

# KEY FEATURES

Key Features of the With-Profits Annuity

**PRUDENTIAL**

## **THIS BOOKLET TELLS YOU HOW THE WITH-PROFITS ANNUITY WORKS**

Please keep this booklet for future reference, and read it with your illustration and application and/or acceptance form. These documents make up the legal contract for your annuity. Please also read the booklet called 'Your With Profits Plan – A Guide To How We Manage The Fund'.

If you would like copies in Braille, large print or on audio tape, please contact us at the address shown on page 13.

## **ANY QUESTIONS?**

If you have any questions, please talk to your financial adviser. Their contact details will be shown on your illustration. Contact details for Prudential are on page 13 of this booklet.

## ITS AIMS

- To pay you a regular income for the rest of your life, linked to the performance of our With-Profits Fund.
- To let you choose how much income you start off with, within a specified range.
- To let you choose (HM Revenue & Customs rules permitting) for your dependant to receive the same or a smaller income if you die before them.

## YOUR COMMITMENT

- You buy your With-Profits Annuity with money from your pension scheme. Once you have done this, you cannot move the money back again.
- If you are entitled to and wish to take tax-free cash from your pension arrangement you must take it when you buy your annuity.
- Once your annuity starts you are committed to receiving an income from Prudential for the rest of your life. If you buy a joint-life annuity, and die before your dependant, they are also committed to receiving an income from Prudential, for the rest of their life.
- The only money you can take out of your annuity is your retirement income.
- You need to choose an anticipated bonus rate. (We've explained these later.)
- You can, in certain circumstances, vary the conditions of your annuity. Please see page 5.

## RISK FACTORS

- From year to year, the amount of income we pay you could fall. This is dependent on two things – the size of the bonuses we declare, and your choice of anticipated bonus rate. (We have explained how these work later.)
- Bonus additions will depend, principally, on the investment performance of our With-Profits Fund, changes in how long we expect our planholders to live and the expenses we incur.
- The bonuses we declare on With-Profits investments also depend on a number of other factors – these include profits and/or losses from non-profit plans which are also part of the With-Profits Fund and the cost of meeting any guarantees including, for example, those under certain non-profit Annuity plans which guarantee an income for life.
- Your income in future years could fall below the amount you started with. However, we promise it will never fall below your minimum income guarantee. (We have explained how this works later.)
- Inflation will reduce what you can buy with your income in the future.
- When you die your income will stop unless you choose the joint-life option and/or a payment guarantee option.
- If you cancel your application for a With-Profits Annuity, and the cost of securing the annuity has fallen, we reserve the right to refund the value of your investment amount at the time we receive your cancellation instruction. This may result in your pension fund being reduced.
- Tax rules may change in future.

# QUESTIONS & ANSWERS

## WHAT IS A PENSION ANNUITY?

A pension annuity is an insurance policy that pays you, and your dependant, if you wish, an income for life. Because of this lifetime promise you cannot cash in your annuity investment once it has started.

You can only buy a pension annuity with money from a stakeholder, personal or company pension scheme or contract that is registered with HM Revenue and Customs (HMRC). You can do this:

- Normally between the ages of 50 and 75 (55 and 75 from 2010), providing your pension scheme lets you.
- From any company. This is known as using your 'Open Market Option'. It gives you the freedom to select the company that best meets your personal circumstances. Annuity providers do offer different rates and products and it is very unlikely that one provider can offer the best deal for everyone.

You may be able to take a tax-free lump sum when you buy your pension annuity. This will depend on the type of pension scheme you're in. You must have taken any tax-free cash by the time you reach age 75. There is a standard limit on tax free cash: a maximum of 25% of the pension value. Your financial adviser will explain your options, and help you decide what's best for you. You might be charged for the advice.

## WHAT IS A PRUDENTIAL WITH-PROFITS ANNUITY?

Our With-Profits Annuity pays you, and your dependant if you wish, a retirement income primarily based on the investment performance of our With-Profits Fund.

We share our investment profits with you, and other with-profits investors, by paying bonuses. We cannot guarantee what future bonus rates will be.

