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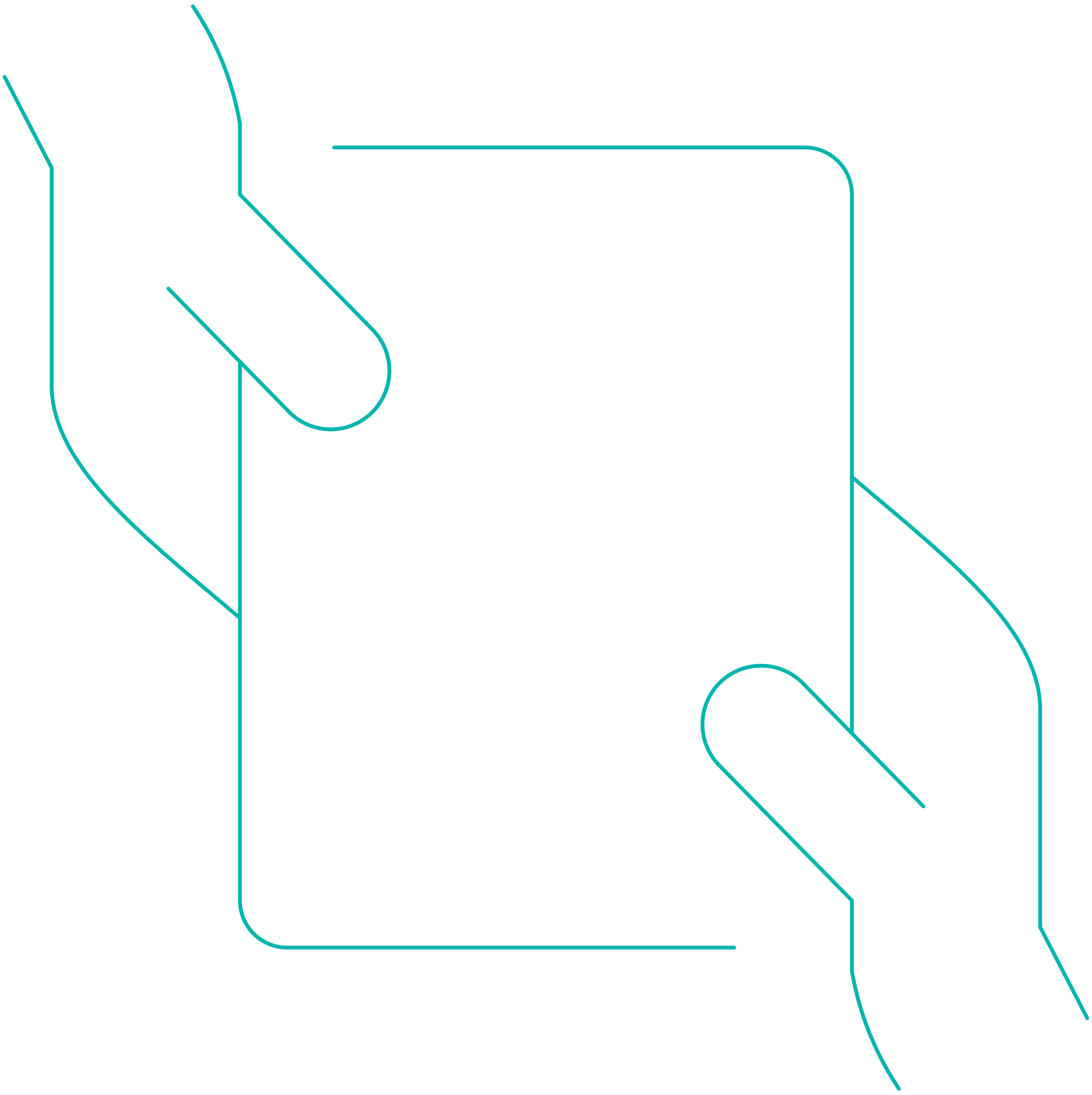
Key Features of the
Retirement Annuities (Section 226 Increments) Plan



Please read this document along with your personal illustration before you decide to buy this plan. If you would like a copy of your personal illustration please refer to our "Get in touch" section for contact details provided. It's important you understand how the Retirement Annuities (Section 226 Increments) Plan works, the benefits and associated risks.

