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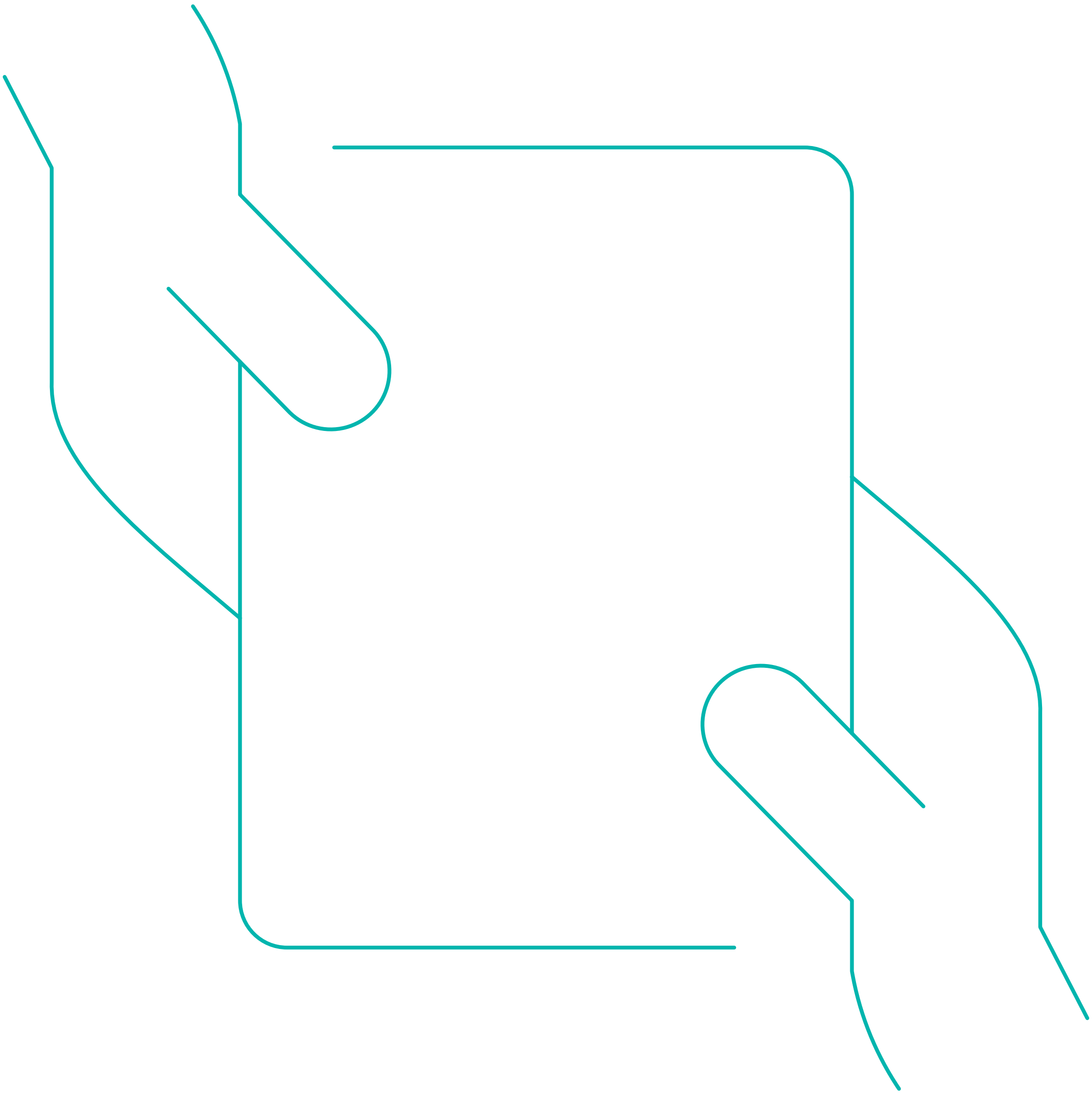
Key Features of the Maxipension (Series 2)



Please read this document along with your personal illustration (if you have one) before you decide to buy this plan. It's important you understand how the Maxipension (Series 2) works, the benefits and associated risks.

Contents

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

All our literature is available in audio, large print or braille versions. If you would like one of these please contact us using the details on the last page.

