

Policy Document

Trustee Investment Plan (Series A)

For Plans taken out on or after 24th March 2022
(TIPT10047)

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1. Introduction

This policy document is for **Trustee Investment Plans (Series A)** which are **post-RDR pension plans** with a **date invested** falling on or after 24th March 2022.

1.1 Definitions and interpretation

In this **Policy** the words “we”, “us” and “our” refer specifically to **Prudential** (i.e. The Prudential Assurance Company Limited).

The words “you” and “your” refer to the appointed Trustees of the **Scheme** who applied for the **Plan**. References in this **Policy** to “you” include not only the person or persons who originally applied for the **Plan**, but also any other person or persons who become entitled to the **Plan** (for example, as replacement Trustees of the **Scheme** or through an assignment of the **Plan**).

The acronym “RDR” refers to the “Retail Distribution Review”, a review conducted by our then regulator which led to new rules on advice and adviser charging, effective from 31st December 2012.

Some words and expressions are in bold type (for example, “**Policy**”). This indicates that the word or expression has a special meaning as set out in section 22.

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

1.2 Post-RDR pension plans and Adviser Charges

1.2.1 Policy documents for post-RDR pension plans

Pension plans which fall under the regulatory rules on advice and adviser charging, effective from 31st December 2012 are known as **post-RDR pension plans**.

A **Trustee Investment Plan (Series A)** is a **post-RDR pension plan** where:

- the **date invested** of the **Trustee Investment Plan (Series A)** falls on or after 2nd January 2013; and
- the **Trustee Investment Plan (Series A)** is not being treated as a pre-RDR pension plan (see the Note below).

This **Policy** document (TIPT10047) is relevant to and issued in respect of a **Trustee Investment Plan (Series A)** which is a **post-RDR pension plan**, with a **date invested** falling on or after 24th March 2022.

Different policy documents apply to **Trustee Investment Plans (Series A)** which are **post-RDR pension plans** where the **date invested** is before 24th March 2022.

Note: There are some circumstances in which a **Trustee Investment Plan (Series A)** with a **date invested** later than 2nd January 2013 may be treated as falling under pre-RDR regulatory rules. Different policy documents apply to such plans. Further information is available from us on request.

1.2.2 The importance of ensuring that Adviser Charges payable to the financial adviser are for pensions advice

The main distinction between pre-RDR and **post-RDR pension plans** is the way in which the financial adviser is paid for pensions advice.

Under pre-RDR pensions plans, the financial adviser was normally paid commission by the pension provider, which was indirectly funded through various charges under the relevant pension plan.

Under **post-RDR pension plans**, you and your financial adviser agree how much you will pay the financial adviser for pensions advice. The payments that you agree to make to the financial adviser can, if you so require, be funded from the **Plan** through charges known as **Adviser Charges**, or they can be paid directly by you. This **Policy** covers the deduction of **Adviser Charges** (see section 14). See sections 14.4 and 14.5 for further information on the distinction between Set-up **Adviser Charges** and Ongoing **Adviser Charges**.

Because **Adviser Charges** are explicit deductions from the **Plan** which are paid directly 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 16.12). 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 you and your financial adviser and must be appropriate in relation to the pensions advice and service provided by the financial adviser to you. In particular, any Set-up **Adviser Charges** must be solely for the initial advice to set up the **Plan** and any Ongoing **Adviser Charges** must relate to ongoing pensions advice and/or service.

There are severe tax penalties on “unauthorised payments” (see section 16.12).

1.3 The Policy and the Plan

This document, called the **Policy**, is issued by **Prudential** and sets out the terms and conditions of the **Trustee Investment Plan (Series A)**, for plans where the **date invested** falls on or after 24th March 2022.

The **Trustee Investment Plan (Series A)** set up as a result of an **application** made by you, the Trustees of the **Scheme**, is known in this **Policy** as the/your **Plan**.

The **Policy** issued to you includes a **Schedule** which should be treated as part of the **Policy**. The **Policy**, together with other documents we give you, sets out the terms of our contract with you to provide an investment facility under your **Plan** in respect of part or all of the investments of the **Scheme**.

1.4 The Scheme

The **Policy** is issued to you on the understanding that:

- the **Scheme** is a **registered pension scheme**;
- the **Scheme** is either a **SIPP** or an **OPS**;
- you are the Trustees of the **Scheme** and are therefore deemed to be an investor who has taken advice in accordance with the provisions of the Pensions Act 1995; and
- the **Scheme's** investment powers permit you to make this investment.

If you fail to register your **Scheme** or if registration is withdrawn, we will cancel the **Plan** and return the proceeds to you. In this event, we reserve the right to withhold repayment of the proceeds until **HMRC** has confirmed to us that the money should be repaid.

All the options available to you under this **Policy** can be exercised by you only as permitted by the documents which govern the **Scheme**.

1.5 Investment term and withdrawals

There is no fixed investment term under the **Trustee Investment Plan (Series A)**. Your **Plan** will remain invested in the **fund(s)** specified by you until you either terminate the **Plan** under section 20 of this **Policy**, or the **Plan** is terminated through the sale of all **units** to make withdrawals and/or pay benefits under section 13 of this **Policy**.

The **Trustee Investment Plan (Series A)** can be used to provide regular income withdrawals as described in sections 13.3 and 13.4. If you require to take higher withdrawals than are allowed under section 13.4, ad hoc withdrawals can also be made under section 13.1. Ad hoc withdrawals under section 13.1 do not attract the special terms which apply to **income** under sections 13.3 and 13.4.

1.6 Certain terms and conditions relevant only to “Member designated plans”

When you completed the **application**, you were required to specify whether or not the **Plan** is to be linked to a specific member of the **Scheme**. If you named a member (“**Member**”) in your **application** and that name is shown on the **Schedule**, the **Plan** is a “**Member designated plan**”.

We will require proof of the **Member's** date of birth.

If the **Scheme** is a **SIPP**, the **Plan** must be a **Member designated plan**. If the **Scheme** is an **OPS**, you can choose (subject to what is allowed under your **Scheme**) whether or not the **Plan** is to be a **Member designated plan**.

Only one **Member** can be designated to an individual **Plan**. A separate **application**, and **Plan**, is required where investment is to be made for more than one specific member of the **Scheme**.

Once set up, the **Plan** cannot be changed from a **Member designated plan** to a non-**Member designated plan**, or vice versa. You cannot change the **Member** to which a **Member designated plan** applies, except following the **Member's** death (see section 13.2.2).

Some special terms and conditions apply to **Member designated plans**. In particular:

- (a) The **With-Profits Fund** is available only to **Member designated plans**.
- (b) There is an age restriction on entry to the **With-Profits Fund**: the **initial investment** cannot be invested into and switches cannot be made into the **With-Profits Fund** on or after the **Member's** 85th birthday.
- (c) There is an age restriction on entry to the non-protected **PruFund Fund(s)**: the **initial investment** cannot be invested into and switches cannot be made into a non-protected **PruFund Fund(s)** on or after the **Member's** 98th birthday
- (d) There is an age restriction on the **guarantee date** for investments in the **PruFund Protected Fund(s)**: when investing in or switching into a **PruFund Protected Fund**, the **guarantee date** for your chosen **guarantee period** must fall before the **Member's** 99th birthday.
- (e) Special provisions apply when making a withdrawal under section 13.1 to pay death benefits – see section 13.2.2.

If the **Plan** is not a **Member designated plan** it means that:

- the **Policy** and the **Plan** are not related to any specific individual;
- no member's name will be shown on the **Schedule**;
- the definition "**Member**" will not be applicable;
- section 13.2.2 does not apply; and
- no investment is allowed in the **With-Profits Fund** and therefore all references in this **Policy** to that **fund** are not applicable.

2. Investment options

2.1 Range of fund options

A range of **funds** is available under the **Trustee Investment Plan (Series A)** (subject to our powers to close, merge, wind-up and withdraw **funds** under section 2.5). Some **funds** are managed by companies within **M&G plc** whilst others are managed by **external Fund Managers**. Details of the **funds** are set out in our **funds** literature.

Investment in the **Prudential With-Profits Fund** under the **Trustee Investment Plan (Series A)** is available through the **With-Profits Fund** (subject to your **Plan** being a **Member designated plan** – see section 1.6) and through 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**, whilst others may be added when **units** are sold (see section 4). Investments in the **PruFund Funds** (and the associated **PruFund Accounts**) participate in profits exclusively through increases in the **unit price** (see section 5).

The **PruFund Accounts** are **funds**, but they cannot be selected as **fund** options: they are used only to facilitate investment in the **PruFund Funds** (see section 5.3).

The way we operate the **funds** and calculate **unit prices** for the **funds** is set out in the rest of this section 2, and in sections 3 to 6 of this **Policy**.

2.2 Operation of the funds

We use the **funds** to calculate benefits under the pension plans we issue.

Each **fund** can be divided into parts. Each part will be divided into **units**, which may be of different types. Each **unit** of the same type in the same part of a **fund** will have the same value.

We will calculate the benefits payable from the **Plan** by allocating **units** to the **Plan** from the **fund** or **funds** selected. Although we may use the **funds** to meet our obligations under the **Plan**, you (and the **Member**, if any) have no legal or beneficial right either to any of the **units** or to any part of the **funds** (see also section 2.4).

Each **fund** is invested 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 Fund Managers**. We and the **external Fund Managers** 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 you **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 **Plan**.

2.3 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 directly from us.

2.4 Ownership of assets

2.4.1 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**, 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.

2.4.2 Externally-Linked Funds

All the assets of the underlying funds of **external Fund Managers** 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 Fund Managers** are with us. There is no contractual relationship between the **external Fund Managers** and you.

2.5 Changes to the funds

2.5.1 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 your investment. If we make such a change, we will notify you at an appropriate time, taking into account all the circumstances of the change.

2.5.2 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.

2.5.3 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 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.

2.5.4 Closing, merging, winding-up and withdrawing funds

We can also:

- (a) close any one or more of the **funds** to new investments (including switches under section 12.2);
- (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**.

In the particular case of the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts**, we may, in addition to (a), (b) and (c) above, 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 2.5.4 can be exercised separately in relation to each **PruFund Fund** in that **PruFund pair**.

2.5.5 Notice to you and replacement fund

We will exercise our power to close, merge, wind-up or withdraw a **fund** 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 it). We will act fairly and reasonably in the way that we do so, having regard to our duty to protect both your interests and those of other policyholders. Before we exercise this power, we will give you **reasonable notice** if at that time there are any **units** of the affected **fund** held under your **Plan** or if the affected **fund** is one of the principal features of the **Trustee Investment Plan (Series A)**. (A **fund** would be considered a principal feature if it was the only **fund** of its type available under the **Trustee Investment Plan (Series A)**; 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 your **Plan**).

We will seek your 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**.

2.6 Restriction on Prudential's liability

Prudential's liability under any **fund** that it makes available under the **Plan** cannot exceed the value of the **units** allocated to that **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**, 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 **Plan** is limited to the value of the **units** of that **Externally-Linked Fund** or Group Fund that are allocated to the **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 **Plan** was significantly reduced, **Prudential** could only pay out under the **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 Fund Manager** in respect of its own fund and/or the **Externally-Linked Fund**.