## HOW DO I BUY A PRUDENTIAL WITH-PROFITS ANNUITY?

You can buy your annuity with money from any of the types of pensions shown below:

- Personal pension
- Company pension
- Stakeholder pension
- Free standing additional voluntary contribution scheme (FSAVC)
- Section 32 policy
- Section 226 retirement annuity
- Income drawdown contract (including Alternatively Secured Pensions).

We can accept money set aside for protected rights pension under any of the types of pension listed above as a result of contracting-out of the State Earnings-Related Pension Scheme (SERPS) or the State 2nd Pension. In these key features we refer to the part of your annuity bought with this money as 'protected rights pension'.

If you want to use money from more than one scheme, we will, if possible, combine the amounts.

A With-Profits Annuity cannot accept money that has been set aside for a 'guaranteed minimum pension' as a result of contracting out of the State Earnings-Related Pension Scheme (SERPS). Similarly benefits payable from a registered pension scheme in the form of a scheme pension cannot be set up as a With-Profits Annuity.

If the rules of your pension scheme do not allow you to buy a With-Profits Annuity you will need to transfer to a personal pension scheme that does. If you do this, you will give up your rights in your original pension scheme.

### COMPULSORY BENEFITS

If your With-Profits Annuity includes any protected rights pension, there may be fewer options available for that part of your annuity. This is because it is compulsory for protected rights pension to meet conditions set by the Government – it must provide some 'compulsory benefits'.

Please see your quotation for details of any compulsory benefits you will receive from your With-Profits Annuity.

### WHAT IS THE MINIMUM INVESTMENT?

The minimum annuity investment we can accept is £20,000 (this is after taking any tax-free cash you may be entitled to).

### WHO PAYS THE TAX-FREE CASH?

If you are using your 'open market option' to buy your annuity, the trustees of your pension scheme will normally pay any tax-free cash before they send us your pension fund. Otherwise Prudential will pay out any tax-free cash that is due when we start your annuity.

## HOW FLEXIBLE IS IT?

### FLEXIBILITY WHEN YOU BUY

At the start you will need to choose:

- An anticipated bonus rate from 0% to 5%. You cannot choose a starting anticipated bonus rate for any protected rights pension; it must be 0%. (See 'Flexibility Once You Have Bought' below.)
- How often you want us to pay your income. (See page 9.)
- Whether or not to provide for your financial dependants when you die. (See page 8.)

### FLEXIBILITY ONCE YOU HAVE BOUGHT

You have only limited flexibility once you have bought a With-Profits Annuity. You may:

- Alter your anticipated bonus rate on any annuity anniversary and then once every three years after the last change, on an annuity anniversary. The starting anticipated bonus rate for any protected rights pension must be 0%. This is because the Government doesn't currently allow protected rights pension to decrease in payment below its starting level.

In future you may be able to choose an anticipated bonus rate (ABR) for your protected rights pension provided that the minimum income guaranteed by your new ABR at least equals or exceeds your protected rights pension's starting income at the time you bought your With-Profits Annuity. (See also the sections 'Are There Any Minimum Income Guarantees?' and 'What Anticipated Bonus Rate Can I Choose?' on page 7.)

- Convert to a Guaranteed Pension Annuity on your annuity anniversary date. If you make this conversion, you cannot at a later date switch back to a with-profits annuity.

If you have any protected rights pension within your With-Profits Annuity, there is a restriction around when you may switch to a Guaranteed Pension Annuity.

The protected rights pension income provided by the Guaranteed Pension Annuity must at least equal, or exceed, your protected rights pension starting income at the time you bought your With-Profits Annuity.

You cannot:

- Cash in your annuity investment
- Move to another annuity provider
- Mortgage or charge your annuity investment.

So, before you buy it is very important to consider your possible future needs, as well as your present ones.