Contents

We would like you 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 Retirement Annuities (Section 226 Increments) Plan 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 our Retirement Annuities (Section 226 Increments) Plan

The Retirement Annuities (Section 226 Increments) Plan gives you access to a range of investments to help you save for retirement in a tax efficient way.

If you still have questions about the Retirement Annuities (Section 226 Increments) Plan after reading this booklet, please look at the ‘Get in touch’ section for our contact details. If you have a financial adviser, please speak to them in the first instance.

Its aims

What this plan is designed to do

- To build up a fund, in a tax-efficient way, to provide you with options when you take your benefits.
- Provide a waiver benefit (if eligible) to those who are off work for a long time due to illness or injury and continue to make those payments on your behalf helping you financially.

Your commitment

What we ask you to do

- Make regular monthly or yearly payments, or to make a single payment.
- Stay invested until your selected retirement date before taking your benefits.
- To regularly review your payments, if you want your pension to meet your income requirements you may have to change your payments based on your personal circumstances.
- If you have purchased waiver benefit, you must tell us of any change in your health from the time you sign the application form through to the start of your plan, as this could affect your cover.
- If you stop contributions they cannot be restarted under this plan. You would need to take out a new plan.

Risks

What you need to be aware of

- Guaranteed Annuity Rates will not apply to your new plan even if they apply to your older plan(s). A Guaranteed Annuity Rate (or GAR) is a promise to use a set rate to convert a pension into an income for life (also known as an annuity).
- The value of your investment can go down as well as up so you might not get back the amount you put in.
- 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.
- There are different risks for different funds, please refer to your **Fund Guide** for more information.
- If you withdraw money from 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. There’s more information on delays in the section ‘Exceptional circumstances’ in the Appendix.

Other documents you should read

This document gives you key information about the Retirement Annuities (Section 226 Increment) Plan. If you want more detail on specific points, please read the following documents. We have highlighted when they are relevant throughout this document.

They're all available from your adviser, or direct from us. Details on how to get in touch are on the last page.

- **Policy Provisions**
  Gives you the full terms and conditions of the contract.
- **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.
- **Fund Guide**
  This explains your investment choices.
- **Market Value Reduction – A clear explanation**
  This explains what Market Value Reduction is, together with information about how and when these may apply.

Questions & Answers

Is the Retirement Annuities (Section 226 Increments) Plan right for me?

The Retirement Annuities (Section 226 Increments) Plan might be right for you if you're looking to save tax-efficiently for your retirement and already have a Retirement Annuity (Section 226) plan you'd like to add money to.

If you are not sure whether the Retirement Annuities (Section 226 Increments) Plan 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 requirement 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 pensions.

A stakeholder pension may meet your needs as well as this plan, and these are widely available.

How flexible is it?

You can increase or reduce payments at any time. If you stop paying contributions then these cannot be restarted under the same plan. A new plan would be required. If you reduce or stop making payments this will affect the size of your fund when you retire.

If your circumstances change, please speak to a financial adviser. They can advise what is best financially for you in the future. We like to ensure customers are getting the most out of there savings in preparation for retirement.

What other benefits can I choose?

If you're making regular payments you may be able to buy a waiver benefit depending on eligibility. Waiver benefit will maintain the regular payments into your pension fund until your selected retirement date if you're off work due to illness or injury.

If your claim for waiver benefit is valid, we'll cover your payments after the initial waiting period of six months.

This cover will stop if you stop making payments to the plan.

Please ask your financial adviser for further details on waiver benefit.

What happens if I move abroad?

If you move overseas and are no longer a resident in the UK for UK tax purposes, you will be unable to top up your plan unless you are a crown servant (or the spouse/civil partner of a crown servant), serving overseas.

