purchasing a capital guarantee. This guarantee ensures that no matter how markets have performed, a guaranteed minimum fund value is available at a specific date in the future: this is the guarantee date. The available guarantee dates depend on the minimum and maximum terms available at the time account holders take out the guarantee. Additional charges will be applied. Full details are shown in Guarantees Available On PruFund Investments.

Minimum Income Guarantees

Not available

- Minimum Income Guarantees are available for investments held in selected funds from the PruFund range of funds in the Pension Income Account. At any time from 55, account holders can guarantee a minimum income from these investments. This gives them a way of ensuring a dependable income for life, although it could still deplete their original investment, but without the commitment of taking out an annuity.
- The guarantee can be switched off if their needs change.
- A new guarantee can be applied at a future date subject to some restrictions.
- Charges will be applied.

Benefits

Account Holder's can take their benefits in the following ways:

Income Options

- Regular or ad hoc Uncrystallised Funds Pension Lump Sum (UFPLS);
- Account holders can take out regular or one-off lump sums from their Pension Savings Account with the flexibility to change the amount of withdrawals at any time.
- Normally each UFPLS payment is 25% tax free, with the remaining 75% of the lump sum taxed accordingly.
- Purchase an annuity from any insurance company.
- Pension Income Account can provide flexi-access drawdown (and capped drawdown transfers from existing capped drawdown plans).
- Drawdown – Each time money is moved into drawdown from the Pension Savings Account the account holder is entitled to tax-free cash and income.
- They can take regular income or set up phased drawdown.
- Any income paid out will be taxed at the account holder's marginal rate.
- Purchase an annuity from an insurance company.

Income Frequency

Monthly, quarterly, half yearly and yearly. Ad-hoc income also available.

Income payment date

This can be any day from the 1st to the 28th of each month. Ad-hoc income may be requested on any day of the month.

Fund choice for income payment

Payments will come from the cash account but if there is insufficient cash available the account holder can specify where the income should come from. Account holders have the option of withdrawing income from some or all of the funds in their Retirement Account and they can choose to include or exclude guarantee units.

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Pension Savings Account

Pension Income Account

Death Benefits

Death before 75

Prudential offer flexible death benefits.

There are 3 main ways account holders' pensions can be passed onto their beneficiaries:

- Lump sum – account holders' pensions are paid out into the beneficiaries bank account.
- Drawdown – the beneficiary "takes over" the pension and can take out as much or as little as they wish.
- Annuity – the beneficiary can buy a secure income for life from an insurance company.

The account holders expression of wish is important and should be kept up to date as this will be used by Prudential in deciding the beneficiaries and to whom we may pay income benefits.

The beneficiary of the account holder will normally receive the proceeds of the Account tax-free when taken either as a lump sum or by withdrawing income.

Death after 75

If the account holder dies at or after age 75 the beneficiary will be taxed on any payments at their marginal rate.

Where the benefit is paid to a non-individual e.g. to a trust or estate then we will deduct 45% tax before payment. The ultimate beneficiary of the payments may be able to reclaim some or all of this tax back depending on their circumstances.

Charges

*Product charges/discounts

Total Value of Retirement Account

Yearly Product Charge After Discount

<£25,000

0.45%

£25,000 – £49,999

0.45%

£50,000 – £99,999

0.45%

£100,000 – £249,999

0.40%

£250,000 – £499,999

0.35%

£500,000 – £749,999

0.30%

£750,000 – £999,999

0.275%

£1,000,000+

0.25%

Investment charges and costs*

Yearly charge

- This is a charge for looking after your investment.
- This may vary between funds and may change throughout the lifetime of your Prudential Retirement Account.
- Where you have invested in PruFunds, this charge can also be referred to as an Annual Management Charge.





Further costs

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

For further information on charges and costs, please refer to the relevant fund guide. There are no investment charges and costs applied to your Cash Account.

