



**A Guide to your
Flexible Retirement Plan**

Welcome



Thank you for considering Prudential for your pension investments.

Financial security has never been more important. You have a wide choice of who you could invest with but you need to be certain that your money is in safe hands.

We've been helping people to invest for over 160 years and currently manage money on behalf of some seven million customers in the UK. More than a million people get their pension from the Prudential.

Planning for retirement isn't straightforward. We've tried to take away some of the stress by designing a product that is flexible enough to cater for your changing needs. We're very proud of the investment options this product offers – we have choices that will suit different customers, ranging from funds for cautious investors who don't want to take much risk to more adventurous funds for investors who are willing to risk their capital in the pursuit of higher returns.

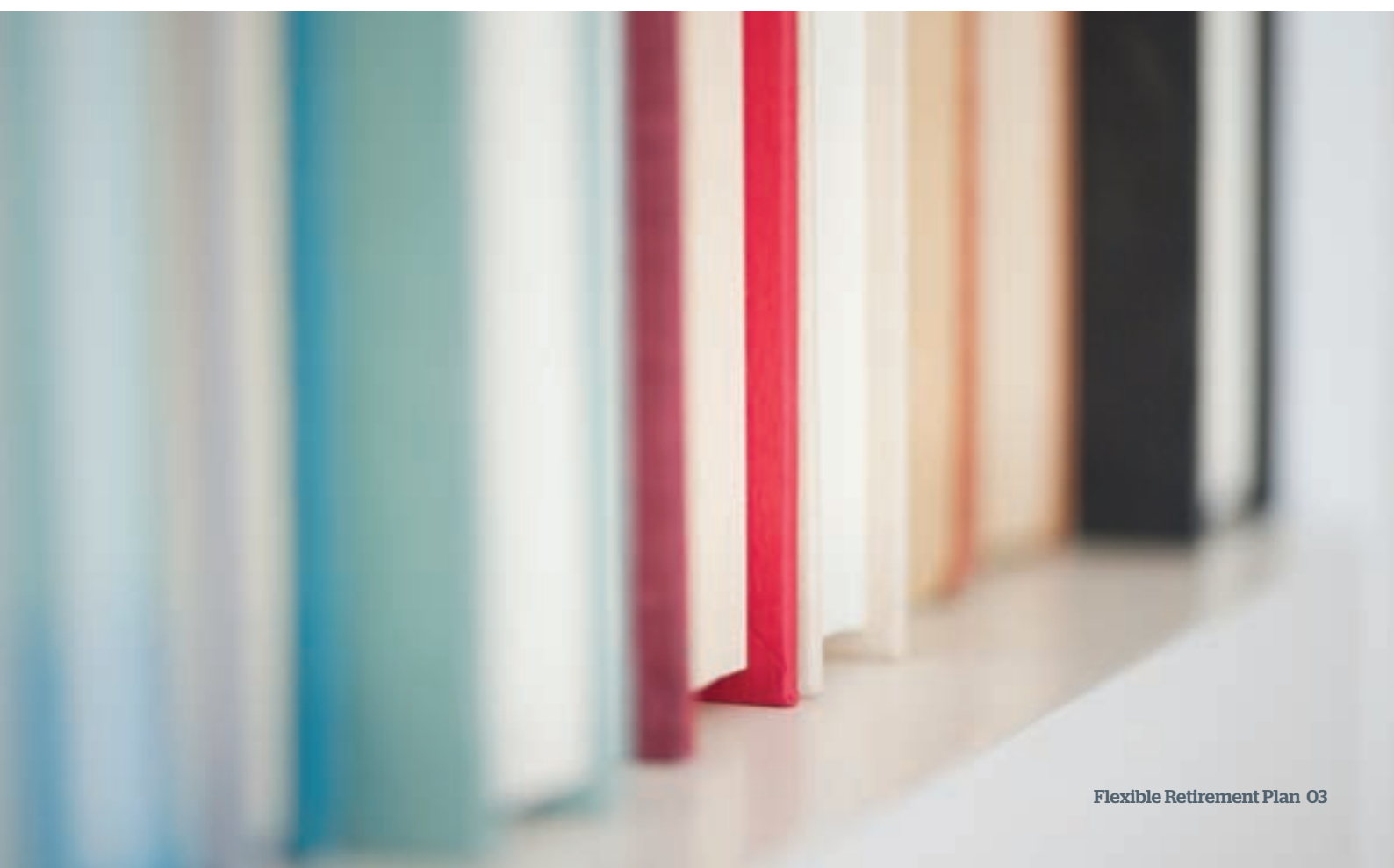
Our Flexible Retirement Product is a popular choice with our customers. Please speak to your financial adviser to find out if it is right for you. I hope that we can be of service to you in helping you to invest wisely for your retirement.