## WHAT WILL MY INCOME BE?

### COMPULSORY BENEFITS

If your With-Profits Annuity includes any protected rights pension, there may be fewer options available for that part of your annuity. Protected rights pension must provide some compulsory benefits which may differ from the ones described in this section, because they are limited by Government rules. Please see your quotation for details of any compulsory benefits you will receive from your With-Profits Annuity.

Your illustration shows how much income we will pay you, based on specific annuity options. If you want to compare the income from different options, please ask for more illustrations. Our contact details are on page 13.

## YOUR INCOME IN THE FIRST YEAR

The amount of income you get will depend on a combination of things, including:

- **The annuity options you choose** – Each option has a different cost.
- **Your age and sex** – Normally younger people get a lower income than older people, and women get less income than men of the same age. In both cases this is because we would generally expect them to live longer. If you buy a joint-life annuity, we will also take the age and sex of your dependant into account.
- **The size of the anticipated bonus rate you choose** – A high anticipated bonus rate will provide a larger starting income, but will have lower future increases than if you selected a lower anticipated bonus rate.
- **Your health** – If you have a serious illness you may qualify for an 'enhanced' annuity rate instead of the standard one. (See page 9.)

## YOUR INCOME IN FUTURE YEARS

Your income can go down or up each year. When we declare our yearly with-profits bonuses we do a review to see how your income for the following year will change. Your new income will start from your next annuity anniversary after 6 April. We will send you a statement in advance to confirm your new payment details.

We decide how much income you get based on:

- The difference between your chosen anticipated bonus rate and the with-profits bonuses we declare, and
- How long you've had your With-Profits Annuity.

## WHAT ANTICIPATED BONUS RATE CAN I CHOOSE?

You will need to choose an anticipated bonus rate ('ABR') before your annuity starts (excluding any protected rights pension). You can choose any ABR from 0% to 5%, although you cannot choose a starting ABR for any protected rights pension (see How Flexible Is It? on page 5).

You can change this rate on any annuity anniversary and then once every three years, after the last change, on any annuity anniversary.

**Effect on your income:** The higher the anticipated bonus rate you choose, the higher your income will be at the start, but you will receive lower yearly increases.

If you choose a high level of anticipated bonus rate there is a significant risk that your income may go down over the long term. You may wish to consider reducing this risk by selecting a lower anticipated bonus rate or removing this risk altogether by opting for an annuity which guarantees your yearly income payments.

## ARE THERE ANY MINIMUM INCOME GUARANTEES?

We promise that your income will never fall below a minimum guaranteed amount – regardless of future bonuses. The amount we guarantee depends on the anticipated bonus rate.

Any protected rights pension will also be subject to a minimum income guarantee.

Here are our levels of minimum income guarantee:

Anticipated bonus rate	Minimum income guarantee (% of your starting income)
0%	100%
0.1 to 0.99%	85%
1.00 to 1.99%	75%
2.00 to 2.99%	65%
3.00 to 3.99%	60%
4% and over	55%

If you buy a joint life annuity, your dependent will also have a minimum income guarantee when their income starts. It will be based on their level of income in relation to your starting income.

If an anticipated bonus rate is changed, the relevant minimum income guarantee will change to the level applicable to the new anticipated bonus rate. The new minimum income guarantee will not apply to the starting income. Instead, it will apply to the new level of regular income, calculated on a basis to be determined by Prudential, using the new anticipated bonus rate.

**Effect on your income:** the higher the anticipated bonus rate you choose, the lower your minimum income guarantee will be.

## WHAT ARE THE BONUSES?

We declare two types of with-profits bonus each year, which affect your income in different ways. The size of these bonuses is not guaranteed and will change from year to year based mainly on the investment performance of our With-Profits Fund.

### REGULAR BONUS

This has an effect on your regular income.

If the bonus is:

- Higher than your anticipated bonus rate – your regular income will go up.
- The same as your anticipated bonus rate – your regular income will stay the same.
- Lower than your anticipated bonus rate – your regular income will go down (but your income, including any additional bonus, will never fall below the minimum income guarantee).

## ADDITIONAL BONUS

This gives you an income, payable for 12 months on top of your regular income.

