

**PRUDENTIAL**

**Staff Pension Scheme**

Defined Benefit Section



# Member Booklet

In this Booklet you will find information regarding your membership of the Defined Benefit Section of Prudential Staff Pension Scheme.

**SEPTEMBER 2024**



# Contents

---

Introduction	1	Leaving service	11
Scheme information	1	Transferring your benefits	13
Scheme membership	2	Useful information	14
Contributions	3	Help and advice	15
Limits and taxation	4	Outside help	16
Marriage, Civil Partnership, divorce and dissolution	5	Glossary	17
Retirement benefits	6	Appendix I — Revaluation of deferred pensions	
Death benefits	9	Appendix II — Calculating Final Pensionable Earnings	



# Introduction

---

The Defined Benefit (DB) Section of Prudential Staff Pension Scheme (the Scheme) is an important and valuable benefit the Company provides for its employees. In addition to helping you provide for your financial well-being in retirement, it also provides security for you and your family.

This Booklet is a summary of what membership of the DB Section has to offer. It outlines the main benefits and explains the basic principles of how it works. While the Trustee has tried to ensure the accuracy of this Booklet, it is not a legal document. All benefits are payable in accordance with the Trust Deed and Rules, the legal document governing the Scheme. In the event of any discrepancy between any information provided in this Booklet and the Trust Deed and Rules, the Trust Deed and Rules will prevail.

There are a number of defined terms used throughout this Booklet and their meanings are given on pages 17–19.

If you joined the Scheme by transferring from the M&G Group Pension Scheme on 1 October 2023 the benefits the Scheme provides for you and your Dependants may differ from those described in the Booklet. Please therefore also refer to the Supplementary Guide for joiners from the M&G Group Pension Scheme, which you will have received when you joined the Scheme. You can also download a copy of this Supplementary Guide from MyPension.

## Scheme information

---

Prudential Staff Pensions Limited (a limited company) is the Trustee of the Scheme, which is responsible for ensuring the Scheme is administered in accordance with the Trust Deed and Rules as well as ensuring the Scheme assets are invested for the benefit of members and their beneficiaries.

The Company is responsible for appointing the Trustee and individual Trustee Directors are selected under agreed arrangements in line with current legislation. There are up to 10 individual Trustee Directors — four of whom are Member Nominated Trustee Directors (MNTDs). The remaining six are appointed by the Company.

Information on the Trustee is provided online via the Scheme website [prudentialstaffps.co.uk](https://prudentialstaffps.co.uk).

### What does defined benefit mean?

As a member of the DB Section, your retirement benefits are determined by the length of your Pensionable Service and your Final Pensionable Earnings.

Members do not have individual investment funds. Instead all assets relating to the DB Section are collectively invested by the Trustee. When members retire, die or leave the DB Section, the Scheme assets are used to provide the appropriate benefits.

Membership of the DB Section is non-contributory, and the Company pays the cost of providing your benefits.

The Scheme assets are kept strictly separate from the Company's assets and are invested with the objective of meeting the Scheme's benefit payments.

At least every three years the Trustee, with the support of the Scheme Actuary, formally reviews the value of the DB Section's assets and liabilities. As a part of this process the Trustee and the Company agree how much the Company is required to pay.

If you wish to see a copy of the Trust Deed and Rules or have any queries then please contact:

**The Pensions Manager**  
**Prudential Staff Pension Scheme**  
**10 Fenchurch Avenue**  
**London, EC3M 5AG**

You can also find more information by visiting [prudentialstaffps.co.uk](https://prudentialstaffps.co.uk).

# Scheme membership

The DB Section closed to new members with effect on and from 1 August 2003.

There are three categories of member:

## Active members

These are members who are still employed by the Company and are continuing to accrue further pension entitlement within the DB Section (subject to a maximum of 40 years service).

## Deferred members

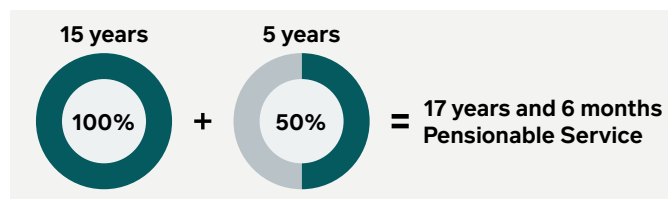
These are members who are no longer employed by the Company or have elected not to accrue further pension entitlement within the DB Section.