How much can I pay into my plan?

There's no limit to the amount that you can pay into your plan, however, there are limits on the tax relief you receive. For more information about tax relief, please read the section 'What about tax?'.

Can I transfer money in?

You are unable to transfer money from another pension into this plan, you can contribute a lump sum into a plan on a one off occasion or make regular payments into your plan.

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.

You choose which funds you would like to invest your money in, from a wide fund range that we offer. You can invest in more than one fund at a time, up to a maximum of 20 and we use your money to buy units in those funds.

We may delay the buying, selling and switching to or from certain funds. These delays will only apply in certain circumstances and if this applies to you, we'll let you know. For more information, please read your **Fund Guide**.

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 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**.

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 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 any 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 selected retirement age or on any claims in the event of your death.

Our current practice on applying a MVR

We may apply a MVR to any switches or transfers out of the With-Profits Fund.

We reserve the right to change our current practice on Market Value Reductions at any time, without prior notice, and this would apply to existing plans and any new plans or top-ups.

Examples of reasons for a change would include significant changes in the investment market or because the number of people moving out of the fund increases substantially.

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

Can I change my investments?

Yes, you can switch your money between funds at any time and you can also change where you'd like any future payments to be invested. We don't currently charge you for this but if this changes in the future we'll let you know.

We may delay the buying, selling and switching to or from certain funds. These delays will only apply in certain circumstances and if this applies to you, we'll let you know. For more information, please read your Fund Guide.

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

What if I stop making payments?

Reducing or stopping your payments will reduce your future pension benefits.

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.

Any Waiver Benefit will cease when regular payments stop.

Can I transfer money out?

You can transfer your pension pot to another registered pension scheme at any time. We do not charge you for transferring to a new arrangement.

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 a financial adviser.

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.

Please remember we'll keep taking our charges, even if you stop regular payments.

Charges and costs may vary in future and may be higher than they are now. You can find more information in your **Fund Guide**.

Annual Management Charge

For unit-linked funds, we deduct an Annual Management Charge from the funds and this charge is already reflected in the price of the units. The amount of charge we deduct depends on the funds you choose to invest in and the amount of your original investment. For more information, please read your **Fund Guide**.

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

With-Profits annual charge

For With-Profits Funds, there are various costs involved with setting up and managing your policy. We deduct a charge from the With-Profits Fund each year to cover these costs.

The charge isn't explicit so you'll not see it being taken from your policy. It's deducted from the underlying With – Profits Fund and is already taken into account when we calculate bonus rates for our With-Profits Fund. The charge is currently 0.835% a year.

More information on the operation of the With-Profits Funds is explained in Your With-Profits Plan – a guide to how we manage the Fund.

Further costs

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 read the **Fund Guide**.

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) e.g. when payments are made because of death or at your selected retirement age. Our current practice (which isn't guaranteed) may include additional circumstances when an MVR isn't 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.

Our current practice (which is not guaranteed) may include additional circumstances when an MVR is not applied. Please see 'Where are my payments invested?' for more details.

You won't see this charge on your annual statement because we take it by adjusting regular and final bonuses.

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

Deductions	
Unit Allocation	The percentage of the payment which is used to buy units. This will be shown on your personal illustration.
Initial Charge	Units are bought at the offer price and sold at the bid price. The bid price is approximately 95% of the offer price.
Annual Management Charge	A fund management charge applies to each Unit-Linked Fund. It is currently 0.875%. This is calculated and charged to the funds on a daily basis. This charge is accounted for in the unit price.

What might I get back?

The size of your pension pot will depend on 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 have invested in
- the age you choose to take your benefits
- the amount of charges you've paid.
- any MVR that we may deduct from the value of your fund invested in the With-Profits Fund.

The amount of pension you can buy will depend on the size of your fund when you retire and the interest rates at that time.

There are no guarantees on the rates for buying your pension even if there are guaranteed rates for your older plans.

For an example of the income you could receive, please see your illustration.

When can I take my benefits?