The Financial Conduct Authority is a financial services regulator. It requires us, Prudential, to give you this important information to help you decide whether our Maxipension (Series 2) is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

About the Maxipension (Series 2)

The Maxipension (Series 2) gives you access to a range of investments to help you save for retirement in a tax-efficient way. These plans can also provide additional life cover.

If you still have questions about our Maxipension (Series 2) after reading this booklet, please give us a call – our details are in the 'Get in touch' section on the last page. If you do have a financial adviser, please speak to them first.

Its aims

What this plan is designed to do

- To help you to save for your retirement in a tax-efficient way.
- To give you access to a wide range of investment options to suit your attitude to risk and investment objectives.
- To enable your employer to provide extra life cover for you should you die before you take your benefits.

Your commitment

What we ask you to do

- To make at least one payment into your plan.
- To allow your pension fund to potentially grow until you take your benefits.
- To regularly review your investments to make sure you're on track for retirement.
- If your employer has purchased life cover for you then you must tell us of any change in health from the time you sign the application form through to the start of your plan as this could affect your cover.

Risks

What you need to be aware of

- The value of your investment can go down as well as up so you might not get back the amount you put in.
- There are different risks for different funds, please refer to your **Fund Guide** for more information.
- As the price of everyday goods and services goes up, your money won't stretch as far as the same amount would now. This is called inflation.
- If the total charges are more than any overall growth achieved, your plan will fall in value, possibly to even less than you have invested.
- If you take money out of the With-Profits Fund we may reduce the value by applying a Market Value Reduction. We explain this in the section 'Where are my payments invested?'.
- There may be a delay in buying, selling or switching to, or from certain funds. Please refer to the section 'Where are my payments invested?' for more information.
- If your employer's regular payments into the plan stop or are suspended, any additional life cover you have opted for will end. If regular payments are reduced, your life cover may also have to be reduced.

Other documents you should read

This document gives you key information about the Maxipension (Series 2). If you want more detail on specific points, please read the following documents. We have highlighted when they are relevant throughout this document.

They are all available from your adviser or direct from us. Our contact details are on the last page.

- **Member's Booklet**
  Gives you detail on the terms and conditions of the contract.
- **Fund Guide**
  This explains your investment choices.
- **Your With-Profits Plan – a Guide to how we manage the Fund**
  This provides information on how our With-Profits Fund works, and our current approach to managing it.
- **Market Value Reduction – A clear explanation**
  This explains what a Market Value Reduction is, together with information about why and when these may be applied.

Questions & Answers

Is the Maxipension (Series 2) right for me?

The Maxipension (Series 2) might be right for you, if you're looking for a tax-efficient way to save for retirement alongside your employer.

If you're not sure whether the Maxipension (Series 2) is right for you, please speak to a financial adviser. If you don't have one, you can find an adviser at **pru.co.uk/find-an-adviser**.

Is this a stakeholder pension?

No, the Government has set minimum requirements that companies must meet for a stakeholder pension. These cover things like payments, charges and terms and conditions. Charges for the plan may be higher than for a stakeholder pension. A stakeholder pension may meet your needs as well as this plan, and these are widely available.

How flexible is it?

You and your employer can pay in regular or one-off amounts either by bank transfer, direct debit or cheque until you reach age 75.

You can change your payments at any time, subject to minimum amounts that we may set. Please call us if you would like to discuss this, our contact details can be found under the 'Get in touch' section.

You can also arrange for your payments to be automatically increase each year.

You can stop paying or take a payment break and restart later if your circumstances change. Please note that this will reduce your future benefits. If your circumstances do change, please speak to a financial adviser or contact us using the details on the last page.

Does this plan provide life cover?

If your employer is making regular payments, they can normally provide life cover as part of your plan. The extra cover would be paid on top of the value of your pension plan if you die before your Selected Retirement Date. The extra cover can be paid as a lump sum or be used to buy dependants' benefits. The cost of any life cover, which will be paid by your employer, will depend on the level of cover, your age, hobbies and health. The extra cover will stop if payments into the plan stop.

How much can be paid into my plan?

You and your employer can pay in regular or one-off amounts either by bank transfer, direct debit or cheque until you reach age 75.

There's no limit to the amount that you can pay in to your plan. However there are limits on the tax relief you receive. For more information about tax relief, please see "What about tax?".

Can I transfer money in?