A handwritten signature in black ink, appearing to read 'Barry O'Dwyer', written in a cursive style.

Barry O'Dwyer,
Deputy Chief Executive, Prudential Europe & UK

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An overview of your Flexible Retirement Plan

Retirement can be one of the most enjoyable and fulfilling stages of your life. It could offer exciting new opportunities and the financial freedom to fulfil your dreams; if you have planned well enough in advance. With life expectancy increasing, to ensure you achieve the lifestyle you want in retirement, planning for retirement is now more important than ever.

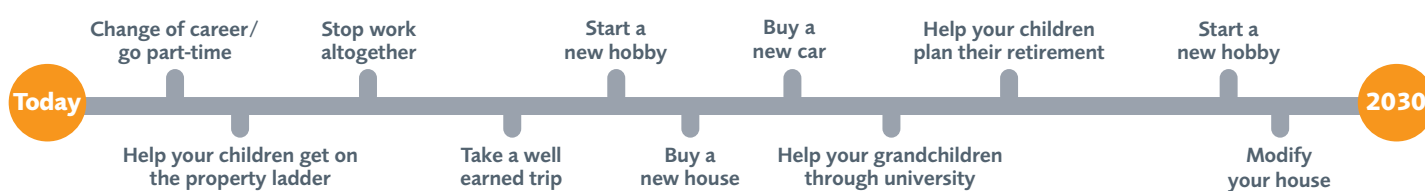
We know your circumstances are likely to change between now and retirement, so your Flexible Retirement Plan has been designed with the flexibility to help cope with most of life's ups and downs. It gives you access to a range of flexible retirement and investment solutions to suit your changing needs and priorities. So, whether you are approaching retirement or some way off, this flexibility provides an easy transition from saving for retirement, through to approaching retirement and then taking an income.

You may also have pension funds with other providers or companies that you've worked for in the past. If you wish, we can help you transfer these funds to us, so you have all your pension savings in one place. Transferring pension funds is an important decision and your Financial Adviser can help you decide whether or not this is appropriate for your individual circumstances.

If you have any queries about the options available to you and their suitability, please speak to your Financial Adviser. A charge may be made for this service.

It is important that you read this brochure together with your Flexible Retirement Plan's Key Features document and Fund Guide.

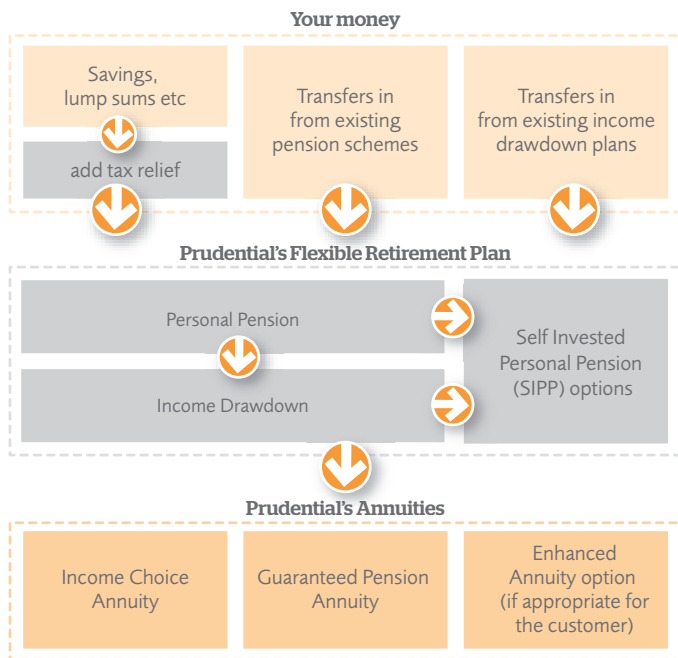
What would your dream retirement look like?