2.7 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.

Note: Our website and some other items of literature may show **unit prices** for the **Trustee Investment Plan (Series A)** as "bid prices" and "offer prices". The "bid price" is the only **unit price** used under **Trustee Investment Plans (Series A)** which are **post-RDR pension plans**. (The "offer price" is relevant only to pre-RDR pension plans as described in section 1.2.)

2.8 Unit prices used for transactions

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 16.4). Special provisions apply where the transaction involves selling **PruFund Fund units** to make a switch or to provide benefits or withdrawals. See sections 11, 12.2 and 13.

A waiting period and/or a delay in buying or selling **units** may, however, occur in the circumstances described in sections 5.9 and 7, in which case later **unit price** dates will normally apply.

See the relevant sections of this **Policy** for information on how and when we carry out each different type of transaction.

3. The Unit-Linked Funds

3.1 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 Fund Manager**, 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 Fund Manager**. Each **external Fund Manager** 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**.

3.2 Fund values and unit prices

3.2.1 Prudential Unit-Linked Funds

The value of a **Prudential Unit-Linked Fund** is either based on the value of the assets relating to it, or, where the **fund** is invested solely in funds operated by other companies 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 3.2.3).

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 assets. In such a case, the purchase price of assets will normally be used in valuing the **fund** (including any underlying fund). If, however, more money is being paid out of the **fund** (or 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 discretion to choose to base the value of a **fund** on asset values that lie between the purchase and sale prices.

3.2.2 Externally-Linked Funds

As stated in section 3.1, the **external Fund Managers** 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 Fund Manager**. Where the **external Fund Manager** 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 the **Externally-Linked Fund** (including a unit price that lies between the values supplied by the **external Fund Manager**). 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 3.2.1. Otherwise, the value of the **Externally-Linked Fund** is based upon the single unit price supplied by the **external Fund Manager**.

Where the **external Fund Manager** provides a single unit price, the value of the **external Fund Managers'** underlying fund may be based on the sale or purchase price of assets.

The basis used by the relevant **external Fund Manager** 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.

3.2.3 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 8) may also be deducted before we calculate the **unit price**.

3.2.4 General

Other methods of valuation may be used. In choosing any other method we (or another company within **M&G plc**) or the **external Fund Manager**, will act in a fair and reasonable manner.

Asset valuations and **unit price** calculations are carried out with extreme care, but on some occasions mistakes may occur. If this happens, the **unit price** will normally be corrected once the mistake has been detected. 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 Fund Manager’s** control), we reserve the right not to correct the mistake retrospectively.

3.3 Calculation of unit prices

3.3.1 Unit prices – general

Each **Unit-Linked Fund** is divided into **units**.

The **unit price** of a **unit** on any **working day** is the value of the **Unit-Linked Fund**:

- determined and adjusted as described in section 3.2; 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.

3.3.2 Rounding of unit prices

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

3.3.3 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.

4. The With-Profits Fund

Note: The **With-Profits Fund** is available only where the **Plan** is a **Member designated plan**. There is also an age restriction on entry to the **With-Profits Fund**. See section 1.6.

4.1 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 **Trustee Investment Plan (Series A)** 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**. See also section 2.1.

The price of **units** in the **With-Profits Fund** will not fall, but see section 4.3 on the **Market Value Reduction (MVR)** which can reduce the value in some circumstances.

For further details of our **With-Profits Fund**, please see our **With-Profits Fund** literature which is available on request.

4.2 Bonuses and unit prices

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

4.3 Market Value Reduction (MVR)

A **MVR** 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). A **MVR**, if any, is applied only when some or all of the **units** of the **With-Profits Fund** under the **Plan** are sold to provide withdrawals or benefits under section 13.1 (including where **units** are sold in order to terminate the **Plan** under section 20) or when **units** are switched into another **fund** under section 12.2.

A **MVR** is not applied, however, when selling **units** of the **With-Profits Fund**:

- where the **Plan** is a **Member designated plan**, to pay death benefits in accordance with section 13.2.2(a);
- to provide regular **income** under section 13.4, up to the regular **income** limit set out in that section; and/or
- to deduct any charges due under the **Plan**, including **Adviser Charges**.

The intention of the **MVR** is to provide a fair value for the **With-Profits Fund units** being sold, while protecting the interests of other policyholders who continue investing in the **With-Profits Fund**. In this way, we will have regard to the need to protect both the interests of other continuing policyholders and the solvency of the Prudential **With-Profits Fund**.

4.4 Partial encashments of units of the With-Profits Fund

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**.

We select the **units** to be sold in accordance with either Basis (a) or Basis (b) set out below.

- Basis (a): We sell those **units** which have been held for the shortest time, using the **unit price** for those **units**.
- Basis (b): We calculate and use a **unit price** based on the total value of **With-Profits Fund units** held under the **Plan**, including the rate(s) of final bonus (if any) applicable to each separately made investment. We then sell an equal proportion of **units** from each separately made investment in the **With-Profits Fund** under the **Plan**.

We may alternatively use a combination of Basis (a) and Basis (b) (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.

5. The PruFund Funds

Note: Where the Plan is a **Member designated plan**, there is an age restriction on entry to a non-protected **PruFund Fund** and a maximum age beyond which the **guarantee date** of an investment in a **PruFund Protected Fund** may not fall. See sections 1.6 and 6.3.

5.1 PruFund types

PruFund Protected Funds offer a guarantee in exchange for payment of a **guarantee charge**. Non-protected **PruFund Funds** do not offer any guarantee.

5.2 Availability of PruFund Funds

A number of **PruFund Funds** are currently relevant to the **Trustee Investment Plan (Series A)**. These are as described in our current fund 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 the **Plan**. See also sections 6.2, 12.1, 12.2.1 and 12.2.4(c).

5.3 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** (see section 5.6).

5.4 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.

Conversely, not all non-protected **PruFund Funds** are part of a **PruFund pair**. For example, the 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 2.5.4 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 Funds** within that **PruFund pair** are taken together when we calculate the **expected growth rate** and the **unit prices** under sections 5.8.1 to 5.8.4, or when we assess whether the smoothing process should be suspended under section 5.8.5. 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 5.7.

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

The **PruFund Funds** and the **PruFund Accounts** form part of a sub-fund of the **Prudential With-Profits Fund**. The assets of the **PruFund Funds** and **PruFund Accounts** (with the exception of the PruFund Cautious Fund and 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**, the **PruFund Funds** 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.

5.6 Operation of the PruFund Accounts

(a) If you request for:

- your **initial investment** under section 9 to be invested in a **PruFund Fund**; or
- a switch to be made under section 12.2 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 your 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 5.6(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 5.6(c). If, however, the amount is allocated on a **quarter date** and there are already **units** held under the **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 5.6(a), we can sell **units** in the **PruFund Account** (subject to a 28 day waiting period, where applicable, under section 5.9):

- to meet charges under section 6.13 and/or section 8 and/or section 14; or
- to pay any withdrawals and/or benefits under section 13.

(c) On each **quarter date**, any **units** remaining in the **PruFund Account** under the **Plan** are sold using the **unit price** for that **PruFund Account**, and the amount realised is used to buy **units** in the relevant **PruFund Fund** at the **unit price** for that **PruFund Fund**.

(d) The purpose of the **PruFund Accounts** is to channel investment into the **PruFund Funds**. As such:

- (i) You cannot request a switch to a **PruFund Account**.
- (ii) You cannot request a switch from a **PruFund Account** and the investment must have been used to buy **units** in the **PruFund Fund** before you can make any requests to switch **units** of a **PruFund Fund** under section 12.2.

5.7 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 5.8.1 and relates to the **expected growth rate** of the corresponding **PruFund Fund** or **PruFund pair**.

If the smoothing process has been suspended (see section 5.8.5), the **unit price** 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 Funds**, the **unit prices** within the **PruFund Accounts** are not subject to any potential **unit price** reset as described in section 5.8.4.

5.8 Unit prices – the PruFund Funds and the smoothing process

5.8.1 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 **Policy**, the **unit prices** within the **PruFund Fund(s)** 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**.

5.8.2 Calculation of unit price at each quarter date

Unless the smoothing process has been suspended (see section 5.8.5), 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 5.8.3:

- 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** is above 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 5.8.1.

(c) For the avoidance of doubt, nothing in this section 5.8.2 would prevent us from resetting the **unit price** of a **PruFund Fund** under section 5.8.4.

5.8.3 Adjustments of unit price on or between quarter dates

Unless the smoothing process has been suspended (see section 5.8.5), 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 5.8.3, no adjustment that would otherwise apply on that day in line with section 5.8.2(a) will apply.
- (b) Each **working day**, we calculate the average **net asset value per unit** 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 5.8.3 would prevent us from resetting the **unit price** of a **PruFund Fund** under section 5.8.4.

5.8.4 Unit Price Reset

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 of 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 5.8.2 to 5.8.5 inclusive) 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 **PruFund Funds**, and applies to each fund in its entirety, encompassing all of our products under which **units** are held in each fund, not just the **Trustee Investment Plan (Series A)**.

We will not issue individual notification of a **unit price** reset.

5.8.5 Suspension of the smoothing process

(a) The smoothing process described in section 5.8, 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 **Trustee Investment Plan (Series A)**.

- (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 5.8.1 to 5.8.4 will then apply, including a daily increase in the **unit price** at the **expected growth rate** set by our Board of Directors.

5.9 The 28 day waiting period

5.9.1 General

When selling **units** of a **PruFund Fund** (or a **PruFund Account** – see section 5.6(b)), a 28 day waiting period may apply (depending on the circumstances) as set out in this section 5.9. 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.

5.9.2 Circumstances when the 28 day waiting period will or may apply

- (a) The 28 day waiting period will always apply where you ask to make a switch under section 12, from a **PruFund Fund** to any other **fund(s)**, except in some particular circumstances which are described in section 5.9.4.

- (b) Except in the circumstances described in section 5.9.4, we reserve the right to apply the 28 day waiting period where you ask us to sell **units** of a **PruFund Fund** (and/or a **PruFund Fund Account**) to make withdrawals and/or pay benefits under section 13. We will inform you if such a waiting period applies to the requested sale of **units**.

5.9.3 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 16.4. 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 7.
- (b) Where the transaction is a switch involving a number of **PruFund Funds** both within and outside a **PruFund pair**, the 28 day waiting period may start one **working day** later than usually applies (see section 12.2.5(e), with the result that units are then sold one **working day** later.
- (c) Following a waiting period under this section 5.9 (and subject to any delays under section 7), 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 your request to sell **units**, the value actually sold at the end of the waiting period may vary from the amount that you 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 Funds** will not be affected by the waiting period.

5.9.4 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) where the **Plan** is a **Member designated plan**, to pay lump sum death benefits in accordance with section 13.2.2(a).
- (b) to pay regular **income** under sections 13.3 and 13.4;
- (c) to switch between **PruFund Funds** in the same **PruFund pair** under section 12.2; or
- (d) 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 date** of an investment in that **fund**; or
- 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 6.11.