Yes, if you have a pension plan with another provider, you can transfer the value of it to this plan.

Your plan might have valuable guarantees you'd lose if you transfer your pension pot. You should speak to a financial adviser before you make a decision.

Where are my payments invested?

Different funds invest in different types of assets for example, some only invest in property, others invest directly in the stock market and others invest in a wide range of assets. Each fund has its own level of risk and potential for growth. Usually, funds with more potential for growth carry more risk. Remember, the performance of the funds isn't guaranteed. The value of your investment can go down as well as up so you may get back less than you put in.

The trustees have control over the choice of investment funds, although they can allow you to choose. We will invest all the payments to the plans up to 20 funds from a wide range of investment options available to the trustees. Options include the With-Profits and Unit-Linked Prudential funds.

There may be exceptional circumstances that delay the buying, switching and selling of units in any fund. We wouldn't expect these delays to be longer than six months for units that invest in property or land, and one month for units that invest in other asset types. However, we cannot guarantee that delays will never be longer. If a delay will apply to you, we'll let you know.

Your employer may have chosen a default investment arrangement for your plan. If this is the case your money will be directed into this default arrangement unless you make an alternative investment choice. A default investment arrangement does not represent a recommendation on behalf of Prudential.

Lifestyle switching is also available. This investment option aims to provide long-term growth with automatic switching into funds with generally lower risk profiles as you get closer to retirement.

Your financial adviser, if you have one, can give you details about the funds, before you choose where to invest. You can also refer to your employer and our **Fund Guide**.

Unit-linked funds

Payments into unit-linked funds will buy units in the chosen funds. The price of each unit depends on the value of the investment in the fund and also whether more money is going into or out of the fund. We work out the value of your plan based on the total number of units you have in each fund. So, if the unit prices rise or fall, so will your plan value. Money in the various funds is invested in a wide range of shares, corporate bonds, government stocks and commercial property in the UK and abroad.

How unit-linked funds invest

Some of the Prudential funds listed in your **Fund Guide** may invest in 'underlying' funds or other investment vehicles. Have a look at a fund's objective and that will tell you where it invests – including if that's in an underlying fund or funds.

If the Prudential fund is investing in just one underlying fund then it's what's known as a 'mirror' fund, as the performance of the Prudential fund broadly aims to reflect the performance of the underlying fund it invests in. The performance of our Prudential fund, compared to what it's invested in won't be exactly the same. The differences between the underlying fund and our fund can be due to:

- additional charges,
- cash management (needed to help people to enter and leave our fund when they want),
- tax,
- timing of investments (this is known as a fund's dealing cycle, it varies between managers and can be several days).

With-Profits Funds

We work out the value of With-Profits investments differently. A With-Profits investment is one that aims to smooth some of the short term highs and lows of the fund over the period of time that you hold the plan. So, in theory you should see a steadier return year on year, rather than watching the value of your Plan fully reflect the rise and fall in investment markets. Your payments are pooled with those of other Prudential With-Profits investors to form a fund.

We invest this fund in a wide range of investments including company shares, property, Government bonds, company bonds and cash deposits. This is not guaranteed and you must consider that the value of your investment can go down as well as up so you might get back less than you put in.

We allocate your share of the profits of the fund by adding bonuses. There are currently two types of bonus:

- **regular**, which we add throughout each year. We can change the rate of regular bonus at anytime without telling you beforehand, although once added these bonuses are guaranteed on death and at your selected retirement age,
- **final**, which we may pay when you take money out of the With-Profits Fund, although this may vary and is not guaranteed. The final bonus can be reduced or removed at any time, without warning.

You can get further information about this from **Your With-Profits Plan – a guide to how we manage the Fund**.

The performance of the funds isn't guaranteed. The value of your investment can go down as well as up so you may get back less than you put in.

For more information for please refer to your **Fund Guide** or you can visit our website **pru.co.uk**.

What's a Market Value Reduction?

If you take money out of the With-Profits Fund, we may reduce the value of your fund if the value of the underlying assets is less than the value of your plan including all bonuses. This would also apply if the trustees of your plan transferred part, or all, of the scheme.

This reduction is known as a Market Value Reduction (MVR). It's designed to protect investors who are not taking their money out and its application means that you get a return based on the earnings of the With-Profits Fund over the period your payments have been invested.

We apply the MVR to your plan's value including regular and final bonuses.