The minimum age from which you can access your personal or occupational pension will increase from 55 to 57 on 6 April 2028, unless you have a protected pension age. State Pension age will increase from age 66 to age 67 for males and females between 6 April 2026 and 5 April 2028. These ages may change in future.

Under the terms of this contract you're currently required to take your benefits by age 75.

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.

- Flexible cash or income (also known as drawdown)
  You can take out up to 25% of the money moved into your flexible cash or income plan, in cash, tax-free. You'll 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.

- A guaranteed income for life (also known as an annuity)
  You can use your plan 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'll need to do this at the start and you need to take the rest as an income.

- Cash in your plan all at once
  You can take your whole plan in one go, as a lump sum. Normally the first 25% is tax-free, but on the remainder, you could lose 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 provide an income for the rest of your life.

- Take cash in stages
  You can leave your money in your plan 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. Every time you take money from your plan, the first 25% is usually tax free and the remainder may be subject to income tax.

- Take more than one option
  You don't have to choose one option – you can take a combination of some or all of them over time, even if you've only got one pension pot.

Whatever you decide to do with your pension savings – you don't have to stay with us. You should shop around and 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

You'll normally receive tax relief on your contributions. For every £100 you pay into your plan, HM Revenue & Customs (HMRC) will pay in another £25. You'll get this tax relief up to the higher of £3,600 gross (including tax relief) or 100% of your earnings. If you are liable to income tax on your earnings at a higher rate than the basic rate you will be able to claim back the extra tax you pay through your tax return.

Waiver benefit

Please note tax relief will not apply to the Waiver Benefit aspect of your payments.

Annual Allowance

The Annual Allowance is a limit to the total amount of payments that can be paid to defined contribution pension schemes and the total amount of benefits that you can build up in defined benefit pension schemes each year, for tax relief purposes.

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

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 plan is doing?

We'll send you a yearly statement, which shows how your plan is doing.

You can also phone our Customer Service Team on **0345 640 1000** and a member of our team will give you an up-to-date valuation.

What happens to the Retirement Annuities (Section 226 Increments) Plan if I die?’

The value of the accumulated fund, calculated at bid price, will be payable on death before benefits are taken. Different terms may apply to death benefits payable from older Section 226 plans. Death benefit will be paid to your estate or to the trustees of a trust you set up for this purpose. Payment to a trust may mean that the benefit will not be subject to Inheritance Tax. You should discuss this with your financial adviser.

What if the Retirement Annuities (Section 226 Increments) Plan isn’t right for me?

You have 30 days from the date you receive your plan documents to cancel your plan. This is called a cooling-off period. If you decide, for any reason, within this period, that you don’t want the plan, we’ll give you your money back.

If you start the Plan with a single payment and cancel within 30 days, you may get back less than you paid in if the value has fallen as a result of investment performance, except where you’ve invested in our With-Profits Fund or PruFund Range of Funds.

To cancel it, please complete and return the Cancellation Notice that we send you with your plan documents, or write to us at:

Prudential Customer Services
Prudential
Lancing
BN15 8GB

Please include your plan number.

If you do not exercise your right to cancel within the 30 day statutory period, the contract will become binding and we will not return any money to you until you are ready to take your benefits.

Appendix for FlexiPension (Series 5) and Indepension (Series 3)

The following notes apply only in respect of an increase invested in a FlexiPension (Series 5) or IndePension (Series 3) as a top-up to an existing FlexiPension (Series 1, 2, 3 or 5) or IndePension (Series 1 or 3). These plans were approved under what was commonly known as "Section 226" legislation.

FlexiPension (Series 5) applies for self-employed, and IndePension (Series 3) for employed persons. If you originally took out your base S226 plan with M&G Pensions & Annuity Company Ltd (M&G) and want to pay an additional single payment you have two choices.

You can:

- **add single payments to the M&G range of funds on the terms that apply to your existing M&G S226 plan or,**
- **add single payments to the FlexiPension or IndePension.**

Investment

The plans offer the choice of investment in a unitised With-Profits Fund, investment-linked funds or a combination of both. The With-Profits Fund is not available for new investments in the three years before Selected Retirement Age.