5.10 Power to refuse or restrict investment in the PruFund Funds

In addition to our power to delay investment in the **PruFund Funds** under section 7, 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 5.8) whilst still benefiting from the **expected growth rate**.

6. Investing in a PruFund Protected Fund and operation of the PruFund Protected Fund Guarantee

6.1 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 6.13.

6.2 Single investment

Once an amount has been invested in the chosen **PruFund Protected Fund** (and/or the corresponding **PruFund Account**) under the **Plan**, no switches are permitted into that **fund** under that **Plan** until all **units** held under the **Plan** in that **fund** have been subsequently sold or switched out. Switches into a **PruFund Protected Fund** are also subject to the terms set out in sections 11.2.4 and 11.2.6.

6.3 Selection of guarantee period

When investing in a **PruFund Protected Fund** only one **guarantee period** can be selected.

Any proposed investment in a **PruFund Protected Fund** must comply with the minimum and maximum **guarantee periods** that we offer at that time for the chosen **PruFund Protected Fund**. Where the **Plan** is a **Member designated plan**, the **guarantee date** for your selected guarantee period must fall before the **Member's** 99th birthday. This means that your choice of **guarantee period** may be restricted.

6.4 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**.

6.5 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**, you 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.

We can close, wind-up, merge or withdraw any of the **PruFund Protected Funds** as set out in section 2.5.4.

6.6 Setting the guarantee start date and the guarantee date

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 the **Plan**, both a **guarantee start date** and a **guarantee date** are set.

The **guarantee start date** is the date on which those **units** as described above, are first allocated to the **Plan**.

The **guarantee date** falls on an anniversary of the **guarantee start date**, depending on the **guarantee period** selected by you from the range of **guarantee periods** 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 switch (see sections 12.2.5(d) and (e)), 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.

6.7 Application of the guaranteed value – general

The **guaranteed value** applies on the **guarantee date**. The **guaranteed value** also applies at other times where the **Plan** is a **Member designated plan** (see section 13.2.2(a)).

Note: If you have taken out more than one **Trustee Investment Plan (Series A)**, a separate **guaranteed value** applies in relation to each plan (as each plan is subject to the terms and conditions in the policy issued to you in respect of that particular plan).

6.8 Calculation of the initial guaranteed value

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 12.2.5(d) and (e)), the initial **guaranteed value** is increased when the second set is allocated.

6.9 Reduction of the guaranteed value

The initial **guaranteed value** determined under section 6.8, 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:

- to pay any withdrawals and/or benefits under section 13;
- to switch to another **fund(s)** under section 12.2; and/or
- to meet any **Adviser Charge(s)** under section 14.

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 the **PruFund Protected Fund** after sale.

6.10 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 **Plan**. In determining the value of those **units**, we deduct any charges that are then due in respect of the **fund** and the **Plan**, but we do not take account of any amounts that are due to be switched out of the **fund** or are about to be paid out of the **Plan** under section 12. The **unit price** used will be that applying after any adjustments under the smoothing process (see sections 5.8.3 to 5.8.5 inclusive);
- (b) calculate the **guaranteed value** on the **guarantee date** in accordance with sections 6.8 and 6.9; and
- (c) compare the value under (a) with the value under (b).

If the value under (a) is less than the value under (b), the guarantee described in section 6.1 comes into effect: as a result, we allocate additional **units** of that **PruFund Protected Fund** to the **Plan**, so that the value is equal to the **guaranteed value** calculated as in (b) above. If the value under (a) is equal to or greater than the **guaranteed value** determined under (b), the terms of the guarantee described in section 6.1 have already been met; so in this case, no **units** are added to the **Plan**.

If **units** are added to the **Plan** under this section 6.10, we will write to tell you how many **units** we have added.

6.11 Options and default switch on the guarantee date

At least three months before the **guarantee date**, we write to notify you of the options available at the **guarantee date**.

You can choose to switch the value of the **units** (including any **units** added through the operation of the guarantee under section 6.10) to the **fund** or **funds** of your choice on the **guarantee date**.

If we do not receive your instructions before the **guarantee date**, we will switch the value of all **units** then held in the chosen **PruFund Protected Fund** (including any **units** added through the operation of the guarantee under section 6.10) to the other **PruFund Fund** from the same **PruFund pair** on the **guarantee date**.

The 28 day waiting period under section 5.9 does not apply to the sale of **units** at the **guarantee date** under this section 6.11.

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

During the 28 days leading up to the **guarantee date**, switches cannot be requested or made from any **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 6.11, when all **units** are switched in any case either to the **fund(s)** selected by you under section 6.11 or to the other **PruFund Fund** from the same **PruFund pair**.

6.13 The guarantee charge

A **guarantee charge** applies in respect of any **units** of a **PruFund Protected Fund** and a **PruFund Protected Account** held under the **Plan**. This charge is designed to pay for the guarantee provided under those **funds**.

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 **guaranteed charge** based on the number of days since the previous **guarantee charge date**.

The final **guarantee charge** will be taken on the **guarantee date**.

Different **guarantee charges** may apply to separate plans depending on the **guarantee start date**.

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

7. Delays in buying, selling and switching units

Note: This section 7 applies to transactions involving buying, selling or switching **units**, including the investment of new money, deducting Ongoing **Adviser Charges** or paying withdrawals or benefits under section 13. It does not, however, apply when selling **units** to pay a lump sum death benefit under a **Member designated plan**.

7.1 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 you 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 Fund Manager**;
- 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**.

7.2 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.

7.3 Notification

We will notify you if a transaction you have requested is affected by a delay under this section 7. Our notice will set out any options open to you. If appropriate, we will seek your alternative instructions for the transaction when we notify you of the delay.

7.4 Processing transactions affected by delays

The alternative instruction sought under section 7.3 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 **Policy**.

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.

7.5 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.

7.6 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 5.9). 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 7.

7.7 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 you expected and/or requested.

8. Annual Management Charges and Fund Size Discount

8.1 General

There are separate Annual Management Charges that apply to each **Trustee Investment Plan (Series A)**.

The Annual Management Charge is calculated as a percentage of the values of **units**, varying according to the selected **fund(s)** and sub-funds.

8.2 Basic Annual Management Charges

8.2.1 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 **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 sections 8.8 and 19.

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

8.2.2 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 any day as follows:

- For **Unit-Linked Funds**, for each day, we deduct from the **fund** 1/365th of the annual charge under section 3.2.3.

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

8.2.3 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 **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 8.7 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.

8.3 Actual Annual Management Charges

The **actual Annual Management Charge** for the **Plan** may not be identical to the **basic Annual Management Charge**. An adjustment may apply to take account of any special or particular terms we have agreed with your financial adviser and/or any Fund Size Discount.

The adjustment is applied as follows:

- If the **actual Annual Management Charge** is greater than the **basic Annual Management Charge**, an explicit additional charge will be levied by deducting **units** from the **Plan** (see section 8.4).
- If the **actual Annual Management Charge** is less than the **basic Annual Management Charge**, a rebate will be given by allocating **units** to the **Plan** (see section 8.5).

Such **unit** deductions and allocations are applied on the **monthly transaction date**.

We will supply you (on request) with a statement showing the value of **units** deducted or allocated under section 8.4 or 8.5. The percentage value of any adjustment may change during the term of the **Plan**, to take account of (amongst other things) any Fund Size Discount, any changes in the special terms available and any other changes we may make under section 8.8.

8.4 Explicit additional charge deducted by selling units

This section 8.4 applies to any **Trustee Investment Plan (Series A)** where the **actual Annual Management Charge** agreed for the plan is greater than the **basic Annual Management Charge**, so that an explicit additional charge is due, as described in section 8.3(a).

The explicit additional charge is deducted on the **monthly transaction date**, by selling **units** in the appropriate **fund** under the **Plan** to the value of 1/12th of the relevant additional charge.

The explicit additional charge is the **actual Annual Management Charge** less the relevant **basic Annual Management Charge**.

For the purposes of calculating the value to be deducted, the value of **units** is determined at the **monthly transaction date**.

8.5 Allocation of units where a rebate of the basic Annual Management Charge applies

This section 8.5 applies to any **Trustee Investment Plan (Series A)** where the **actual Annual Management Charge** agreed for the plan is less than the **basic Annual Management Charge**, so that an explicit rebate is due, as described in section 8.3(b).

The explicit rebate (if any) 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**.

8.6 Fund Size Discount

(a) 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 **Plan** at the **monthly transaction date**, as set out in the table in section 8.6(b).

Where you have two or more **Trustee Investment Plans (Series A)**, the values under these plans may be aggregated for the purposes of the Fund Size Discount. See sections 8.6(c), (d) and (e) for further details.

(b) The monthly discount is 1/12th of the following percentages:

Total Plan Value (gross before charges)	AMC Fund Size Discount
£0 – £99,999.99	0.350%
£100,000 – £149,999.99	0.400%
£150,000 – £249,999.99	0.450%
£250,000 – £499,999.99	0.4750%
£500,000 – £749,999.99	0.500%
£750,000 – £999,999.99	0.525%
£1m and over	0.550%

(c) Where the **Scheme** is an **OPS** and subject to section 8.6(e), if you also have one or more in force **Trustee Investment Plans (Series A)** with a date invested on or after 28th April 2014, the aggregate value of all those plans is taken into account in determining the Fund Size Discount under the **Plan**.

The terms in this section 8.6(c) apply irrespective of whether or not the **Plan** is a **Member designated plan**.

(d) Where the **Scheme** is a **SIPP** and subject to section 8.6(e), if you also have one or more in force **Trustee Investment Plans (Series A)** for the same **Member** with a date invested on or after 28th April 2014, the aggregate value of all those plans is taken into account in determining the Fund Size Discount under the **Plan**.

The value of **units** under any **Trustee Investment Plan (Series A)** allocated to another member of the **Scheme** is not taken into account when determining the Fund Size Discount under the **Plan**.

(e) Where the **Plan** is eligible for a Fund Size Discount under section 8.6(c) or (d), it is your and/or your financial adviser's responsibility to inform us that you have two or more relevant in-force **Trustee Investment Plans (Series A)** and provide details of those plans to us, including the full name of the **Scheme**, the policy numbers and, if relevant, the **Member's** name.

Any Fund Size Discount will be applied with effect from the next **monthly transaction date** following the date on which we have all the information that we require in order to link the relevant plans on our system. Section 16.4 explains when we treat items as having been received by us. Fund Size Discount cannot be backdated.

We cannot be held liable if a Fund Size Discount is not applied because you and/or your financial adviser have failed to provide us with sufficient information to enable us to link the plans on our system.

(f) The percentage discount depends on the total value of all **units** held under the relevant **Trustee Investment Plans (Series A)** at the **monthly transaction date** for the **Plan**, before any other deductions are made to meet charges and/or to pay any **income** under sections 13.3 and 13.4.

(g) 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 **MVR**.

8.7 Basic Annual Management Charge following a fund switch

8.7.1 General

This section 8.7.1 applies where **units** are switched under section 12.2.

In this section 8.7, 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**”.

8.7.2 Switches between funds with implicit charges

Where the outgoing **fund** and the destination **fund** both have implicit **basic Annual Management Charges** (see section 8.2), 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**.

8.7.3 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**.