Please read **Your With-Profits Plan – a guide to how we manage the Fund** for more information on bonuses.

An MVR will reduce the value of your plan and if investment returns have been low, you may even get back less than you have invested in your plan.

We guarantee not to apply an MVR at your normal retirement date or on any claims due to death.

For more information on our current practice and when we may apply an MVR please see **Market Value Reduction – A clear explanation**.

Can I change my investments?

You can switch your money between funds and you can also change where any future payments should be invested. We won't charge you for this. If this changes in the future we'll let you know.

We may apply a Market Value Reduction if you switch money out of our With-Profits Fund. For more information about this, please read the section 'Where are my payments invested?'.

The trustees must confirm to us in writing before any changes to the investment strategy are applied and there may be some restrictions on changes that can be made, but we would confirm these at the time. Different fund management charges will apply to new choices of investment fund in some instances.

What if I stop making payments?

You can stop paying or take a payment break and restart later if your circumstances change. Please note that this will reduce your future benefits and any additional life cover will cease if your employer regular payments stop.

Please remember that we'll keep taking our charges, even if you stop your regular payments. Charges and costs may vary in the future and may be higher than they are now.

Can I transfer money out?

You can transfer out your pension to another registered pension scheme or qualifying recognised overseas scheme before age 75 as long you have stopped making payments and haven't previously used any of your pension to buy an annuity or pension from your scheme.

We may apply a Market Value Reduction if you transfer money out of our With-Profits Fund. For more information about this, please read the section 'Where are my payments invested?'.

To find more information on this subject, you should speak to your trustees.

What are the charges and costs?

Charges and costs are deducted for managing your plan and the underlying investments. The amount we charge depends on the funds you invest in.

Annual Management Charge

For unit-linked funds, we deduct an Annual Management Charge from the funds. This charge is already deducted when we work out the full value of your policy.

We calculate and take the charge for the With-Profits Fund differently.

With-Profits Fund annual charge

For with-profits funds, there are various costs involved with setting up and managing your policy. A charge is deducted from the With-Profits Fund each year to cover these costs. The charge is not explicit so you will not see it being taken from your policy. It is deducted from the underlying With-Profits Fund and is already taken into account when we calculate bonus rates for our With-Profits Fund.

Further information on the operation of the with-profits funds is contained in **Your With-Profits Plan – a guide to how we manage the Fund**.

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're 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.

With-Profits charge for guarantees

There's a charge to pay for all the guarantees the With-Profits Fund supports and we take this charge by adjusting regular and final bonuses each year. We guarantee not to apply a Market Value Reduction (MVR) in certain circumstances, e.g. when payments are made because of death or at your selected retirement date. Our current practice (which isn't guaranteed) may include additional circumstances when an MVR is not applied. Please see 'Where are my payments invested?' for more information.

The total deduction for guarantee charges over the lifetime of your plan is not currently more than 2% of any payment made from the fund. We'll review the amount of the charge from time to time. Charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

For more information about bonuses and charges, please read **Your With-Profits Plan – a guide to how we manage the Fund.**

Unit Allocation

The percentage of the payment which is used to buy units is shown on the enclosed illustration.

Please remember that we'll keep taking our charges, even if you stop making payments. Charges may vary in the future and may be higher than they are now. You can find more information about the charges and costs in the **Fund Guide** or by speaking to your scheme trustees.

What might I get back?

The size of your pension pot will depend upon many factors such as:

- the amount that has been paid into the plan
- how long the payments have been invested
- the performance of the fund(s) you've invested in
- the age you choose to take your benefits
- the amount of charges you've paid.

When can I take my benefits?

The Government currently allows people to start taking their benefits from the age of 55 (57 from 6 April 2028, unless you have a protected pension age), even if you are still working. You may be able to start taking your benefits earlier if you are in ill health.

Regardless of your age, if you have a life expectancy of less than one year due to ill health, you may be able to take your pension pot tax-free.

For more information, please contact us using the details on the last page.

If benefits are taken any time other than your Normal Retirement date (this is the date you tell us you want to retire when you take the plan out) or on your death, a Market Value Reduction may apply to money taken out of our With-Profits fund.

What choices will I have when I want to take my benefits?

You've got different options to choose from when it comes to taking your benefits. We'll contact you as you approach retirement to let you know which of these options we may be able to offer you.