If you want to achieve your retirement goals it's important to have the right plan in place.

Flexible Retirement Plan at a glance

An end-to-end retirement solution – allowing you to have your pension savings in one place, continue to save towards your retirement and then eventually move into an annuity or Income Drawdown as you make the transition into retirement.



Income Drawdown – you can take a tax-free cash lump sum, usually up to 25%, without taking any income from your fund. You have the flexibility to decide when to start taking income and can vary this level within certain limits.

A tax efficient way to save – if you pay tax you'll not only get a boost to the money going into your pension, but the taxman will also allow it to grow largely tax-free. He'll also give you a helping hand of usually up to 25% tax-free cash when you finally come to take your pension benefits.

Control over your contributions – whether regular or one off, you can stop and restart your contributions at any time. You should be aware, however, that either stopping or restarting your contributions will affect your benefits at retirement.

Extensive investment choice – offers a wide range of funds along with investment flexibility.

Guarantee options – available on our Prufund Protected Funds that can help protect your pension savings whilst also providing growth potential. Each guarantee has its own charge. The guarantee charge will be payable for the whole term.

Discounts that reward both loyalty and fund size – the longer you stay in the Flexible Retirement Plan and the larger your investment grows, the lower your Annual Management Charge could be (this is the charge deducted for the management of your fund). Loyalty discounts will start to apply when your fund reaches 5 years old; fund size discounts will start to apply when your fund reaches £25,000. Both discounts can apply at the same time.

Things to consider throughout the lifetime of your Plan

Tax benefits

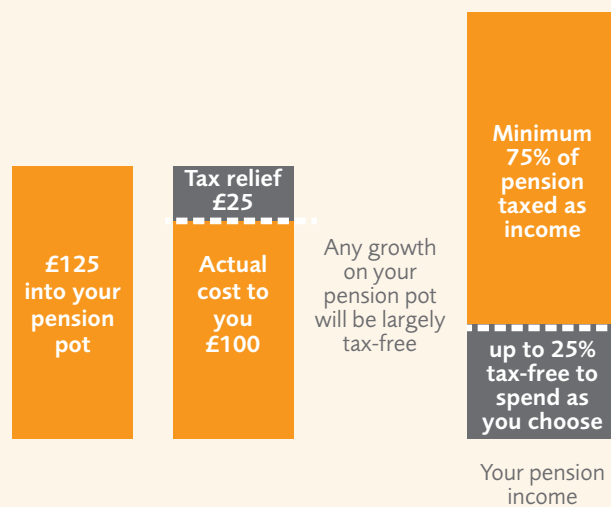
Your pension is one of the most tax efficient ways to save for your retirement.

- › If you are a basic rate tax payer, you'll automatically benefit from a 20% boost from the taxman as you start contributing. So, for every £100 you pay in you'll end up with £125 in your pension pot.
- › Higher and additional rate tax payers benefit even more, if you pay income tax at a rate above basic rate you will be able to claim back any extra tax relief from HM Revenue & Customs (HMRC). You'll need to claim this additional tax relief through your self-assessment tax return. This is relatively simple to do but vitally important – our research* shows that some 59% of higher-rate taxpayers are not claiming all the tax relief on pension contributions that they are entitled to. This relief could be worth an additional £1,020 every year to a higher rate taxpayer (based on pension contributions of £425 each month).
- › You may be able to "carry forward" any unused Annual Allowance from the last three years (currently up to £50,000 per year), to increase your limit for the current year.
- › When you finally come to take your pension you'll usually be able to take up to 25% of your total pension savings as a tax-free lump sum to spend or invest as you wish. Your remaining pot can then be used to provide a taxable income.

Your Key Features document provides further information about the tax advantages of investing in a Flexible Retirement Plan.

Are you missing out on pension tax relief?

Example based on basic rate tax payer



As you can see, whatever you can manage to contribute could make a difference.

It is important to remember that the impact of taxation (and any tax relief) is subject to HMRC limits and tax rules. These may change without notice and will depend on your individual circumstances. This tax information is based on our understanding of current taxation, legislation and HMRC practice (at February 2013), all of which are liable to change without notice.

You can get more tax information from the HMRC website at www.hmrc.gov.uk – alternatively, you may wish to speak to your Financial Adviser.

* Prudential surveyed over 2,000 people, July 2012.