## Pensioner members

These are members who are receiving their pension benefits from the DB Section.

## Part-time Service

Special rules apply if you have part-time Service while you are a member of the DB Section. Your retirement benefits are still determined by the length of your Pensionable Service and your Final Pensionable Earnings, however an adjustment is made to reflect your part-time Service. The example below shows a member with 20 years Pensionable Service (five years of which was part-time, working half the hours of a full-time employee).



When calculating your pension entitlement, if you have part-time Service your actual Final Pensionable Earnings are increased to your full-time equivalent and your Pensionable Service is decreased to take into account your reduced hours worked.

## Temporary absence

Most absences from work are for a relatively short time and your membership of the DB Section in these circumstances remains unchanged.

If you are away for a longer period and you stop receiving contractual pay or statutory sick pay, your membership may be continued with Company and Trustee consent.

## Maternity leave

If you are away from work on maternity leave, your membership and benefits under the DB Section will continue for the duration of your maternity leave in line with the Company's Maternity Policy.

Your membership, Pensionable Service and benefits will continue on the same basis which would have applied to you had you been working as you were immediately before your maternity leave.

While you are entitled to maternity pay (from the Company or under statute), your benefits will continue to build up based on the full-time salary you would have received had you not been on maternity leave. If you do not return to work, your Pensionable Service will generally stop 18 weeks after the latter of the date your maternity leave or statutory maternity pay ceases.

For further information please contact your local HR Team or the DB Section Administrator.

## Paternity leave

Your membership, Pensionable Service and benefits will continue as if you were working normally.

## Adoption/parental/other leave

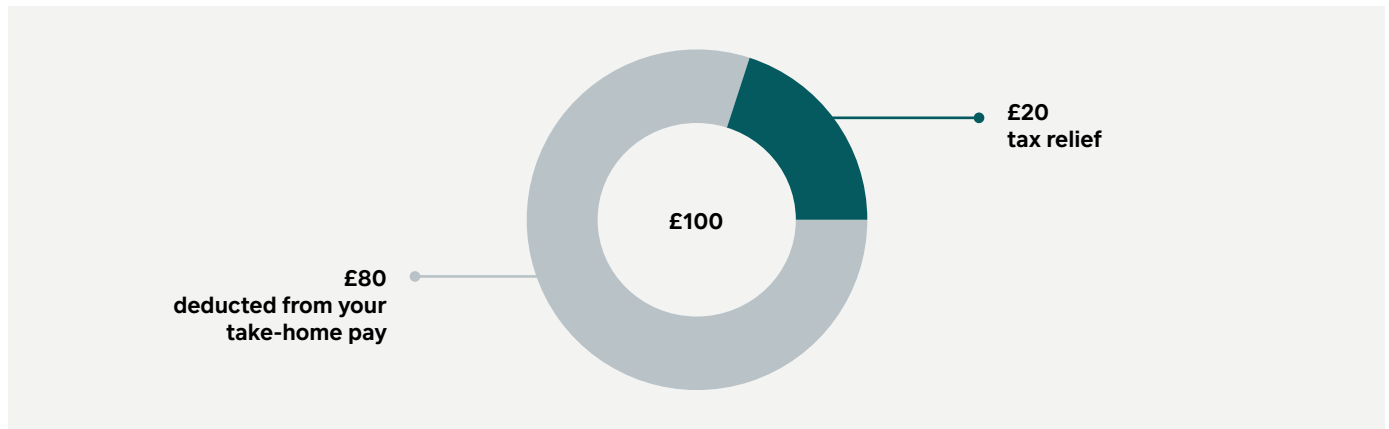
There may be circumstances in which you need to take time off work for other reasons, for example adoption leave, parental leave or for an emergency involving your family. Please contact your HR team for further information.

# Contributions

Membership of the DB Section is non-contributory. The Company is responsible for paying the whole amount required to provide the benefits promised by the DB Section and its administration costs.

## Additional Voluntary Contributions (AVCs)

Although you do not need to contribute to the DB Section, you can choose to pay AVCs, which are a flexible way of increasing your benefits in the future. You can pay regular monthly contributions or one-off lump sum payments. What's more, under current legislation, your AVCs benefit from tax relief up to certain limits.



So, if you pay tax at 20%, a contribution of £100 will only cost you £80. The payroll system automatically provides this tax relief.