Depending on your choices, you might need to move your pot to another pension to access some of these options or to access them when you prefer.

You can take cash in stages – You can leave your money in your pension pot and take out cash lump sums whenever you need to – until it's all gone, or you decide to do something else with what's left. You decide when and how much to take out. With this option every time you take money from your pension, the first 25% is usually tax-free and the remainder may be subject to income tax. So you can't take the full 25% tax-free from your pension pot at the start. But if you don't need the 25% tax-free sum all at once, this may be another way to minimise the tax you pay when you access your money.

You can take flexible cash or income (also known as drawdown) – In most cases you can take out up to 25% of the money moved into your flexible cash or income plan, in cash, tax-free. You will need to do this at the start. You can then dip into the rest as and when you like. You can also set up a regular income with this option. Any money you take after the first 25% may be subject to income tax.

You can get a guaranteed income for life (also known as an annuity) – You can use your pension pot to buy an income for life. It pays you an income (a bit like a salary) and is guaranteed for life. These payments may be subject to income tax. In most cases you can take up to 25% of the money you move into your guaranteed income for life, in cash, tax-free. You will need to do this at the start and you need to take the rest as an income.

You can cash in your whole pension all at once – You can take your whole pension pot in one go, as a lump sum. Normally the first 25% is tax-free, but on the remainder, you could pay 20%, 40% or even 45% to income tax, if it pushes you into a higher tax bracket (especially if you're still earning). You'll need to plan how you'll provide an income for the rest of your life. This is subject to the rules of your Scheme.

Whatever you decide to do with your pension pot. You should shop around as depending on the choices you make, you may find something more appropriate elsewhere, with alternative features, investment options or charges.

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

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

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

Telephone: **0800 011 3797**

Website:
moneyhelper.org.uk/en/pensions-and-retirement

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

Telephone: **0800 280 8880**

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

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

What about tax?

Tax Relief

Your pension payments are deducted from your salary before tax and passed to Prudential for investment. This means if you normally pay tax you'll qualify for immediate tax relief on your payments.

The Government has introduced arrangements for individuals who are not paying tax on their earnings to claim tax relief on their employee contributions to the scheme. This applies to contributions paid from 6 April 2024 onwards. You will need to contact HMRC to arrange this tax rebate. Claims will be processed in the tax year following the year claimed, i.e. claims for the current tax year would be processed by HMRC in the next tax year.

Employer payments qualify as a business expense for tax purposes and do not result in an additional tax expense for the employee/director.

The employee/director will normally receive tax relief on any payments up to 100% of earnings up to a maximum of the Annual Allowance.

Annual Allowance

The Government limits the amount that can be contributed every year before suffering tax penalties. This is called your Annual Allowance.

The Annual Allowance is a limit to the total amount of contributions that you can pay to defined contribution pension schemes and the total amount of benefits that you can build up in defined benefit pension schemes each year.

Money Purchase Annual Allowance

Taking money out of your pension will sometimes lower the amount you can pay into all the pensions you may have while still benefitting from tax relief. This limit is called the Money Purchase Annual Allowance (MPAA). Your pension scheme administrator or provider will have told you if you are subject to the MPAA at the time they started to pay you.

Lump Sum Allowances

From 6 April 2024 the lifetime allowance was replaced by two new allowances.

The Lump Sum Allowance (LSA)

This is a limit on the amount of tax free lump sums that can be taken from pension schemes.

Lump Sum and Death Benefit Allowance (LSDBA)

This is a limit on the amount of lump sum death benefits and serious ill health lump sums that can be paid without tax.

Where the amount exceeds either of these allowances, income tax may be payable on the excess.

Capital Gains Tax

You don't pay capital gains tax on your pension funds.

Income tax

Any money taken out, excluding any tax-free cash, may be subject to income tax. Lump sum benefits payable on death are not normally subject to income tax unless they are over the available lump sum and death benefit allowance, paid out more than 2 years after notification of death or where death occurred after age 75.

Inheritance tax

Lump sum benefits are not normally subject to Inheritance tax.

> Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances. Before you make a decision you might want to speak to a financial adviser. They can help you understand the tax rules and how they might affect you.
>
> For more information visit **pru.co.uk/tax** or the HMRC website at **hmrc.gov.uk**.