	Prudential Retirement Account	
	Pension Savings Account	Pension Income Account
Charges (continued)		
Investment charges and costs*	<p>Additional information</p> <p>Where you have invested with Stocktrade there may be some charges not displayed in this illustration. Please contact Stocktrade or your Financial Adviser for more information.</p> <p>Depending on the type of external investments selected by the account holder, there may be additional fees deducted by the fund manager or the external stocks and shares provider as and when required.</p> <p>Stocktrade Account charges will be applied including:</p> <ul style="list-style-type: none"> • Per trade fee 0.5% (subject to a minimum of £15 and a maximum of £75) • Nominee charge of £20 per quarter 	
<p>Guarantee charges*</p> <p>New guarantees on PruFund are currently suspended as, under current market conditions, the cost of guarantees on PruFund means they would not offer value for money.</p>	<p>There is a guarantee charge for each capital guarantee and each income guarantee.</p> <p>The charge account holders pay is set at the time they take out the relevant guarantee and will apply for the whole period they hold those guarantee units.</p> <p>The guarantee charge is taken monthly in arrears on the charge date by cancelling guarantee units. The charge date is the date each month when we deduct charges from a sub-account in the Retirement Account.</p> <p>The charges and rates for Capital and Income Guarantees are detailed in Guarantees Available On PruFund Investments.</p>	
Initial Adviser Charge	<p>Charges for initial advice are deducted from payments received for new business. For vesting within the Retirement Account, the Initial Adviser Charge is taken from cash account. If insufficient cash exists then assets will be sold in line with any client income disinvestment instruction. Where this instruction cannot be met assets will be sold proportionately across funds (excluding or including any guaranteed units).</p> <p>For single contributions and transfers the Initial Adviser Charge can be expressed as a percentage of the contribution or a fixed monetary amount. The maximum adviser charge that can be facilitated is the lower of 5% of the initial investment or £20,000. For regular contributions the charge can be specified as a single percentage of the contribution, payable for a number of payments as agreed by the adviser with their client. The maximum adviser charge on regular contributions is equal or equivalent to 25% of the initial 12 monthly payments.</p> <p>For a percentage Charge for Initial Advice on an unvested contribution the specified percentage is applied to the gross contribution, i.e the total of the contribution and the tax relief. However, the maximum amount of any initial adviser charge is restricted to the value of contribution before tax relief is added. e.g. the maximum adviser charge on a regular gross contribution of £100pm from the account holder would be 80% (£80) assuming basic rate tax of 20%.</p>	
Ad Hoc Adviser Charge	<p>An ad hoc adviser charge is selected as a specified monetary amount. The maximum ad hoc charge is 2% of the fund value in a 12 month period.</p> <p>The charge will be deducted from the cash account (disinvestment of assets will be needed if insufficient cash exists)</p>	
Ongoing Adviser Charges	<p>The charge can be applied monthly, quarterly, half yearly or annually – a fixed monetary amount or a percentage of up to 1% of the Account fund value.</p> <p>The charge is deducted from the cash account or in line with the disinvestment profile provided if insufficient cash exists</p>	

* Charges may vary in the future

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Service and Support			
Technical Support		<ul style="list-style-type: none"> Our Technical section under “Knowledge and literature” on PruAdviser has a wide variety of articles on tax, trust, estate planning and pensions legislation. 	
Specialist pension transfer service		Pension Transfer Service: <ul style="list-style-type: none"> Provides administrative support on transfer business for both personal pension and drawdown. Also contacts previous providers to ensure prompt payment of funds to new plan. 	
Online services and functionality			
Helpful online tools		<div style="display: flex; flex-direction: column; gap: 10px;"> <div>  <p>Retirement modeller – can be used to help clients understand their retirement requirements. Whether it’s finding out the cost of an ideal retirement or getting a starting point for how long they need income for, this tool provides powerful modelling with simple graphics.</p> <p>The Retirement Modeller makes it easy for you to model your clients retirement preferences, from simple scenarios to complex planning solutions.</p> </div> <div>  <p>Online illustrations – enabling you to get the information you require quickly. The Retirement Account gives the ability, to produce a range of solutions on a single online illustration giving your client a holistic picture of their retirement journey, taking into account the options such as regular income/UFPLS and phased drawdown.</p> </div> <div>  <p>Online new business submissions – all new business illustrations are automatically saved and can be used as the basis for alternative illustrations or application submissions allowing a more efficient process avoiding repeated data entry.</p> </div> <div>  <p>Client management – with access to client records and online features you have a wealth of intelligence from across your client base to support in your reviews and ongoing management of your clients pension investment.</p> </div> </div>	

To produce an illustration go to pruadviser.co.uk

This is a guide to the Prudential Retirement Account. For a more detailed explanation, please refer to the Key Features of the Prudential Retirement Account document.

This guide is based on our current contract terms, full terms and conditions are available on request. Information given is based on our current understanding of current taxation, legislation and HMRC practice, all of which are liable to change.

The value of any investment can go down as well as up so your client might get back less than they put in.

For more information

Please contact your Prudential Account Manager or visit pruadviser.co.uk