The Company currently operates a salary sacrifice arrangement, Pensions Plus, which may further reduce the impact of paying AVCs on your take-home pay. For more information on Pensions Plus you can download a copy from the Company Documents section of the Scheme website [prudentialstaffps.co.uk](http://prudentialstaffps.co.uk).

As a member of the DB Section you can either pay AVCs into:

- The in-house AVC arrangement — which is integrated within the DB Section and is not a separate commercial product; or
- The commercial AVC arrangement — which offers a range of funds, selected by the Trustee, to invest in.

You can normally pay AVCs of up to 100% of your salary (subject to the Annual Allowance — please

refer to the 'Limits and taxation' section of this Booklet for more information).

For members who joined the DB Section on or after 1 June 1989 the maximum AVCs you can pay to the in-house AVC arrangement is 15% of your salary. Any amounts above this limit must instead be paid into the commercial AVC arrangement.

The value of any benefits that your AVCs will provide will depend on several factors including:

- The amount of AVCs you pay;
- The cost of exercising any right to transfer your AVCs;
- Any charges payable (currently there is no charge);
- The age at which you choose to access your AVCs;

- Any cost of converting the AVCs into an annuity.

With the agreement of the Trustee, your AVCs can be used at retirement to increase the benefits payable to you or the benefits payable to your Spouse, Civil Partner or Dependants following your death.

For more information on AVCs please refer to the 'Guide to the Defined Benefit Section's Additional Voluntary Contributions arrangements', which can be found on the Scheme website [prudentialstaffps.co.uk](http://prudentialstaffps.co.uk).

You can start, increase, reduce or stop paying AVCs at any time by downloading and completing the relevant Form (available from the Scheme website).



# Limits and taxation

The Scheme is a registered pension scheme for HM Revenue & Customs (HMRC) purposes.

As a registered pension scheme, it enjoys several tax advantages. Consequently, HMRC impose limits on the amount of pension savings you can make each year and build up over your working life. It is your responsibility to ensure you monitor and understand how your pension savings may be affected by the allowances imposed by HMRC.

## Annual Allowance

The Annual Allowance (AA) is a limit on the amount of pension savings that you can build up that may qualify for tax relief. The period over which this is measured is known as the Pension Input Period (PIP) and runs from 6 April to 5 April.

For the 2024/25 PIP, the AA is £60,000. You can carry forward unused allowances from up to three previous PIPs.

Please note your AA may be reduced if one or more of the following statements are applicable to you:

- Your total annual taxable income in the relevant PIP plus any pension savings you make during the PIP exceeds £260,000;
- You have chosen to take benefits from an authorised pension scheme as a taxed lump sum; or
- You take income drawdown or a short-term annuity (or an annuity capable of reducing).

If contributions made by you or on your behalf (or increase in the value of your DB pension) during a PIP exceed the AA you may be liable to an additional tax charge.

## Other limits

Since 2006, pension savings were subject to a Lifetime Allowance (LTA), which placed a limit on the overall value you could build up across all your pensions before having to pay additional tax. From 6 April 2024 the LTA was abolished by the Government, with new limits introduced to restrict the level of cash an individual can take from their pension savings tax free.

From April 2024 these new limits were as follows:

- The Lump Sum Allowance (LSA) — Set at £268,275 this is the maximum you can take as one or more tax-free cash sums from your total pensions savings.
- The Lump Sum and Death Benefit Allowance (LSDBA) — Set at £1,073,010 this is the maximum lump sum that can be paid from the Scheme tax-free following your death.

Both these are limits to the total tax-free payments that can be made from any pension savings you have built up.

Therefore the maximums payable from the Scheme may be less than the figures quoted if:

- You have already taken one or more cash sums from other pension arrangements which were in full, or part, tax-free;
- In the case of the LSDBA, other tax-free cash payments will or have been paid from approved pension arrangements following your death.

Further information on the AA, LSA or LSDBA can be found by visiting [moneyhelper.org.uk](https://www.moneyhelper.org.uk) or [hmrc.gov.uk](https://www.hmrc.gov.uk).

# Marriage, Civil Partnership, divorce and dissolution

---

It is important that any changes in personal circumstances are notified to the Trustee — particularly if these changes could have an impact on the payment of your benefits.