We do not guarantee the amount of the additional bonus and we may vary or discontinue it at any time. However, your income will remain unchanged until your next anniversary.

## HOW DO WE DECIDE THE BONUS?

The with-profits bonuses take principally into account:

- The performance of our With-Profits Fund
- Changes in how long we expect planholders to live
- The expenses we incur.

We balance the size of the bonuses each year to smooth the peaks and troughs of investment returns over the years. As a result we aim to avoid significant changes in the level of income payable each year. However, we cannot promise to do this, because in the future there could be severe, unforeseen falls in the value of the investments held by our With-Profits Fund.

Please see the 'Your With Profits Plan- A Guide To How We Manage The Fund' for more details about how we decide what our with-profits bonuses will be.

## HOW DO YOU WORK OUT MY NEW INCOME EACH YEAR, INCLUDING THE BONUSES?

To work out your new total income each year we:

- Reduce your regular income (this is your total income from last year less any additional bonus paid) by your anticipated bonus rate, then
- Increase the result by our new regular bonus rate, then
- Add the new additional bonus.

## WHAT IS THE JOINT-LIFE OPTION?

We use the name 'joint-life' to describe an annuity that will pay you an income until you die and then, an income to your dependant. We will not pay an income to your dependant before your death.

If you have a spouse, civil partner or other person who depends on you for financial support, choosing this option means they'll get an income from your With-Profits Annuity, after you die – provided they survive you. If you want this option you must choose it at the start, as you cannot add it later on.

We will pay any joint-life annuity for the rest of the life of your dependant except where:

- the dependant is your spouse or civil partner and special provision has been made for the joint-life annuity to stop on your spouse's remarriage or your civil partner entering into a new civil partnership, or
- your dependant is no longer financially dependent (or financially interdependent) on you for any reason on the date of your death.

Your quotation will reflect any of the special provisions that apply to the joint-life annuity.

When you apply for your With-Profits Annuity, you decide (Revenue rules permitting) how much income your dependant should get – for example it could be the same as yours, or a lower amount, say a half or two-thirds.

The proportion of income payable to your dependant will be based on the income you are receiving when you die or the income payable at the end of the guarantee period, if later.

**Effect on your income:** A joint-life annuity will normally pay you a lower income than a single-life annuity. Also, the more income you provide for your dependant, the lower your own income will be as a result.

## WHAT IS THE PAYMENT GUARANTEE OPTION?

This is another way of providing an income for your dependants after you die. You can normally choose any guarantee period from 1 to 10 years (from 1 to 5 years for protected rights pension).

If you die before your guarantee option ends, we will continue to pay an income until the end of your chosen payment guarantee period. This income can go down or up each year for the remainder of the guarantee period in line with the yearly with-profits bonuses we declare.

If you are buying your annuity with money saved in a company pension scheme, the choice over the length of guarantee period will depend on the pension scheme rules and may be limited by your scheme Trustees. In addition, the payment of any guaranteed benefits may be made at the Trustees' discretion. If you are buying your annuity with money saved in a personal pension you can choose any guarantee period you want, up to the current maximum of 10 years. Payment will normally be made to your husband, wife or civil partner, estate, or someone named in your Will.

**Effect on your income:** The cost of this guarantee reduces your income. The amount it is reduced by depends on your age, sex and the guarantee period you choose.

## CAN I GET A SPECIAL DEAL IF I'M IN POOR HEALTH?

With Prudential, you could qualify for a higher than normal income from an Enhanced With-Profits Annuity if:

- Your annuity investment is £20,000 or more, and
- You have a serious medical condition such as cancer, kidney, heart or lung disease which could shorten your life expectancy.

If you buy a joint-life annuity we can also take your partner's health into account, even if your health is fine.

If you think you are eligible please tell us. We will then ask you to complete our medical questionnaire so that we can decide if you qualify for an enhanced income. In some cases we may ask your doctor to send us a medical report.

If you are diagnosed with a serious illness after your annuity has started, we will not be able to enhance your income.