Lifetime Investment Profiles

You may wish to consider one of our lifestyle options, the Lifetime Investment Profiles (LIPs). There are four LIPs with different aims in line with how you might want to take your benefits. This is achieved by gradually switching units from the selected investment linked funds into differing proportions of the Managed, Fixed Interest and Cash funds as you approach your Selected Retirement Age.

Please speak to your financial adviser for more information.

Switching and redirection of investments

Switching (changing the funds in which units already held are invested) and redirection (changing the funds in which units are bought with future payments) may normally be carried out at any time. However, switches and redirection into the With-Profits Fund are not allowed within three years of your Selected Retirement Age. Redirection will always take place with effect from the payment due date when units are next allocated.

A Market Value Reduction (MVR) may apply to switches out of the With-Profits Fund, for more information on MVR, see section 'Where are my payments invested?'.

Rounding adjustments in the bid and offer prices could also have an effect on overall values. No charge is made for redirection or switching. The maximum number of funds in which investments may be held is 20.

If you elect to take benefits before or at the Selected Retirement Age, all units will be switched into the Cash Fund, but not earlier than one month before the chosen Retirement Age.

If you decide to delay benefit payment until after the Selected Retirement Age we will not switch you to cash unless you ask us to do so. You will remain in your selected fund until you reach age 75 or advise us that you want to take benefits.

The value of the cash fund can fluctuate depending on the underlying assets.

For more information on funds please refer to our "**Fund Guide**" which is available at: **pru.co.uk/funds/guides**

Exceptional circumstances

We reserve the right to defer any early encashment or switching between funds for a period not exceeding one month for investments in any funds, and up to six months in the case of units held in the funds investing in property and land. The unit prices applicable to the deferred transaction will be those prevailing at the expiry of the period of deferment. We also reserve the right to recover the amount of any levy which may be imposed by the Government, such as any levy under the Financial Services Compensation Scheme or the Policyholders Protection Act 1975, as amended, from the funds.

Selected retirement age

For increments to an existing FlexiPension (Series 1) plan and to plans originally taken out with M&G, you should confirm a Selected Retirement Age at which you wish benefits from the initial FlexiPension (Series 1) Plan and any benefits from increments to that plan to be paid. This must be in the age range 55-75.

For increases to an existing FlexiPension (Series 2), FlexiPension (Series 3), FlexiPension (Series 5), IndePension (Series 1) or IndePension (Series 3) Plan, the Selected Retirement Age must be the same as the one you chose under the plan being increased.

However, subject to HM Revenue & Customs regulations, you can take your benefits either earlier or later than your Selected Retirement Age. The plan may be issued as a series of arrangements, the extra payments being spread evenly over the number of arrangements under the plan being incremented. This allows the benefits to be taken gradually over a period of years to help in phasing retirement.

Payments

Payments may be monthly, yearly or single.

The minimum regular payment increase is £100 per year, or £10 per month, provided you're already making a regular payment under one or more of your existing plans.

If you're not already paying regular amounts, minimum payment is £200 per year or £20 per month.

The minimum single payment is £1,000.

There is no minimum transfer value if there is an existing or concurrent regular payment. Where there is no existing or concurrent regular payment, the minimum transfer value is £1,000.

Unit prices

Each fund is divided into units. There are two prices for each unit – the offer price which is the price at which units are bought and the bid price which is the price at which units will be sold when any form of cash withdrawal or charge is made.

For the purposes of establishing the offer and bid prices of the investment-linked funds, the assets of these funds are valued, normally on a daily basis, with the value taking account of all assets of the fund adjusted to allow for accrued investment income and accrued charges. The unit price used for transactions on any working day is normally based on closing values on the same working day.