You'll automatically benefit from a 20% boost from the taxman

Taking control of your contributions

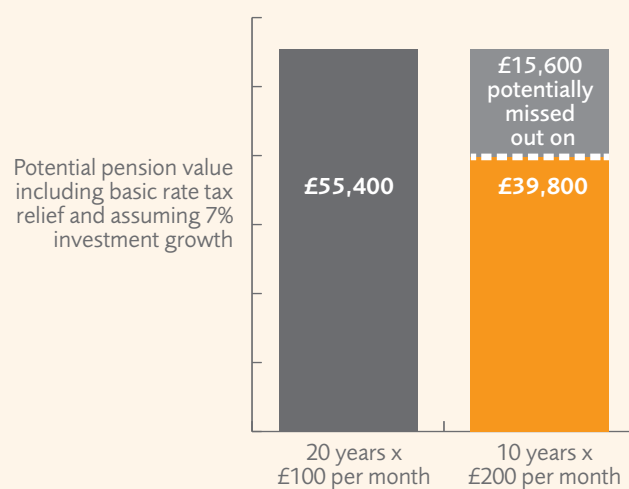
As the maximum basic State Pension is currently less than £16 a day[†], maintaining your current lifestyle could be a lot harder than you imagine. In fact, with more than 95,000 people aged 65 in 2012 expected to celebrate their 100th birthday in 2047, your retirement could last longer than you imagine^{††}. To have the lifestyle you want in retirement, it's now more important than ever to have the right plan in place.

With your Flexible Retirement Plan, you can choose how much and how often you pay in contributions. You can even opt to have your contributions automatically increased each year to help keep pace with inflation. Remember, putting this decision off could cost you in the long run.

The more you can pay into your pension now, the greater chance you'll have of achieving the retirement you really want. A common mistake is to try and play catch up later on in life. Just look at the graph on the right to see the potential difference that the same amount over two different timescales could make.

As you can see, paying twice the amount over half the time could give you less in the future – with less time available to invest any potential growth. Basically, the more money you pay in earlier, the greater its potential to grow – and you could end up better off. If you're in a position to restart or increase your payments, why put it off?

The cost of delay



This cost of delay example assumes 7% growth per year. The 7% growth figure reflects the standard gross mid rate return used in our illustrations. All insurance firms generally use the same rates of growth for projections – 5%, 7% and 9% – but their charges vary. Some funds are expected to return less than 7%. This example includes an Annual Management Charge of 1%, which includes allowances for expenses, charges and other adjustments. Charges may vary and could be more in the future than they are now. Please note that pension providers may vary in their charges. You should also be aware that inflation will reduce what you can buy in the future. In addition, it's important to remember that, as with any investment, your fund value may go down as well as up and your pension fund may be less than the amount you have contributed.

⁺ As at February 2013. Excludes any pension credit you may be entitled to.

^{††} Office for National Statistics at www.ons.gov.uk (26 March 2012)

Things to consider throughout the lifetime of your Plan (continued)

Investment choice

Although you may have already chosen which funds to invest in, we understand that one size doesn't necessarily fit all – and individual circumstances and needs could change in the future. That's why your Flexible Retirement Plan offers an extensive range of funds to choose from, including:

Actively managed multi-asset funds	Including our With-Profits Fund and PruFund range of funds, which spread your money across a range of investments – such as bonds, shares and property. They aim to spread the investment risk and deliver more stable returns than investing in only one investment area.
Five multi-asset Dynamic Portfolios	We offer five portfolios designed to meet different investment objectives and match different attitudes to risk. Each of our Dynamic Portfolios is a "fund of funds" which means that they invest in a collection of funds, which are themselves run by leading investment managers.
PruSelect fund range	Funds from a range of different fund management companies with differing investment objectives and styles.

Free Switching – you can switch your money between funds at any time. We don't currently charge you for this, however, you can only invest in up to 20 funds at a time. In addition, if you're invested in the With-Profits Fund and decide to take your money out of the fund (including to move from Personal Pension to Income Drawdown), we may apply a Market Value Reduction which will reduce the value. Further information about this can be found in your Key Features document or requested from your Financial Adviser.

Added Security – guarantees are available on our PruFund Protected fund range, which offers a degree of security against potential market falls. There is an additional charge for these guarantees. To find out more about the range of guarantee terms that currently apply, please speak to your Financial Adviser.