**Effect on your income:** If you do qualify for an enhanced income you could get an additional 5% to 10% a year, may be more depending on the severity of your medical condition. If you would like an illustration for an Enhanced With-Profits Annuity, please see page 13 for our contact details.

## WHAT CHOICES DO I HAVE ABOUT HOW I GET MY INCOME?

### COMPULSORY BENEFITS

Not all of the choices and options described in these key features are available to you if you are buying your annuity with money from protected rights pension. A protected rights pension annuity must provide some compulsory benefits which may differ from the ones described in this section, because they are limited by Government rules. Please see your quotation for details of any compulsory benefits you will receive from your With-Profits Annuity.

At the start you choose how often you want to be paid – this could be monthly, quarterly, half-yearly or once a year. You can also choose when to have the money paid:

- **In advance** – This means you'll get your first income payment when your annuity starts, and then future payments will be at the start of your chosen period. For example, at the start of every month.

- **In arrears** – This means you'll have to wait for your first income payment, and we'll pay your income at the end of your chosen period. For example, at the end of every month. You can also opt for a final payment to be made after you die to cover the period since your last income payment.

We will pay your income straight into your bank or building society account. The account must be in your name (either your own account or a joint account).

**Effect on your income:** Choosing 'yearly in arrears with no final payment on death' will pay you the highest income.

## HOW WILL MY PENSION FUND BE INVESTED?

The amount of your pension fund that is used to buy your annuity, your 'annuity investment', will be invested in our With-Profits Fund.

This fund invests in a wide range of assets including shares of UK and overseas companies and property. For more details, please see 'Your With-Profits Plan – A Guide to How We Manage the Fund'.

Please remember that the income from your With-Profits Annuity can go down as well as up, and past performance is not a guide to the future.

## CAN I MOVE OUT OF WITH-PROFITS INVESTMENTS?

Yes. You can, if you wish, switch from a With-Profits Annuity to a Guaranteed Pension Annuity. If you make this switch your income after the switch will:

- Stay the same for the rest of your life, or
- Increase by 3% a year, or
- Change in line with inflation.

If your With-Profits Annuity includes any protected rights pension, there is a restriction on when you may switch to a Guaranteed Pension Annuity.

The protected rights pension income from the Guaranteed Pension Annuity must at least equal, or exceed, your protected rights pension starting income at the time you bought your With-Profits Annuity.

If you do make this change, your income will no longer be affected by the performance of the With-Profits Fund. You will not be able to switch back to a With-Profits Annuity. All of the other annuity options you chose when your annuity started will remain the same.

A Market Value Reduction might apply if you switch to a Guaranteed Pension Annuity.

## WHAT HAPPENS TO MY INCOME WHEN I DIE?

### COMPULSORY BENEFITS

Not all of the choices and options described in these key features are available to you if you are buying your annuity with money from protected rights pension. A protected rights pension annuity must provide some compulsory benefits which may differ from the ones described in this section, because they are limited by Government rules. Please see your quotation for details of any compulsory benefits you will receive from your With-Profits Annuity.

When you die we will stop paying an income unless your With-Profits Annuity includes any of the options below:

- **Income paid in arrears with a final payment on death**

We will make a final payment covering the number of days between your last income payment and the date you die.

■ **If you have a payment guarantee period**

If you die during a payment guarantee period, we will continue to pay your income until the guarantee ends. This income can go down or up each year for the remainder of the guarantee period in line with the yearly with-profits bonuses we declare.

It is not possible to switch payments, being made under a guaranteed payment period option, out of the With-Profits Fund or to change the anticipated Bonus Rate.

■ **If you have a joint-life annuity**

Your dependant can receive a with-profits income, or they can switch to a Guaranteed Pension Annuity which will pay them a fixed, rising or inflation-protected income. They can do this immediately – or on a later annuity anniversary.

If you bought your With-Profits Annuity with money from 'protected rights pension', there is a restriction around when your dependant may switch to a Guaranteed Pension Annuity.

Their protected rights pension income from the Guaranteed Pension Annuity must at least equal, or exceed, their protected rights pension starting income notified on your quotation at the time you bought your With-Profits Annuity.