8.7.4 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 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.

8.7.5 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**.

8.8 Changes to the Annual Management Charges and related discounts

The Annual Management Charges that apply to the **Plan** may change due to:

- a change to the investment **fund** selection (see section 8.7);
- a change to any special terms agreed for the **Plan** (see section 8.3); and/or
- the application of a Fund Size Discount (see section 8.6).

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 8.2); and
- the **actual Annual Management Charge** applicable to the **Plan** (see section 8.3).

Each of these may be changed independently of the other.

In addition, we may increase Annual Management Charges under section 19.

We reserve the right to withdraw or change the terms of the Fund Size Discount under section 19.

We will only make changes to the Annual Management Charges and the Fund Size Discount for the reasons described in section 19.

We will write to you if we make any changes to the charges described in this **Policy**. See also section 19.

9. Trustees' payment to the Plan

The amount of your **initial investment**, the amount actually allocated to buy **units** and the **date invested** are shown on the **Schedule**. The allocation rate that applies to the **Trustee Investment Plan (Series A)** is 100%.

As the **Trustee Investment Plan (Series A)** is a single payment plan, additional investments cannot be accepted to your **Plan**.

At any time the **Plan** is in force, you may, however, pay an additional investment into a new plan provided we still market the **Trustee Investment Plan (Series A)** or a similar successor product. If we accept an additional investment it will be paid into the new plan subject to our terms and conditions at that time, including the minimum amount of additional investment that we will accept, the charges and the allocation rate that apply and the investment funds that are available.

10. Unit allocation

10.1 Initial investment

The number of **units** allocated to the **Plan** in respect of the **initial investment**, together with the **unit price(s)** applying on the **date invested**, are shown in the **Schedule**.

10.2 Additional investments

Each additional investment will be made to a new plan subject to our terms and conditions at that time (see section 9).

10.3 Switching

When **units** are switched under section 12.2, the replacement **units** allocated to the **Plan** are bought at the **unit price(s)** for the **working day** on which they are allocated.

10.4 Delays and waiting periods

In some circumstances there may be a delay and/or a waiting period when allocating **units** – see sections 5.9 and 7.

11. Unit cancellation

11.1 General

- (a) **Units** allocated to your **Plan** may be sold under sections 12, 13 and 14. Subject to sections 11.1(b), (c) and (d) and section 11.3, **units** are sold at the **unit prices** applying on the **working day** on which they are sold.
- (b) Where **units** of a **PruFund Protected Fund** are sold on the **guarantee date**, they will be valued in accordance with section 6.10.
- (c) A **MVR** may apply when selling **units** of the **With-Profits Fund** – see section 4.3.
- (d) The sale of **units** may be subject to a waiting period and/or a delay – see sections 5.9 and 7.

11.2 Selection of units to be sold

- (a) When **units** are sold to pay **income** under sections 13.3 and 13.4 and/or collect **Adviser Charges** under section 14, they are sold proportionately across all the **funds** in which **units** are then held under the **Plan** (including the **PruFund Accounts** where relevant).
- (b) When **units** are sold to make a partial withdrawal under section 13.1, you can specify the **funds** from which **units** are to be sold (except for the **PruFund Accounts**). All such requests must be expressed as integral percentages of **units**. Where you specify that **units** are to be sold from a **PruFund Fund**, we will sell **units** proportionately from that **fund** and the associated **PruFund Account**.

If you do not specify the **funds** from which **units** are to be sold, we will (subject to section 11.2(c)) sell **units** proportionately across all the **funds** in the way described in section 11.2(a).

- (c) In the case of switches under section 12.2, the **units** are selected and sold in the way described in that section. Special provisions apply when switching from a **PruFund Fund**. As a result, we may not be able to carry out a switch instruction in full (see section 12.2.4(m)).
- (d) The way we select **units** of the **With-Profits Fund** for all sales of **units** is set out in section 4.4.

A **MVR** may apply when selling **units** of the **With-Profits Fund** – see section 4.3.

11.3 Delays and waiting periods

In some circumstances, there may be a delay in selling **units** – see section 7.

When selling **units** of a **PruFund Fund**, a 28 day waiting period may apply – see section 5.9.

In either of these cases, the **units** will normally be sold at the **unit prices** applicable at the end of the waiting period/delay.

Where there is a waiting period under section 5.9 or a delay under section 7, the value actually sold at the end of the waiting period/delay may vary from the percentage value calculated at the start of the waiting period/delay (see section 12.2), due to changes in **unit prices** over that period.

12. Fund selection and switching between funds

12.1 Choosing funds when the initial investment is made

You must choose the **funds** in which the **initial investment** will be invested in the **application**.

The way we operate the **funds** and calculate **unit prices** for the **funds** is set out in sections 2, 3, 4 and 5 of this **Policy** document.

Units can be allocated to the **Plan** from a maximum of six **funds** at any one time (subject to section 12.2.1 below). The **PruFund Accounts** count towards this maximum of six.

You cannot select more than one **PruFund Protected Fund** (see also sections 5.2, 12.2.1 and 12.2.4(c)).

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

12.2 Switching between funds

In this section 12.2, 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**”.

12.2.1 General

You may ask us to switch **units** between **funds**, that is, to sell **units** in one **fund** and replace them with **units** of the same type in any other **fund** or **funds** chosen by you from the **funds** which are then available under the **Plan**.

Section 8.7 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**.

Fund switches under this section 12.2 are currently free, although we do reserve the right to introduce a charge (see section 19 for further details). See also section 12.2.5(d)(vi) which explains how multiple **fund** switches are treated as regards switch charges.

We send you a switch statement when the switches have been completed.

We will refuse to switch **units**:

- if this would mean that you would have **units** at any one time in more than six **funds** (including the **PruFund Accounts**), except where it is necessary to do so for a period to allow a switch to take place but where at the end of the switching process there are no more than six **funds**;
- if this would mean that you would **have** units in more than one **PruFund Protected Fund** (see sections 5.2, 12.1 and 12.2.4(c));
- into a **fund** which is no longer available for investment under a new **Trustee Investment Plan (Series A)**.

We may refuse to switch **units** if we feel this is necessary to:

- protect policyholders and/or shareholders; or
- ensure that policyholders are treated fairly in accordance with our regulatory duties.

In some instances, we may not be able to carry out a request to switch to or from a **PruFund Fund** (see section 12.2.4).

12.2.2 Switch requests

You 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 16.4).

All switch requests must be expressed as whole number percentages of **units**.

Switch requests may be expressed in terms of either:

- the target percentages to be achieved in all **funds** in which **units** are to be held under the **Plan** following the switch; or
- 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, you cannot withdraw it unless we agree. We may at our discretion permit a switch instruction to be revoked, if we have invoked our powers to delay buying and selling **units** under section 7. We will not, however, agree to cancel a switch during the 28 day waiting period when switching **units** from a **PruFund Fund**.

12.2.3 Switches to and from the With-Profits Fund

Switches into the **With-Profits Fund** cannot be made on or after a **Member's** 85th birthday. When determining whether a switch complies with this requirement, we use the date when the switch is actually made under section 12.2.5, taking into account any waiting period under section 5.9 and/or delay under section 7 which applies to the **units** to be sold. If we receive an instruction to switch which would result in money being allocated in the

With-Profits Fund on or after a **Member's** 85th birthday, we will redirect the money to the **Prudential Cash Fund**.

We may make a deduction (**MVR**) from the value realised when switching **units** out of the **With-Profits Fund** (see section 4.3).

12.2.4 Switches to and from the PruFund Funds

- (a) Where the **Plan** is a **Member designated plan**, switches into a **PruFund Protected Fund** can only be made if the period from the date of switching to the day before the **Member's** 99th birthday equals or exceeds the minimum **guarantee period** that we offer in relation to that **fund** (see also section 6.3 which sets out that the **guarantee date** must fall before the **Member's** 99th birthday). When determining whether a switch complies with this requirement, we use the date when the switch is actually made under section 12.2.5, taking into account any waiting period under section 5.9 and/or delay under section 7 which applies to the **units** to be sold. If we receive a request to switch which would not be allowed under this section 12.2.4(a) we will redirect the money to the corresponding non-protected **PruFund Fund** in the same **PruFund pair**.
- (b) Switches into a **PruFund Protected Fund** are not allowed whilst any **units** of that same **PruFund Protected Fund** (and/or the corresponding **PruFund Account**) are held under the **Plan**.
- (c) Switches into a **PruFund Protected Fund** are not allowed whilst any **units** of another **PruFund Protected Fund** (and/or its corresponding **PruFund Account**) are held under the **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 the **Plan**, section 12.2.4(m) 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 the **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) 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**.
- (g) Switch requests from **PruFund Accounts** are not allowed.
- (h) Where the **Plan** is a **Member designated plan**, switches into a non-protected **PruFund Fund** are not allowed on or after the **Member's** 98th birthday. If we receive an instruction to switch which would result in money being allocated in a non-protected **PruFund Fund** on or after a **Member's** 98th birthday, we will redirect the money to the **Prudential Cash Fund**.
- (j) 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**.

This maximum does not include switches:

- between the **PruFund Funds** from the same **PruFund pair**; or
- from a **PruFund Protected Fund** on the **guarantee date**.

Switches to a **PruFund Fund** may also be refused or restricted under sections 5.10 and 12.2.4(m).

- (k) Where a switch is requested from a **PruFund Fund** under section 12.2.2 and there are also **units** of the corresponding **PruFund Account** under the **Plan**:
 - A. When calculating the amount to be switched out of the **PruFund Fund**, we apply the requested percentage value (see section 12.2.2) 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 5.9, we reapply the percentage to the then number of **units** held under the **Plan** in the relevant **PruFund Fund** and **PruFund Account**. 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 **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 12.2.4(m) will apply.
- (l) When switching between **PruFund Funds** when there are already **units** of the destination **fund** held under the **Plan**, we will switch the net amount required to achieve a result that is as close as reasonably possible to the result specified in your switch request.
- (m) In any circumstances where we are unable to carry out a switch to or from a **PruFund Fund** under this **Policy** (except where we state that we will redirect the money to the non-protected version of a **PruFund Protected Fund** (see section 12.2.4(a))):
 - We will not carry out any part of the switch to or from the relevant **PruFund Fund**.
 - Where you have 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 12.2.5.
 - We will write to you 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 your alternative instructions.

12.2.5 Timings of switches and unit prices

(a) General

Switching may normally be carried out at any time. However:

- (i) Switches into the **With-Profits Fund** cannot be made on or after a **Member's** 85th birthday. See section 12.2.3 for further details.
- (ii) Where the **Plan** is a **Member designated plan**, switches into a **PruFund Protected Fund** can only be made if the period between the date of switching and the **Member's** 99th birthday is not less than the minimum **guarantee period** that we offer in relation to that **fund**. See sections 6.3 (which sets out that the **guarantee date** must fall before the **Member's** 99th birthday) and 12.2.4 for further details.
- (iii) Switches cannot be made into a **PruFund Protected Fund** where **units** have been switched out of any **PruFund Protected Fund** under the **Plan** in the previous 12 months, except in the circumstances described in section 12.2.4(d).
- (iv) Delays may occur if we have invoked our powers to delay buying and selling **units** under section 7.
- (v) As stated in section 5.9, a 28 day waiting period applies to switches from the **PruFund Funds**, except in the circumstances described in section 5.9.4.
- (vi) Where the **Plan** is a **Member designated plan**, switches into a non-protected **PruFund Fund** cannot be made on or after the **Member's** 98th birthday. See section 12.2.4 for further details.