The difference between the bid and offer prices is called the "Initial Charge". The current bid price is 95% of the offer price (subject to a rounding of not more than 0.1p). However, we reserve the right to vary the method of calculating both bid and offer prices to reflect whether it is appropriate to value the assets of the funds on a purchase or sale basis. These funds are also subject to an Annual Management Charge – this is currently 0.875% per year of the value of each fund. This charge, which is calculated on a daily basis, is reflected in the price of the units and is not charged directly to the plan. For more information on this please refer to you **Fund Guide**.

The bid price for the With-Profits Fund at the Selected Retirement Age, or on earlier death, will be not less than 95% of the offer price rounded to the next lower 0.1p. If units are cashed in for any other reason (such as switching or early retirement), the value of units will be determined having regard to prevailing financial conditions.

You may not get back the full amount of your investment. The value of units is not guaranteed – it can go down or up. For investments in the With-Profits Fund, the value of this plan depends on how much profit the fund makes and how we distribute it.

Buying units

Units will be bought at the offer price by the unit allocation. Units are allocated to the plan at the appropriate unit price on the due date of the payment, or the date of receipt if the payment is made after the due date.

Unit allocations

The unit allocation is the percentage of the payments which is allocated to buy units at the offer price in the appropriate fund or funds. The percentage depends on the term to Selected Retirement Age.

For regular payments, the unit allocation is 100% in years 1 to 3 inclusive, 103.5% in years 4 to 10 inclusive and 106% from the 11th year onwards.

For single payments and transfer values, the allocations are as undernoted:

Single payments below £5,000 get the allocation factors in the table opposite, subject to a shortfall reduction in allocation factor. This reduction is based on the amount by which the payment falls below £5,000.

Single payments above the minimum single payment increment level, but less than £5,000, will also get the unit allocations, please see your “**Fund Guide**” which is available at: **pru.co.uk/funds/guides** for more information. However, this is subject to a shortfall reduction in allocation based on the amount by which the single payments is less than £5,000.

Payments over £5000 get the allocation factors below:

Term (Years)	Allocation Factor
0-5	98.0%
6	98.5%
7	99.0%
8	99.5%
9	100.0%
10	100.5%
11	101.0%
12	102.0%
13	103.0%
14	104.0%
15	105.0%
16	106.0%
17	107.0%
18+	108.0%

Benefits at retirement

For all of your options at retirement, please see “What choices will I have when I take my benefits?”.

All pension income payable is taxed as earned income.

Varying payments

Payments may be increased at any time subject to the increase being not less than the minimum allowable increment at that time. It is possible to reduce or stop contributions at any time however, if you stop paying into your plan completely you cannot then restart these payments into the same plan. A new plan would be required.

The plan may be altered to a paid-up basis if payments are to be permanently discontinued. A paid-up plan would continue to share in profits (if investment is in the With-Profits Fund) or be linked to future performance (if invested in any of the other funds). Charges will continue to be taken from the fund. If charges are more than the level of growth on the fund, the fund value will go down.

If you miss payments, we reserve the right, where the value of the plan is of a trivial amount, to make the plan paid-up with no value.

One month of grace is allowed for yearly payments.

The value of your investment can go down as well as up so you might get back less than you put in. We might change our charges in the future. Further details can be found in the Policy Provisions. Full written terms and conditions of the Retirement Annuities (Section 226 Increments) Plan are available on request from Prudential.

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 one 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 using the details on the last page, 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 **Policy Provisions** booklet which is available on request using our contact information on the last page. We will also send it 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 us using the details on the last page.

Law

The policy will be governed by the law of Scotland.

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 “Get in touch” 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**

Or visit the website: **financial-ombudsman.org.uk**

Help is also available from The Pensions Ombudsman who deals with complaints and disputes about the administration and 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 before you buy this plan, you can contact us in the following ways:

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

Telephone: **0345 640 1000** Monday to Friday, 8.00am to 6pm (we are not open on public holidays). We might record your call for training and quality purposes. To find out more about how we use your personal data please see our Data Privacy Notice on **pru.co.uk/mydata**

If you are 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, 8.30am to 6pm.

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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