If your dependant survives you we will pay them an income for the rest of their life.

■ **If you have a joint-life annuity plus a payment guarantee option**

Your dependant's joint-life income will normally start when the income from the payment guarantee stops (so there is no overlap). However, when you apply for your annuity you can ask for the two incomes to be paid at the same time if you wish. This is known as 'overlap'.

It is not possible to switch payments, being made under a guaranteed payment period option, out of the With-Profits Fund or to change the anticipated Bonus Rate.

The option to switch to a Guaranteed Pension Annuity or change the ABR is available once the dependant's income has come into payment.

## WHAT ARE THE CHARGES?

We will deduct charges from your With-Profits Annuity.

We use these charges to cover our costs.

### AN INITIAL CHARGE

We have shown how much this is in your illustration. We will take this from your annuity investment, before we calculate your starting income.

### A YEARLY CHARGE

This charge is not explicit, but it will reduce your yearly income. We take it from the returns of the With-Profits Fund, before we announce what our With-Profits bonuses will be. It has the effect of reducing the bonuses we declare.

The size of the yearly charge depends on the investment returns achieved and the expenses incurred by the Fund, including payments to our shareholders, who are currently entitled to one-ninth of the value of the bonuses declared. Higher investment returns will be associated with a higher charge and lower investment returns with a lower charge. Please see your personal illustration for the yearly fund charges. (This amount is not guaranteed and may differ in the future.)

## WHAT ABOUT TAX?

### TAX ON YOUR INCOME

Currently the income from your With-Profits Annuity is treated as earned income. In most cases, we will normally deduct income tax based on your tax code, before we pay you, and pass this tax to HM Revenue and Customs (HMRC). Initially your income tax may be based on an emergency tax code.

If you buy your With-Profits Annuity with money from a company pension scheme its Trustees may pay your income instead of us, in which case they will deduct the income tax.

### TAX ON THE WITH-PROFITS FUND

In the context of With-Profits Annuities, the fund receives the same tax benefits as the investments in your pension scheme. This means your annuity investment will have more chance to grow than a fully taxable investment.

Your contributions will be invested in a fund on which no UK tax is paid on investment income or capital gains. Some of the fund's investments, such as income from UK company shares, may be taxed at source before we receive the profits. Tax rules may change in future.

## THE LIFETIME ALLOWANCE

From 6 April 2006, the government introduced a new overall 'Lifetime Allowance' for all types of pensions regardless of how many you have.

For the first year after 6 April 2006 this overall 'Lifetime Allowance' is set at £1.5million (increasing for each of the following 5 years). That means if the value of all the pensions you have already taken, with the benefits you are taking now, is above the Lifetime Allowance there will may be a tax charge.

Those who prior to 6 April 2006, had pension savings which are likely to be more than the Lifetime Allowance by the time they retire, or who are already over this limit, can apply for a higher personal Lifetime Allowance to minimise any special tax charges. If your current normal retirement age is earlier than 50, there are special rules which mean your Lifetime Allowance may be reduced.

## CAN I CHANGE MY MIND?

Your statutory right to cancel is 30 days, which begins from the date your first quotation is issued. Additional quotations do not start the cancellation period again. If you wish to exercise your right to cancel, you should complete and return the Cancellation Notice you will receive upon acceptance, or write to us at the following address:

**Prudential**  
Stirling FK9 4UE

### WILL I LOSE ANYTHING IF I CANCEL WITHIN 30 DAYS?

If the value of your investment amount falls after your With-Profits Annuity starts we reserve the right to refund the value of your investment amount as at the date we receive your cancellation instructions. As a result you may get back less than you paid in. If we have already paid any money to you, you must repay it before we can make the refund to your pension scheme. After the 30 days from the date of the first quotation are up, you have no right to cancel.

# HOW TO CONTACT US

If you have any questions, please talk to your financial adviser. Their contacts details will be shown in your illustration. Alternatively, please contact us from 8.30 to 5.30, Monday to Friday, at:

## TELEPHONE

BEFORE YOUR INCOME STARTS **0808 234 5100** Lines are open from 8.30am to 6.00pm, Monday to Friday.