(b) 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 16.4:

- (i) Switches between **Unit-Linked Funds**.
- (ii) Switches between **Unit-Linked Funds** and the **With-Profits Fund**.

(iii) Switches between **PruFund Funds** from the same **PruFund pair**.

(iv) Switches from a **Unit-Linked Fund** or the **With-Profits Fund** to a **PruFund Account**.

(v) Switches from a **PruFund Protected Fund** to any other **fund** on the **guarantee date** as described in section 6.11.

(vi) 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**.

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

A request to switch out of the Japanese and/or Pacific Markets Funds may, however, be treated as if it had been received 24 hours after actual receipt due to the time that these markets close.

See also section 12.2.5(e) 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 7.

(c) Switches from a PruFund Fund to which the 28 day waiting period applies

This section 12.2.5(c) 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**.

Except in the circumstances described in sections 12.2.5(b)(v) or (vi), any switch as described above (or that part of the switch) will take place at the end of the 28 day waiting period as described in section 5.9, subject to any further delays under section 7, using the **unit prices** then applicable.

See also section 12.2.4(k), which explains how switching from a **PruFund Fund** works where there are also **units** of the corresponding **PruFund Account** under the **Plan**.

(d) Multiple fund switches

(i) This section 12.2.5(d) 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 12.2.5(d)(iv)).

(ii) Where your switch request is expressed in terms of target percentages of the **Plan** to be invested in all selected **funds** following the switch (see section 12.2.2), 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 your 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 you requested.

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 12.2.5(d)(iv). The percentages achieved will be as close as reasonably possible to your request.

(iii) If all of the requested switches in a multiple **fund** switch are same day immediate switches as described in section 12.2.5(b), they are processed as one single switch as described in that section.

(iv) Subject to section 12.2.5(e), multiple **fund** switch requests that combine switches under two of sections 12.2.5(b) and (c) 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 12.2.5(b). 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 12.2.5(b) (i.e. switches from the **Unit-Linked Funds** and/or the **With-Profits Fund**). The proceeds of selling the **units** of those other **funds** are allocated proportionately between the destination **funds** in accordance with section 12.2.5(b), 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**, where relevant) 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 16.4, which is also the start of the 28 day waiting period described in section 5.9.

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 12.2.5(c) 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 11.2.6(f).

(v) See also section 12.2.4(m) 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**.

(vi) 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 you to provide replacement instructions in respect of a failed switch from a **PruFund Fund** as described in section 12.2.4(m), the replacement switch instructions will be treated as a separate **fund** switch request.

(e) Switching between PruFund Protected Funds

This section 12.2.5(e) 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 12.2.5(b); and
- the destination **fund(s)** is or includes a **PruFund Protected Fund** from another **PruFund pair**.

In this case:

(i) 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 12.2.5(b). **Note:** We do not carry out any other same day immediate switches at this stage.

(ii) Secondly: Where there are already **units** in that non-protected **PruFund Fund** (and/or the corresponding **PruFund Account**), we reappportion the percentages specified in your 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 12.2.4(l).

The new percentages will be designed to achieve a result that is as close as reasonably possible to the result specified on your switch request.

(iii) Thirdly: On the next **working day**, the **fund** switch request is then processed in accordance with section 12.2.5, using, where appropriate, the new percentages as described in (ii) 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.

13. Withdrawals and benefits

13.1 Withdrawals

You may ask us at any time to sell some or all of the **units** allocated to the **Plan** and make their value available to you, for use by the **Scheme**.

You can ask us to sell **units** and requests to do this must be made in writing in a form specified by us, unless we agree otherwise. We accept requests to do this sent by post, fax or email (see section 16.4).

We may refuse to sell **units** under this section if you ask for less than £1,000 value of **units** to be sold or if **units** worth less than £1,000 would be left under the **Plan**.

The amount of this limit of £1,000 can be increased by us in line with the **Prices Index**. We are further permitted to increase this, but to no more than twice the amount stated as increased in line with the **Prices Index**.

It should be noted that the sale of any **units** in a **PruFund Protected Fund** (including the corresponding **PruFund Protected Account**, where appropriate) in order to make a partial withdrawal under this section 13.1, will reduce the **guaranteed value** as described in section 6.9.

Sales of **units** in any **fund** to make a partial or total withdrawal under this section 13.1 may be subject to a delay under section 7. Sales of **units** in any **PruFund Fund** may be subject to a 28 day waiting period under section 5.9.

If you sell all **units** allocated to the **Plan**, we will have no further liability under the **Policy** and the **Plan**, and the **Plan** will be terminated as described in section 20.

13.2 Calculation of withdrawals

13.2.1 General

(a) The amount made available under section 13.1 shall (subject to section 13.2.2(a)) be the value of the **units** sold at their **unit prices**. Unless otherwise stated in this section, the **unit prices** to be used will, subject to section 13.2.1(b), be those applying on the day we treat your request as received in accordance with section 16.4.

If any **units** of the **With-Profits Fund** are to be sold, we will add any final bonus (if applicable) to the value as described in section 4.2. A **MVR** may apply (see section 4.3).

If any **units** of a **PruFund Protected Fund** are sold in order to make a withdrawal at the **guarantee date**, the value is calculated in accordance with section 6.10.

Except where section 13.2.2(a) applies, if you choose to sell **units** of a **PruFund Protected Fund** on a date other than the **guarantee date**, the guarantee under section 6.1 will be lost in relation to the **units** that are sold.

(b) A later **unit price** date may apply if there is a waiting period under section 5.9 and/or if there are any delays under section 7.

Where there is a waiting period under section 5.9 and/or there are delays under section 7, such that not all **units** can be sold at the same time, we will contact you for alternative instructions. If all **units** to be sold are affected by the waiting period/delay, the **units** of the affected **funds** will be sold when the waiting period/delay has ended.

If we have been instructed to sell **units** of a **PruFund Protected Fund** but to defer that sale to the **guarantee date**, then, if there are **units** of other **funds** under the **Plan**, the sale of those **units** will be delayed to coincide with the sale of the **PruFund Protected Fund units** (using the **unit prices** then applicable).

13.2.2 Special provisions where the Plan is a Member designated plan

- (a) Where the **Plan** is a **Member designated plan** (see section 1.6), and a withdrawal is being made under section 13.1 to pay benefits on the **Member's** death the following applies:
- (i) The amount payable will (subject to (ii) below) be the value of the **units** under the **Plan** calculated by reference to the **unit price** of those **units** on the date of the **Member's** death (subject to the addition of any final bonus, where applicable, to any **With-Profits Fund units** under section 4.2).
 - (ii) If there are **units** of a **PruFund Protected Fund** under the **Plan**, where the **Member** dies within one month and one day leading up to the **guarantee date**, we calculate the value of those **units** in accordance with section 6.10. We will then, if applicable, allocate **units** under section 6.10.
 - (iii) No **MVR** will apply under section 4.3.
 - (iv) No 28 day waiting period will apply under section 5.9.
 - (v) No delays will apply under section 7.

In the event that other withdrawals have been made under the **Policy** between the date of the **Member's** death and the date we are notified that a death benefit is to be paid under this section 13.2.2, we will be entitled either:

- to require the return of these withdrawals; or
- to take into account the value of those withdrawals and/or the **units** deducted for those withdrawals, when calculating the value of the **units** held under the **Plan** as at the date of the **Member's** death.

We will require satisfactory evidence of the **Member's** death before making any payment under this section.

(b) Alternatively, you have the option not to make a withdrawal to pay benefits on the **Member's** death. Instead, you can request us to reallocate the **Plan** to another member of the **Scheme** or a person who is receiving benefits from the **Scheme** in the form of income (for example, a surviving spouse). We will require:

- satisfactory evidence of the **Member's** death before reallocating the **Plan**; and
- details of the replacement member or person as though they were the original **Member**.

The age restrictions set out in section 1.6 for investments in the **With-Profits Fund** and the **PruFund Funds** do not apply to the replacement member. In all other respects, the terms of this **Policy** will apply to the replacement member as though he or she were the original **Member**.

13.3 Regular withdrawals where there is no current investment in the With-Profits Fund

You can take regular withdrawals (**income**) from the first month after the **date invested**. The **income** can be taken on a monthly, quarterly, six-monthly or annual anniversary of the **date invested** or on a date chosen by you, provided you give three months' notice of any change to the date on which **income** is to be taken. You can also change, again subject to three months' notice, the amount of the **income** level.

The first payment of **income** will be made on the date specified by you on the **application**.

The **income** level is specified as a percentage of the **initial investment**, to two decimal places. In calculating the **income**, rounding is to the nearer £0.01, with £0.005 being rounded up (a lesser fraction being rounded down).

When paying regular **income** under this section 13.3, **units** are sold in accordance with section 11.2. No 28 day waiting period will apply under section 5.9.

Where the **Plan** is invested partly or wholly in a **PruFund Protected Fund** (including the corresponding **PruFund Protected Account**, where appropriate), the payment of **income** under this section 13.3 will reduce the **guaranteed value** as described in section 6.9.

13.4 Regular withdrawals where there is a current investment in the With-Profits Fund

You can take regular withdrawals (**income**) of up to 7.50% p.a. of the amount of the **initial investment**. The **income** can be taken on a monthly, quarterly, six-monthly or annual anniversary of the **date invested** or on a date chosen by you, provided you give three months' notice of any change to the date on which **income** is to be taken. You can also change, again subject to three months' notice, the amount of the **income** level, provided it stays within the 7.50% limit.

The first payment of **income** will be made on the first anniversary of the **date invested**, unless you chose to defer **income** on the **application**, in which case the first payment may be made at your direction, provided this is not earlier than the date already specified and also subject to three months' advance notice.

The **income** level is specified as a percentage of the **initial investment**, to two decimal places. In calculating the **income**, rounding is to the nearer £0.01, with £0.005 being rounded up (a lesser fraction being rounded down).

If at any time, a withdrawal under section 13.1 is made, the **income** level which can subsequently be taken, will be less than 7.50% and is called the lower level. In arriving at the lower level, the **income** level is reduced by multiplying by a reduction factor. The reduction factor is calculated as follows:

- we calculate the value of all the **units** under the **Plan** immediately before making the withdrawal;
- we reduce that value by the value of the **units** disinvested before making any allowance for Withdrawal Charges;
- we then divide that reduced value by the value of all the **units** under the **Plan** immediately before making the withdrawal.

When calculating the value of any **units** of the **With-Profits Fund**, no allowance is made for any final bonus under section 4.2 or any **MVR** under section 4.3.

The lower level will take effect from the next anniversary of the **date invested**.

When paying regular **income** under this section 13.4, **units** are sold in accordance with section 11.2. No **MVR** will apply under section 4.3 and no 28 day waiting period will apply under section 5.9.