How will I know how my Maxipension (Series 2) is doing?

We'll send the trustees of your scheme a yearly statement to show how your plan is doing.

You can also ask the trustees to get an up-to-date valuation from our Customer Services Department, by phoning or writing to us.

What happens to the Maxipension (Series 2) if I die?

We will pay the value of your pension pot plus any additional life cover you may have added to your plan.

The trustees will decide who should get the benefits. They will take into account your circumstances when you die and anyone you've previously nominated to receive any benefits.

What if the Maxipension (Series 2) isn't right for me?

There will not be an opportunity to cancel once the plan has started.

How much will the advice cost?

If you take advice then you will agree the cost of this with your adviser when you start the plan, please refer to your personal illustration or contact your Scheme Adviser for further details.

Other information

Client category

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

Compensation

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

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

Where does FSCS protection apply? There is full FSCS coverage if PACL is 'in default'.

- Your pension is protected up to 100% of the value of your claim.
- Any funds you choose to hold in your pension will be included in the value of your claim in the event that PACL is declared 'in default'.
- If you hold the Prudential With-Profits fund in your pension, it's protected 100% in the event of the default of PACL.

All the other funds we offer, apart from the fund mentioned above, are unit-linked, and invest in other funds managed by non-PACL fund managers. FSCS cover does not apply if the non-PACL fund manager were to be 'in default'.

- There is no FSCS cover for unit-linked funds investing with non-PACL fund managers if that manager were to be 'in default'.
- See 'How unit-linked funds invest' for further information on these types of fund (often called 'mirror' funds).

You can find out more information on the FSCS at **pru.co.uk/fscs** or you can call us.

Information is also available from the Financial Services Compensation Scheme.

Visit their website: **fscs.org.uk**

Or write to:

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

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

Where FSCS coverage does not apply, then other factors can come in

As explained in the 'Where does FSCS protection apply?' section, the FSCS doesn't cover every situation. For example unit-linked funds that invest in the funds of non-PACL fund managers (often called 'mirror' funds).

But, where FSCS protection does not apply, there are other factors that could help if the worst happened and a provider was 'in default'. For example, the use of custodians or depositories to provide protection for fund assets, where there is separate legal ownership of assets and legal entities that aren't liable for any losses of a fund manager. In so doing, the intention is that the underlying fund will not be liable for any losses the underlying fund management company incurs.

PACL would aim to recover any money invested in an underlying fund where the fund manager has been declared 'in default', but PACL would not be liable for any loss incurred from the default of the non-PACL fund manager.

Financial Strength

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

Terms and conditions

This Key Features Document gives a summary of your plan. Full details are set out in our **Member's booklet** which is available on request using our contact information on the last page, and will also be sent to you when your plan starts.

Conflict of Interest

We want to make sure that we uphold our reputation for conducting business with integrity. If we become aware that our interests may conflict with yours we will take all reasonable steps to manage it in an appropriate manner.

We have drawn up a policy to deal with any conflicts of interest. If you would like to know the full details of our Conflict of Interest Policy, please contact our Customer Service Team on the contact details on the back page.

Law

The law of Scotland applies to your contract.

Our Regulators

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

You can contact the FCA at:

The Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Email: **consumer.queries@fca.org.uk**

Prudential Regulation Authority details:

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

Email: **enquiries@bankofengland.co.uk**

Communicating with you

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

How to make a complaint

If you have a complaint, please get in touch with us and we will do everything we can to resolve it. You can also ask us for details of our complaints handling process. Our contact details are in the “How to contact us” section at the back of this document.

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

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

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

Help is also available from the following:

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

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

Telephone: **0800 917 4487**

Email: **enquiries@pensions-ombudsman.org.uk**

Website: **pensions-ombudsman.org.uk**

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

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

Get in touch

If you want to contact us you can do so in the following ways:

Post: **Prudential Lancing BN15 8GB UK**

Phone: **0345 640 3000** Monday to Friday 8:00am to 6:00pm. We might record your call for training and quality purposes. To find out more about how we use your personal data please visit **pru.co.uk/mydata**

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

pru.co.uk/contact-us/signvideo

There is no cost for using this service to call Prudential and we're available to help you Monday to Friday, 8:00am to 6:00pm.

Keep in touch

It's important that we keep in touch so, if you change your address or any of your contact details, please let us know.

pru.co.uk

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