AFTER YOUR INCOME STARTS **0845 640 0000** Lines are open from 8.00am to 8.00pm, Monday to Friday and 8.00am to 2pm, Saturday.

Calls may be monitored or recorded for quality and security purposes.

## WRITE

**Prudential**

Annuities Department

Stirling FK9 4UE

Calls may be monitored or recorded for quality and security purposes. For more information about our products, please visit our website [www.pru.co.uk](http://www.pru.co.uk)

# OTHER INFORMATION

## HOW TO COMPLAIN

We hope you will never need to, but should you have a complaint about any aspect of the service you have received, please contact your Financial Adviser.

If you dealt directly with us, please contact:

### Customer Relations Unit (CRU)

Prudential

Stirling FK9 4UE

Telephone: 0845 640 3000.

Copies of our Complaint Handling Procedures are available from the address or telephone number quoted above.

If you are not satisfied with the response, you may then take your complaint to either of the following:

### The Financial Ombudsman Service

South Quay Plaza

183 Marsh Wall

London E14 9SR

Telephone: 0845 080 1800.

### The Pensions Advisory Service

11 Belgrave Road

London SW1V 1RB

Telephone: 0845 601 2923, or the Pensions Ombudsman, at the same address.

These are free services. Using them will not affect your legal rights.

## WITH-PROFITS ANNUITY TERMS AND CONDITIONS

If you own the annuity – the legal contract will be between you and us. Where the annuity is to be owned by the Trustees or your Scheme Administrator of your current pension scheme, you will remain a member of that scheme. The legal contract for your annuity will be between your Trustees and us.

Where you have become a member of the Prudential (Corporate) Personal Pension Scheme, you will give up membership rights in your current pension scheme.

The following items make up the legal contract for your annuity:

- The final Illustration (on which your annuity purchase is based)
- This Key Features
- Your application and/or acceptance forms and any other supporting information required by us and on which your annuity benefits are based
- A members booklet or policy document.

If we change the terms and conditions of the With-Profits Annuity in the future, we will write to you.

## DIVORCE AND DISSOLUTION OF A CIVIL PARTNERSHIP LEGISLATION

In line with Government legislation pension funds and pension annuities are classed as assets and may be taken into account in a divorce settlement or dissolution of a civil partnership. If you get divorced or there is a dissolution of a civil partnership and a pension credit is awarded against your annuity, your income will be reduced. If this happens we will write to you.

## TRANSFER OF BENEFITS

If your annuity is to be owned by the Trustees of your current pension scheme, providing HM Revenue & Customs legislation and the scheme rules allow, the Trustees may, if they wish, transfer ownership of the annuity either to you, any other named annuitant or to the Trustees of another registered pension scheme. This is only possible where the benefits are still payable to you and/or others who are entitled to receive them.

## PROOF

Before we pay any money to you (or any other person entitled to receive benefits from your annuity) we may ask for proof of entitlement – this may include proof of your identity and age and/or evidence that you are still alive. If we do not have sufficient proof we may refuse, suspend or stop payments.

## CLASS OF BUSINESS

The With-Profits Annuity is classed as :

- Pension business under Section 431B of the Income and Corporation Taxes Act, and as
- Prudential's Long Term Business under the Financial Services and Markets Act 2000 (Regulated Activities) 2001 (as amended).

In the future, if these Acts are changed or are no longer in force, we may make any reasonable changes to the terms of this annuity. We will let you know of any changes at the time.

## LAW

The Law of England and Wales applies to your With-Profits Annuity. Legislation, particularly about tax, is open to differing interpretation as well as to change in law and practice that we cannot anticipate.

This contract is supplied in English and all communications will be made in English.