Where the **Plan** is invested partly or wholly in a **PruFund Protected Fund** (including the corresponding **PruFund Protected Account**, where appropriate), the payment of **income** under this section 13.4 will reduce the **guaranteed value** as described in section 6.9.

14. Adviser Charges

14.1 General

You and your financial adviser agree how much you will pay the financial adviser for verifiable pensions advice. The payments that you agree to make to the financial adviser can, if you so require, be funded from the **Plan** through one or more charges known as **Adviser Charges**. As stated in section 1.2.2, any **Adviser Charges** deducted from the **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 16.12).

Except where there is a change to the financial adviser (as described in section 14.9), we will not deduct **Adviser Charges** or make payment to any financial adviser unless you instruct us to do so (see section 14.2).

Adviser Charges are tested to ensure they do not exceed certain limits as explained in section 14.11.

You can specify only one financial adviser at any given time, in relation to the **Plan**.

14.2 Instructions to Prudential

(a) You must provide written instructions about deducting **Adviser Charges** in the **application** or another form acceptable to us. If you have more than one **Trustee Investment Plan (Series A)**, you must provide separate instructions in relation to each plan when **Adviser Charges** are to be set up.

(b) Subject to (c) below, your or your financial adviser’s instructions to make any of the changes described in sections 14.7, 14.8 and/or 14.9 must be made in writing and sent to us by post.

(c) Your or your 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.

(d) If the **Scheme** is a **SIPP** and you assign the **Plan** to the trustees of another **SIPP** under section 21, we will require new written instructions to be provided by the receiving trustees.

14.3 Types of Adviser Charges, Adviser Charge basis and frequency of deduction

You choose which type of **Adviser Charge(s)** will apply and, in the case of a Set-up **Adviser Charge**, the basis on which the **Adviser Charge(s)** will be deducted, matching the **Adviser Charge** and the basis to the payment(s) that you have agreed with the financial adviser.

There are two types of **Adviser Charge** available under the **Trustee Investment Plan (Series A)**:

- Set-up **Adviser Charge**; and
- Ongoing **Adviser Charge**.

You have a choice of two bases on which a Set-up **Adviser Charge** can be deducted:

- a specified monetary amount; or
- a percentage amount.

In the case of Ongoing **Adviser Charges**, the charge is always expressed as percentage amount. In this case, you have the choice of two deduction frequencies:

- monthly in arrears; or
- quarterly in arrears.

14.4 Set-up Adviser Charge

A Set-up **Adviser Charge** is a one-off **Adviser Charge** deducted from the **Plan** when the **Plan** is first set up.

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 **Plan**.

Where the Set-up **Adviser Charge** is expressed as a percentage of the payment, the percentage is applied to the **Initial Investment**.

14.5 Ongoing Adviser Charge

14.5.1 General

- (a) An Ongoing **Adviser Charge** is an **Adviser Charge** deducted from the **Plan** at regular intervals throughout the term of the **Plan**. Ongoing **Adviser Charges** are deducted either monthly or quarterly in arrears, according to your choice.
- (b) An Ongoing **Adviser Charge** is expressed as a percentage (to two decimal places) of the value of all **units** held in **funds** under the **Plan**, including any amounts held in the **PruFund Accounts**.
- (c) You can request to start Ongoing **Adviser Charges** in the **application** or you can request to start Ongoing **Adviser Charges** at any later time. A request to start Ongoing **Adviser Charges** after the **date invested** is treated as a change under section 14.7.

You can request to change or stop Ongoing **Adviser Charges** as described in section 14.7. The financial adviser can also instruct us to stop or reduce Ongoing **Adviser Charges** under section 14.7 or section 14.9.

- (d) Ongoing **Adviser Charges** must stop if they cease to be in accordance with **HMRC** rules. This will be the case if, for example, you cease to receive ongoing pensions advice from the financial adviser, or if the **Adviser Charges** cease to represent genuinely commercial remuneration arrangements between you and your financial adviser. In such a case, you 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 16.12).

14.5.2 “Effective start date” of Ongoing Adviser Charges

- (a) Where we receive your instruction to deduct Ongoing **Adviser Charges** in the **application**, the “effective start date” of those Ongoing **Adviser Charges** is the **date invested**.
- (b) Where we receive your instruction to deduct Ongoing **Adviser Charges** after the **Plan** has been set up, the “effective start date” of those Ongoing **Adviser Charges** is the “effective change date” described in section 14.10(a).

- (c) 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 14.5. Deductions cannot be backdated to cover the period between stopping and restarting.

14.5.3 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 quarterly to monthly Ongoing **Adviser Charges**).
- (b) Quarterly Ongoing **Adviser Charges** are deducted each quarter in arrears on a **monthly transaction date**. The first deduction is made on the third **monthly transaction date** following the “effective start date” (or the “effective change date”, in the case of a change from monthly to quarterly Ongoing **Adviser Charges**). Subsequent deductions are made on every third **monthly transaction date** thereafter.
- (c) The deduction of Ongoing **Adviser Charges** is subject to our power to delay selling units under section 7.

14.5.4 Date when Ongoing Adviser Charges stop

Ongoing **Adviser Charges** continue to be deducted until the earliest of:

- the date that there are insufficient **units** (in the case where you have excluded **units** of a **PruFund Protected Fund** from the deductions – see section 14.6.5);
- the date we stop deducting Ongoing **Adviser Charges** as a result of an instruction from you or the financial adviser (see sections 14.7 and 14.9);
- the date all **units** under the **Plan** are sold to pay a withdrawal or benefits under section 12;
- the date of the **Member’s** death (in the case of a **Member designated Plan**, unless the **Plan** is reallocated on the **Member’s** death as described in section 13.2.2(b)); and
- the date the **Plan** is terminated under section 20.

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 you or your financial adviser. In that case, the last deduction is the deduction due immediately before the “effective change date” under section 14.10.

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 made on the last **monthly transaction date** before we receive the relevant notification.

14.6 Sale of units to pay Adviser Charges

14.6.1 Set-up Adviser Charges

Set-up **Adviser Charges** are deducted proportionately across all **funds** in which the payment is invested at the **date invested**, including the **PruFund Accounts**. We sell the **units** using the **unit price(s)** which apply on the **date invested**.

14.6.2 Ongoing Adviser Charges

Subject to section 14.6.5, Ongoing **Adviser Charges** are deducted proportionately across all **funds** in which **units** are held under the **Plan** at the date the deduction is made, including the **PruFund Accounts**. Subject to any delays under section 7, we sell the **units** using the **unit price(s)** for the **monthly transaction date** on which the deduction is made.

14.6.3 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 (b) under section 4.4. Any final bonus will be added to the value of the **units** sold. As set out in section 4.3, no **MVR** is applied when selling **units** of the **With-Profits Fund** to pay an **Adviser Charge**.

14.6.4 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 5.9.4.

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 6.9.

14.6.5 Ongoing Adviser Charges – excluding PruFund Protected Funds from unit deductions

You can request that **units** are not deducted from a **PruFund Protected Fund** or a **PruFund Protected Account** in order to pay Ongoing **Adviser Charges**. This is allowed only where **units** of other **funds** are also held under the **Plan** and the value of these **units** is sufficient to meet the agreed **Adviser Charge**.

In such a case:

- the relevant **Adviser Charge** is deducted proportionately across all other **funds** in which **units** are held under the **Plan**.
- the calculation of the **Adviser Charge** will still take account of the value of the **units** held in the **PruFund Protected Fund** or **PruFund Protected Account** even though **units** are not sold from those **funds**.
- If the value of **units** held in other **funds** later becomes insufficient to meet the relevant **Adviser Charges**, we will not make any deduction. We will notify you that we have not been able to deduct the Ongoing **Adviser Charge** or pay the financial adviser. You 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 14.5. Deductions cannot be backdated to cover the period between stopping and restarting.

Note: You cannot request for **units** of a **PruFund Protected Fund** and/or a **PruFund Protected Account** to be excluded when selling **units** to pay a Set-up **Adviser Charge**.

14.6.6 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 **Plan**, we round our calculations to two decimal places and make deductions to the nearest whole penny.

14.7 Changes to Ongoing Adviser Charge

(a) You can at any time instruct us to:

- start Ongoing **Adviser Charges** after the **date invested** (as described in section 14.5.1(c));
- increase or reduce the percentage level of Ongoing **Adviser Charges**;
- stop paying Ongoing **Adviser Charges**;
- change the frequency of Ongoing **Adviser Charges** from monthly to quarterly, and vice versa; and/or
- change the financial adviser to whom Ongoing **Adviser Charges** are payable (see also section 14.8).

In the case where there are **units** of a **PruFund Protected Fund** or **PruFund Protected Account** under the **Plan**, you can at any time instruct us to:

- start to exclude any **units** of a **PruFund Protected Fund** or **PruFund Protected Account** when deducting Ongoing **Adviser Charges** as described in section 14.6.5; or
- start to include any **units** of a **PruFund Protected Fund** or **PruFund Protected Account** when paying Ongoing **Adviser Charges**, if your existing instruction is for these **funds** to be excluded as described in section 14.6.5.

(b) The financial adviser can also instruct us to stop or reduce Ongoing **Adviser Charges** without us having to obtain your consent. We will, however, notify you if this happens.

(c) The “effective change date” of changes requested under this section 14.7 is determined in the way explained in section 14.10.

14.8 Change to financial adviser – notification from you

As stated in section 14.1, you can specify only one financial adviser in relation to the **Plan**.

You must tell us if you change your financial adviser and must provide a new **Adviser Charge** instruction under section 14.2. Unless you give us new instructions regarding future **Adviser Charges**, we will stop deducting any Ongoing **Adviser Charges** (see also section 14.5.2(c)).

The effective date of any new instruction regarding future **Adviser Charges** following the change of financial adviser, is determined in the way described in section 14.10.

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 **Plan**, you need to time the 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 16.12).

14.9 Change to financial adviser – notification from the financial adviser

The declaration in the **application** covers the situation where your adviser firm arranges for the services you have agreed with them to be provided by another adviser firm. You will have given **Prudential** authority, in this circumstance, to change your **Adviser Charge** instructions to pay **Adviser Charges** at the existing agreed level to the new adviser firm, without obtaining your 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 under this section, it will not be our responsibility to tell you about the changes made. This responsibility lies with the financial adviser(s). The change of financial adviser must be notified to you 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 you. The financial adviser can, however, instruct us to stop or reduce **Adviser Charges** as described in section 14.7(b). See also section 14.5.2(c).

14.10 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 14.9.

- (a) The “effective change date” of any changes made under section 14.7 is the 10th **working day** following the date we treat your or your financial adviser’s instruction as having been received by us under section 16.4.

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 14.8, is the 10th **working day** following the date we treat your instruction as having been received by us under section 16.4.

- (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 percentage level 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 7). 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 7).

- (e) In the case of a change from quarterly 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 7) start with effect from the next **monthly transaction date** following the “effective change date”.

In the case of a change from monthly to quarterly 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 quarterly deduction of Ongoing **Adviser Charges** will (subject to any delays under section 7) start with effect from the second **monthly transaction date** following the “effective change date”.