SIPP – your Flexible Retirement Plan also provides a choice of SIPP options:

- Full SIPP provides the opportunity to invest directly in commercial property, stocks, shares, unit trusts, OEICs and over 1,500 funds from Cofunds fund supermarket.
- Fund SIPP is a lower cost option providing access to up to 1,500 funds from Cofunds fund supermarket (subject to investing in a maximum of 20 funds).

You will only be charged for these SIPP options if and when you use them.

With so much investment choice, it can be a daunting task selecting the right funds that meet your investment objectives. Our choice offers a solution for most people, whether you are looking for high growth potential or lower risk options, and allows you to move from higher risk to lower risk funds as you get older, or your attitude to risk changes.

It's important to remember that the value of your investment can go down as well as up, and you may not receive the full amount originally invested. Your Fund Guide and Key Features documents provide further information about the investment choice, charges and related risks. We recommend that you discuss fund selection with your Financial Adviser.

Customer Discounts

We reward both loyalty and fund size by offering discounts on your Annual Management Charge.

- › After you have been with us for five years, we will reduce your Annual Management Charge through a Loyalty Discount, which becomes bigger after ten, fifteen and twenty years. Therefore, the larger the fund value the lower the charges – helping your fund to grow.
- › We will also reduce your Annual Management Charge if your pension fund grows. The Fund Size Discount first applies when your fund reaches £25,000 and becomes larger if it reaches further thresholds.
- › Both the Loyalty Discount and the Fund Size Discount can be applied at the same time.

These discounts are valuable and could mean a better pension fund for your retirement.

Please note discounts don't currently apply to investments held under the Self Invested Fund or the Flexible Retirement Plan's Holding Account and could be withdrawn or removed in the future. However, we would tell you about this in advance. More information about discounts and charges can be found in the Key Features document.

Income Drawdown

There are several ways of turning your pension fund into income for your retirement. Your Plan includes an Income Drawdown option which enables you to:

- › Take an income directly from your pension fund from age 55*, while the rest remains invested – even if you're still working.
- › Access usually up to 25% of the pension fund as tax-free cash. Your remaining pension income will be taxed in the same way as earnings.
- › Either move all of your money to Income Drawdown or opt for a phased approach. So you could transfer parts of your pension fund into Income Drawdown or an annuity over time and leave the rest in your pension Plan.
- › Choose how much income you take, up to a limit set by the Government.
- › Retain control over your investment – if it grows, you may be able to take an increasing income, but if it falls in value you may have to reduce your income.

Income Drawdown is quite a specialist option and you need to be sure that the strategy you adopt is the right one for your individual needs. It's also important to remember that if you take more money out of your plan as income than it earns in investment growth, the overall value of your fund will fall. We recommend you discuss all your retirement income needs with your Financial Adviser.

- * You may be able to start taking your benefits earlier if you are in ill health. Under the current terms of our Income Drawdown option you can continue to draw income directly from your pension fund until age 75. If you wish to remain invested beyond 75 you will currently need to move to an arrangement with another provider or you can buy an annuity.

**We reward both loyalty
and fund size**

Where to find more information

Keeping track of your pension

We'll send you a statement each year, or you can get an up-to-date valuation by calling our **Customer Services Department** on **0845 640 3000**.

Remember, you're not locked into your contribution decisions and, should your circumstances change over the years, have the freedom to change the amount you pay.

The Key Features document and Fund Guide for your Flexible Retirement Plan are both good points of reference for further information. However, we recommend that you speak to your Financial Adviser in the first instance.

If you need to contact us, you can:

- › Call us: **0845 640 3000** (lines are open 8.00am to 6.00pm, Monday to Friday)
- › Mail us: **Prudential, Lancing BN15 8GB**
- › Visit us: **www.pru.co.uk/frp**

External sources of help

The Pensions Advisory Service

Tel: **0845 601 2923** (lines are open 9.00am to 5.00pm, Monday to Friday)

www.pensionsadvisoryservice.org.uk

Lost track of any pensions?

The Pension Tracing Service can help you trace any pensions you may have forgotten.

Tel: **0845 6002 537** (lines are open 8.00am to 6.00pm, Monday to Friday)



www.pru.co.uk/pensions

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