## COMPENSATION

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Insurance business of this type is generally covered for 100% of the first £2,000 and 90% of the balance of the claim. Further information is available from the Financial Services Compensation Scheme, 7th floor, Lloyds Chambers Portsoken Street, London E1 8BN. Telephone 0207 892 7300, or contact them via their website [www.the-ics.org.uk](http://www.the-ics.org.uk)

**The above is based on our understanding as at December 2006, of current taxation, new pensions legislation and Revenue practice, all of which are liable to change. The impact of taxation (and any tax reliefs) depends on individual circumstances. If the details contained in the quotation are subsequently found to be incorrect, then the quotation is invalid and either the quotation or any of the benefits to which it refers, can be cancelled or appropriately changed.**

## PRUDENTIAL

Prudential Annuities Limited, Prudential Assurance Company Limited, Prudential Retirement Income Limited are all part of Prudential plc, a public company limited by shares.

## FSA REGISTRATION

Prudential Assurance Company Limited is entered on the FSA Register, FSA Account Number 139793.

Prudential Annuities Limited is entered on the FSA Register, FSA Account Number 155025.

Prudential Retirement Income Limited is entered on the FSA Register, FSA Account Number 110452.

# ADDENDUM

This leaflet contains important information and should be read in conjunction with your Key Features document.

## YOUR CLIENT CATEGORY

We are required to categorise our clients and this determines the level of detail and information that you will receive. We will treat you as a 'Retail Client' in respect of the services we will provide you, which means that you will benefit from the highest level of consumer protection. For example a Retail Client will be provided information in a more straightforward way than a large financial services company.

Your ability to refer complaints to the Financial Ombudsman Service is unaffected.

If you have any questions on your categorisation please contact our Customer Service Team on 0800 000 000\*, Monday – Friday, 8am – 6pm.

## CONFLICT OF INTEREST

Our reputation for being a professional, honest and fair-dealing organisation that conducts business with integrity and honesty is very important to us. A conflict of interest can arise when a business or personal interest influences or appears to influence an independent and objective decision. Prudential is committed to maintaining its reputation and has drawn up a policy to deal with any conflicts of interest.

Please contact our Customer Service Team on 0800 000 000\*, Monday – Friday, 8am – 6pm for full details of our Conflict of Interest Policy.

## HOW WE WILL COMMUNICATE WITH YOU

We will communicate with you in English in writing, by phone or e-mail.

## FSA REGISTRATION

You can contact the Financial Services Authority at:

25 The North Colonnade,  
Canary Wharf,  
London E14 5HS

[www.fsa.gov.uk](http://www.fsa.gov.uk)

## COMPENSATION

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations.

This depends on the type of business and the circumstances of the claim.

**Long term insurance business (e.g. pension and life insurance)** Generally covered for 100% of the first £2,000 and 90% of the balance of the claim.

**Investment business** Cover is limited to 100% of the first £30,000 and 90% of the next £20,000. up to a maximum of £48,000.

### Further information is available from:

Financial Services Compensation Scheme,  
7th floor,  
Lloyds Chambers,  
Portsoken Street,  
London E1 8BN

Telephone: 020 7892 7300

\*Calls may be monitored or recorded for quality and security purposes.

Prudential is a trading name of Prudential Distribution Limited. Prudential Distribution Limited is registered in Scotland. Registered Office at Prudential, Stirling FK9 4UE. Registered number SC212640. Authorised and Regulated by the Financial Services Authority.

# PRUDENTIAL

[www.pru.co.uk](http://www.pru.co.uk)

"Prudential" is a trading name of The Prudential Assurance Company Limited, of Prudential Annuities Limited and of Prudential Retirement Income Limited. This name is also used by other companies within the Prudential Group, which between them provide a range of financial products including life assurance, pensions, savings and investment products. The Prudential Assurance Company Limited and Prudential Annuities Limited are registered in England and Wales. Registered Office at Laurence Pountney Hill, London, EC4R 0HH. Registered numbers 15454 and 2554213 respectively. Prudential Retirement Income Limited is registered in Scotland. Registered Office at PO Box 25, Craigforth, Stirling FK9 4UE. Registered number SCO47842. Authorised and regulated by the Financial Services Authority.