14.11 Limit on Adviser Charges

14.11.1 General

The limits set out in this section 14.11 apply and are calculated separately in relation to each **Trustee Investment Plan (Series A)** which is a **post-RDR pension plan**.

Where you have requested for Ongoing **Adviser Charges** in respect of other **post-RDR pension plans** under the **Scheme(s)** to be deducted from the **Plan**, the total Ongoing **Adviser Charges** must not, when first checked, exceed the limit for the **Plan**.

Where any **Set-up 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 **date invested** 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**.

14.11.2 Limit on Set-up Adviser Charges

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

The amount of the payment to which the maximum percentage is applied is determined in the way described in section 14.4.

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

14.11.3 Limit on Ongoing Adviser Charges

(a) The maximum total Ongoing **Adviser Charges** that can be deducted from the **Plan** each “Plan Year”, is a percentage of the value of **units** held under the **Plan**. 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 your financial adviser.

(b) We test any proposed Ongoing **Adviser Charge** against the relevant limit:

- when each **Plan** is set up;
- when we receive your instructions to start paying Ongoing **Adviser Charges**;
- when an increase to the level or amount of Ongoing **Adviser Charges** is carried out.

When testing Ongoing **Adviser Charges** against the limit, we take into account all such **Adviser Charges** already deducted from the **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.

14.11.4 Adviser Charges exceeding the limit

(a) If the limit is exceeded when you first instruct 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 you instruct us to increase an Ongoing **Adviser Charge**, we will not make that increase. 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.

(c) In either of the above cases, we will notify you.

15. Entitlement

Prudential must be satisfied that any person requesting a withdrawal or a switch of **units** is entitled to do so.

Notice of any change in this must be sent to **Prudential**. We may require to see further evidence of any change of this sort.

16. Miscellaneous

16.1 Monthly dates

If any event under the **Plan** would fall due on the 29th, 30th or 31st day of any month, we can substitute the 28th day of that month as the due date.

16.2 Renumbering the Policy and/or Plan

We may renumber your **Policy** and/or your **Plan** for administrative purposes, but we will tell you first.

16.3 Incorrect or incomplete information

The **Plan** is set up by an **application** and declaration made to us by you and any other information which the **application** authorises us to get. If any of the information is later found to be incorrect or incomplete, we have the right to alter the provisions of the **Policy** or the **Plan** which, in our opinion, would not have been agreed if we had known the full facts. If such alteration is necessary, we will notify you and provide full details of the changes. 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).

16.4 Notices to us and date we treat items, payments and communications as being received

16.4.1 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 **Policy** that another form of communication, such as e-mail, fax or telephone, is also acceptable to us.

Instructions to switch between funds (see section 12), instructions to sell **units** for withdrawals (see section 13) and instructions to stop or reduce **Adviser Charges** (see section 14) are the only instructions which we will accept by e-mail or fax. Instructions to stop or reduce **Adviser Charges** are the only instructions which we will accept by telephone.

16.4.2 Effective date of receipt by us

- (a) A number of sections in this **Policy** 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) we need from you, 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) Subject to section 12.2.5(b) (in the case of switches from the Japanese or Pacific Markets Funds), we normally treat any notice, request, information or item sent to us by post, as being received on the **working day** that we receive it at our office. If the day we received the item is not a **working day**, we will treat it as having been received on the next **working day**.
- (c) The effective date of any notice, request or information by e-mail or fax which is received by us by 5.00pm (London time) on a **working day**, is normally the next **working day** following the date of receipt.
- The effective date where such notice, request or information is received by us either after 5.00pm (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.
- (d) As mentioned in section 16.4.1, instructions to stop or reduce **Adviser Charges** are the only instructions which we will accept by telephone. If we receive the call by 5.00pm (London time), the effective date of receipt is that same **working day**. If we receive it after 5.00 pm or not on a **working day**, the effective date is the next **working day** following date of receipt.

16.4.3 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 ways described above.

16.5 Payments from the Plan

All payments from the **Plan** will be made from our administration office. Payments are made by BACS 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. Before making payment, we may need to carry out a number of checks to ensure that we are paying to the correct person.

16.6 Governing law

The law of Scotland applies to the **Policy** and the **Plan** and any disputes connected with it/them.

16.7 Contract of long-term insurance

The benefits arising under the **Trustee Investment Plan (Series A)** relate to a 'contract of long-term insurance' within the meaning of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

16.8 Pension business

The payment made to the **Plan** by you must relate to pension business in the way described in section 58 of the Finance Act 2012. If we discover that the payment does not meet this requirement, we may modify the terms of the **Policy** in whatever way is necessary to ensure that HMRC does not tax any of the investment **funds** or does not impose any penalty on us. If such modification is necessary, we will notify you and provide full details of the changes.

16.9 The Financial Services Compensation Scheme

If we get into financial difficulties which affect our ability to pay your claim you may be able to receive compensation under the Financial Services Compensation Scheme (FSCS).

The FSCS is an independent body set up under the Financial Services and 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 you to be aware that you may not always be able to make a claim under the FSCS and there are also limitations in the amount of compensation you may receive.

Any compensation available will depend on your eligibility, the type of financial product or service involved, the investment funds selected and the circumstances of the claim.

You can find out more information on the FSCS and examples of limits in the scope of FSCS cover for your plan by visiting our website at pru.co.uk/about/financial-services-compensation-scheme

Information is also available from the FSCS. You can contact the FSCS by:

- writing to:
Financial Services Compensation Scheme
PO Box 300
Mitcheldean
GL17 1DY
- telephoning: 0800 6781100
- visiting its website at: fscs.org.uk

Very Important Information

Prudential policyholders, including you, are not protected by the FSCS against the insolvency of other companies within **M&G plc** or any **external Fund Manager**.

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**); or
- for **Prudential Unit-Linked Funds** which are provided through another company within **M&G plc**; or
- for **Externally-Linked Funds**.

If another company from within **M&G plc** or an **external Fund Manager** becomes insolvent and we cannot recover the full value of the **units**, **Prudential** will not be liable for the shortfall.

As reflected in section 19, if a charge is imposed on us under the FSCS (or any other investor compensation scheme), we may pay it by imposing on our policyholders whatever additional charges are necessary and reasonable (see section 19 for further information).

16.10 Rights of third parties

The Contracts (Rights of Third Parties) Act 1999 does not apply in relation to the **Policy** unless you and we agree that it should do so in particular circumstances.

If you and we agree to this, the agreement will be included in an endorsement to the **Policy** and will not be effective otherwise.

16.11 Our address

Please send any forms, notices and instructions to us at the following address:

The Flexible Retirement Income Servicing Team
Prudential
Lancing
BN15 8GB

Please quote your **Plan** number in all communications.

16.12 Taxation and unauthorised payments

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 UK companies are exempt from tax in the pension scheme. Dividends from many overseas companies will be paid after deduction of an overseas withholding tax that the pension scheme cannot generally recover.

Payments made from the **Plan** (and therefore from the **Scheme**) are considered to be “unauthorised payments” where they do not comply with legislation. Generally, the payments and benefits described in this **Policy** 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, in the case where Ongoing **Adviser Charges** are deducted and paid to a financial adviser after he or she has ceased to provide advice to you (see section 14.5.1). It should be noted that this is not the only instance when a payment may be treated as an unauthorised payment. 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 reach or go above a set threshold within a certain time period (as determined by HMRC). In addition, the **Scheme** Administrator is also liable to a scheme sanction tax charge of up to 40% of the payment, in respect of most unauthorised payments.

17. Complaints

You should raise any complaint as soon as possible. You should contact us in the first instance at the address shown in section 16.11.

In the unlikely event that we are unable to resolve any disputes or complaints, you 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 4567

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 you to contact in the event of a particular dispute or complaint.

18. Changes to the Policy and/or Plan

18.1 Changes requested by the Trustees

You can ask for your **Plan** to be changed. Any such change is subject to our agreement.

18.2 Changes by Prudential

Note: This section 18.2 does not apply to our limits or charges. Our right to change our limits and charges is set out in section 19.

- (a) Subject to (b) below, we can make changes to your **Plan** providing we give you **reasonable notice** and obtain your consent.

If, having given **reasonable notice**, we do not receive any response from you by the date specified in our notice, we will be entitled to infer your consent to the changes.

- (b) We can add to, amend, modify or set aside any of the terms in this **Policy** (and in so doing make changes to your **Plan**) without giving you reasonable notice and/or without your consent in the circumstances set out below.

We can make changes under this section 18.2(b) without giving you **reasonable notice**: for example, where we are required by law to take urgent action, or where the change is either to your advantage or has little or no adverse financial effect on the **Plan**. Except where it is impracticable to do so, we will, however, always notify you of any changes made under this section 18.2(b) and such notification may be made after we have made the changes. In determining whether we must give you **reasonable notice** or whether we may simply notify you 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 your consent are as follows:

- (i) if it becomes impossible or unreasonable to follow the relevant terms and conditions due to a change in legislation, regulations or otherwise;
- (ii) if circumstances have changed in such a way that could not have reasonably been predicted at the start of your **Plan**;

- (iii) if the addition, amendment, modification or setting aside is reasonable (for example, the change must be justifiable and either be to your advantage or have little or no financial effect on your **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 this **Policy** and your **Plan** in such a way which ensures that the balance between you and us is the same as it was before the change;
- (v) if we discover that the **initial investment** does not relate to pension business in the way described in section 58 of the Finance Act 2012. See also section 16.8;
- (vi) if we do not have your current address, which will mean that we cannot contact you to provide the written notification of a proposed amendment that we would otherwise have given under the terms of this **Policy**.

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 you are unhappy with any changes, you should write to us at the address given in section 16.11.
- (d) Additional terms and conditions regarding changes to **funds** are set out in sections 2.2, 2.5.1, 2.5.4, 2.5.5 and 6.5.

19. Changes to limits and charges

We make various charges intended to cover the costs of administering the **Plan**. These charges are described in this **Policy**. The initial amounts of the charges are shown in other documentation issued to you.

From time to time, we may change the limits and charges in this **Policy** (including the Annual Management Charges) to take account of inflation and other factors which may affect the cost of running our business.

A change to the charges payable under the **Plan** may also be effected through the withdrawal of, or a change to, the terms and conditions of the Fund Size Discount described in section 8.6.

We may introduce charges for making switches between **funds** under section 12.2. 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 16.9.

There are two ways in which we may increase charges, as follows:

- (a) We may increase them in line with the **Prices Index** to take account of inflation. In some years we may not increase some or all of them. However, if we do not increase a charge for more than a year, when we next increase it, we may (except where increasing the annual level of **basic Annual Management Charge** for **Unit-Linked Funds**) take account of changes in the **Prices Index** since the date used for the last increase.
- (b) If we have established that our costs have increased by more than the **Prices Index**, we can make further increases to cover these increased costs.

We will keep any increases to charges under (b) to reasonable amounts, reflecting any increases in our reasonable costs for operating the **Plan**. This may happen, for example:

- if any **external Fund Manager** or other company that performs any administrative or investment function on our behalf, increase the charges that we pay them; or
- if we experience an increase in the general administrative costs that we incur in operating the **Plan**; 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). See also section 16.9; or
- if we discover that the **initial investment** does not relate to pension business in the way described in section 58 of the Finance Act 2012. See also section 16.8.

The way in which we can increase the minimum amount of a withdrawal under section 13 of the **Policy** (or the minimum amount remaining after making a withdrawal) is further restricted under section 13.1.

As set out in section 2.5, we may introduce new **funds**. The levels of **basic Annual Management Charge** for these new **funds** may be higher than apply for existing **funds** available under the **Trustee Investment Plan (Series A)**, and they may be increased later as described above.

See also section 8.8 which explains in detail how changes may affect the Annual Management Charges.

We will give you **reasonable notice** in writing if we make any change to limits or charges described in this **Policy** or if we introduce any new charges. If you are unhappy with any changes you should write to us at the address given in section 16.11.

20. Termination of the Plan

You can surrender and terminate the **Plan** by taking the total value of the **Plan** as a withdrawal under section 13.1. The value of the **Plan** will be determined in the way described in section 13.2.1.

21. Assignment of ownership of the Plan

If the **Scheme** is a **SIPP**, the ownership of the **Plan** may be transferred by assignment to the trustees of another **SIPP** in respect of the **Member**, but only in accordance with the Rules and other governing documentation of the **Scheme** of which it is an asset.

You must send written notice of any assignation or assignment to the address given in section 16.11.

For the avoidance of doubt:

- Where the **Scheme** is a **SIPP**, the **Plan** can only be transferred by assignment to another **SIPP**; it cannot be transferred by assignment to an **OPS** or any other type of **registered pension scheme**; and
- Where the **Scheme** is an **OPS**, the **Plan** cannot be transferred by assignment to another **OPS** or a **SIPP**, nor to any other type of **registered pension scheme**.

Where it is not possible to transfer the **Plan** by assignment, you have the option to terminate the **Plan** under section 20 and use the proceeds as a transfer to the receiving **registered pension scheme**. The trustees of the receiving scheme will have the option to invest the transfer in a new plan, provided we still market the **Trustee Investment Plan (Series A)** or a similar successor product. The new plan will be subject to our terms and conditions at that time, including the minimum investment, the charges and the allocation rate that apply and the investment funds that are available.

22. Meanings of special words and expressions

The words and expressions shown in **bold** in the **Policy** have specific meanings. These are:

actual Annual Management Charge: This is the main charge that we make for operating the **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 8.3).

Adviser Charge: An amount deducted from the **Plan** and paid to your financial adviser as your agreed payment for advice (see section 14.1). There are two types of Adviser Charge available under the **Trustee Investment Plan (Series A)**:

- Set-up Adviser Charge (see section 14.4); and
- Ongoing Adviser Charge (see section 14.5).

anniversary date: The anniversary each year of the **date invested** of the **Plan**.

application: The form that we require you, the Trustees, to complete in order to take out a **Trustee Investment Plan (Series A)**.

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.

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**. See pru.co.uk/pdf/WPGB0031.pdf

date invested: This is the date on which the **initial investment** under section 10.1 was first applied under the **Plan** and **units** were first allocated to the **Plan**, as shown on the **Schedule**.

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 where the smoothing process has been suspended under section 5.8.5) 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 5.7 and 5.8.

external Fund Manager(s) and Externally-Linked Fund(s): External Fund Managers are companies that are either:

- (a) managers of collective investment schemes (such as unit trusts or **OEICs**) operating outside **M&G plc**; or
- (b) life assurance companies outside **M&G plc**.

We (or other companies within **M&G plc**) have entered into agreements with certain external Fund Managers 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 trustee investment plans. These **funds** are called Externally-Linked Funds. The Externally-Linked Funds are **Unit-Linked Funds**.

FTSE: Financial Times and the London Stock Exchange.

fund: This means one of the pension funds that we make available for investing contributions. The funds consist of the **Prudential Unit-Linked Funds**, the **With-Profits Fund**, the **PruFund Funds** and a number of **Externally-Linked Funds**. Whilst the **PruFund Accounts** are also funds within the terms of this **Policy**, 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 **Trustee Investment Plan (Series A)** are set out in our funds literature (available on request) and are subject to change from time to time (see section 2.5).

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 5.8.3 (b). We may choose to vary this percentage from time to time and it may differ across the range of **PruFund Funds**. See 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 the **Plan**.

guarantee charge date: This is the date in 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.

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 **Trustee Investment Plan (Series A)**. The guarantee date of an investment in a **PruFund Protected Fund** is determined in accordance with section 6.6.

guaranteed value: This is the minimum value, determined in accordance with sections 6.7 to 6.10, 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 6. The guarantee period is chosen by you 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 6.5. 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 **Plan**.

HMRC: His Majesty’s Revenue & Customs.

income: This means regular withdrawals from the **Plan**, which you can opt to take under sections 13.3 and 13.4.

initial investment: This is the single payment which you paid to us for the purpose of investment under a **Trustee Investment Plan (Series A)** as set out in the **application** and the **Schedule**.

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

Market Value Reduction (MVR): If money invested in the **With-Profits Fund** is taken out at any time, except in those circumstances described in section 4.3, the amount payable may be reduced. This is known as a market value reduction. The market value reduction may apply when the value of the assets underlying the **Plan** is less than the value of that **Plan** at the time the money is taken out, including all bonuses. It is designed to protect investors who are not taking their money out and to maintain the security of the **Prudential With-Profits Fund**.

Member: This definition is only relevant where a **Plan** is the **Member designated plan**. A person is therefore a member for the purposes of the **Policy** and the **Plan** if:

(a) he or she has joined the **Scheme** in accordance with the Rules of the **Scheme**; and

(b) the individual is named in your **application** and that name is shown on the **Schedule**.

Member designated plan: As explained in section 1.6, if you named a **Member** in your **application** and that name is shown on the **Schedule** then the **Plan** is a Member designated plan. See section 1.6 for further details on the requirements for Member designated plans and the special terms and conditions which apply.

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 8.1);
- we deduct **units** for any explicit additional charge or we allocate **units** for any explicit rebate that may be required under sections 8.4 and 8.5 to meet the **actual Annual Management Charge**; and/or
- we deduct **units** to meet **Ongoing Adviser Charges** under section 14.

The monthly transaction date will normally fall on the same day of the month as the **date invested**. 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 **date invested**, and subsequent ones then fall monthly thereafter.

net asset value per unit: This definition is used in respect of the **PruFund Funds** (see section 5.8). 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 policies, including 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 5.8.

OEIC: An open-ended investment company. Some of the **funds** available under the **Trustee Investment Plan (Series A)** may invest in OEICs.

OPS: An occupational pension scheme. An OPS is an employer-sponsored **registered pension scheme**. Note: A grouped personal pension arrangement is not an OPS.

Plan: This is the **Trustee Investment Plan (Series A)** set up for you, as a result of our acceptance of your **application**.

Policy: This document, which together with the **Schedule**, sets out the terms and conditions of the **Trustee Investment Plan (Series A)** set up for you (see section 1.3). The terms and conditions set out in this Policy apply to **Trustee Investment Plans (Series A)** which are **post-RDR pension plans** where the **date invested** falls on or after 24th March 2022.

post-RDR pension plan: A post-RDR pension plan is a pension plan which is subject to the regulatory rules on advice and adviser charging, effective from 31st December 2012. A **Trustee Investment Plan (Series A)** is treated as a post-RDR pension plan in the circumstances described in section 1.2.

Prices Index: The general index of retail prices (for all items) published by the Government Executive Agency known as the Office for National Statistics. If this index is no longer published, or if, in his or her opinion, this index is no longer suitable, our Actuary will use another index which he or she considers suitable, not excluding for this purpose an index calculated by him or her. In selecting another index, our Actuary will act in a fair and reasonable way, taking into consideration all relevant circumstances to ensure that policyholders are treated fairly.

Prudential: This is The Prudential Assurance Company Limited, which is a member of **M&G plc**. The Prudential Assurance Company Limited is the company with which you have entered into a contract through the **application** for the **Plan**. The Prudential Assurance Company Limited issued this **Policy**. When we use the words “we”, “us” and “our”, we are referring to The Prudential Assurance Company Limited.

Prudential Cash Fund: The unit-linked cash fund from the Prudential fund range offered under the **Trustee Investment Plan (Series A)** (including any successor fund).

Prudential Unit-Linked Fund(s): These are **Unit-Linked Funds** that are managed by companies within **M&G plc**.

Prudential With-Profits Fund: This is the with-profits fund operated by **Prudential** as a whole.

The Prudential With-Profits Fund is divided into parts or sub-funds. Each part or sub-fund is divided into **units**. We may combine or divide the sub-funds or **units** of a sub-fund at any time and we may combine sub-funds. Only one type of **unit** applies to this **Policy**.

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 4 and 5.

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 5.3 to 5.7 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 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** which consist of one **PruFund Protected Fund** and one non-protected **PruFund Fund** and which are linked by description. For example, the PruFund Cautious Fund and the PruFund Protected Cautious Fund 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 guarantee options described in section 6. The full range of PruFund Protected Fund(s) available at any time is set out in our current **funds** literature which is available on request.

quarter date(s): These are relevant to the **PruFund Funds** and are 25th February, 25th May, 25th August and 25th 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**. See pru.co.uk/pdf/WPGB0031.pdf

reasonable notice: This means that we must tell you before we make a change and we must give you a reasonable amount of time, given all of the circumstances, to take any action or make any decisions which are needed, or which you 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 body such as an **external Fund Manager**.

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.

Schedule: This is a document that accompanies the **Policy**. It contains details relevant to the **Policy** and is treated as part of the **Policy**.

Scheme: The **registered pension scheme** of which this **Plan** is an investment.

SIPP: A self-invested personal pension. A SIPP is an arrangement which:

- forms part or all of a **registered pension scheme** which is a personal pension scheme; and
- gives the individual member the power to direct how some or all of the payments in respect of the member are invested.

Trustee Investment Plan (Series A): This is the pension product marketed by us for the purpose of providing an investment facility and pension and other related benefits for certain types of **registered pension scheme**.

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 reversionary bonus subsequently added to that payment.

Unit-Linked Fund(s): These pension funds are the **Prudential Unit-Linked Funds** and the **Externally-Linked Funds**. For the avoidance of doubt, the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** 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 3 (for the **Unit-Linked Funds**), section 4 (for the **With-Profits Fund**) and section 5 (for the **PruFund Funds** and the **PruFund Accounts**).

Note: Our website and some other items of literature may show unit prices for the **Trustee Investment Plan (Series A)** as “bid prices” and “offer prices”. The unit price relevant to **Trustee Investment Plans (Series A)** which are **post-RDR pension plans** is the “bid price”. The “offer price” is not relevant.

With-Profits Fund: This is a pension sub-fund of the **Prudential With-Profits Fund** relevant to the **Trustee Investment Plan (Series A)** (see section 4).

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 5.8, 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).

The value of an investment may fluctuate and is therefore not guaranteed. Information in this document is based on Prudential's understanding of legislation as at April 2024. 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 and units are sold in certain circumstances as set out in this Policy, a Market Value Reduction (MVR) may apply.

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