## Marriage and Civil Partnership

A change in your marital or Civil Partnership status can often lead to a change in the identity of the person(s) you nominate as a beneficiary (or beneficiaries) of any benefits payable on your death. To communicate this change to the Trustee please arrange for an updated Expression of Wish Form (which can be downloaded from the Scheme website [prudentialstaffps.co.uk](http://prudentialstaffps.co.uk)), to be completed and passed, via the DB Section Administrator, to the Trustee for safekeeping.

## Divorce or dissolution of a Civil Partnership

Divorce or a dissolution of a Civil Partnership is another event when you may wish to update the Trustee with regards to a change in the identity of your nominated beneficiary (or beneficiaries). Please be aware that as part of the process for divorce or dissolution the Courts consider pension benefits in the calculation of the value of joint assets. This can sometimes lead to the Court issuing a pension sharing order and awarding a share of the benefits you have built up within the Scheme to your ex-Spouse or ex-registered Civil Partner. In this instance the Trustee will charge a fee payable by either you and/or your ex-Spouse or ex-registered Civil Partner. For further information please refer to the Divorce Guide which can be downloaded from the Scheme website [prudentialstaffps.co.uk](http://prudentialstaffps.co.uk).

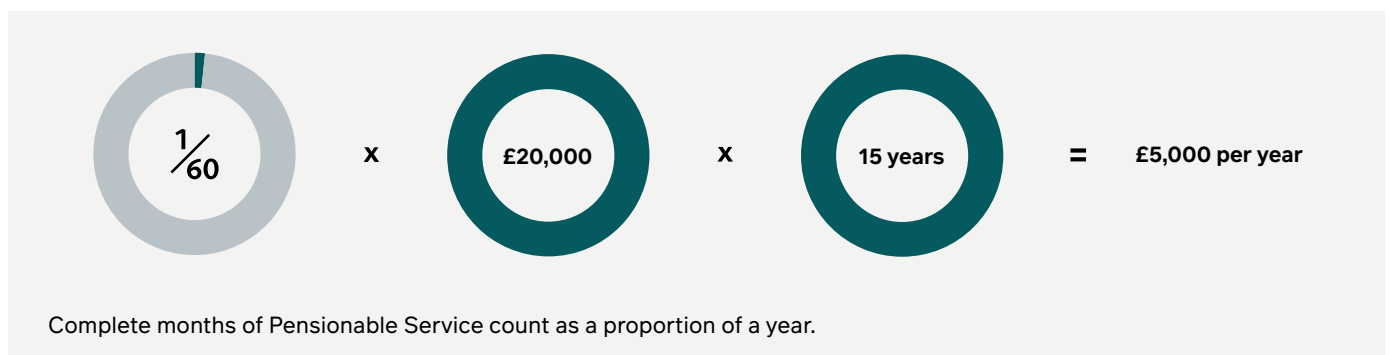
# Retirement benefits

You will generally receive a pension at your Normal Retirement Date from the DB Section equal to 1/60th of your Final Pensionable Earnings for each year of Pensionable Service. Some members may accrue a different amount of pension, particularly those who joined the Company before April 1986.

For most members your Normal Retirement Date is your 60th birthday. You will have been told if you have a different Normal Retirement Date. Your pension will be paid monthly for the rest of your life. At retirement, you will also have the option to exchange up to 25% of your pension for a one-off lump sum, which is normally tax-free.

## Example:

The example below shows the pension payable to a member retiring at their Normal Retirement Date with Final Pensionable Earnings of £20,000 and Pensionable Service of 15 years.



However, if you joined the DB Section before April 1986, the calculation of your pension may be more complex than in the above example — please contact the DB Section Administrator for details of how your pension is calculated. Benefits provided by the DB Section are subject to HMRC limits.

### Guaranteed Minimum Pension (GMP)

From 6 April 1978 until 5 April 2016 (inclusive), the DB Section was contracted out of the State Second Pension Scheme (S2P), formerly known as the State Earnings Related Pension Scheme (SERPS). If you were an Active member of the DB Section during this period you will have built up a Guaranteed Minimum Pension (GMP) for the period you were contracted out of SERPS before 6 April 1997. This will be included in the pension detailed above. Please refer to the Scheme website [prudentialstaffps.co.uk](http://prudentialstaffps.co.uk) or the 'Glossary' section at the back of this Booklet for further information on GMPs.

### Tax-free lump sum

You may exchange (or commute) up to 25% of the value of your benefits for a one-off lump sum. Under current legislation, the lump sum is normally tax-free.

Taking a tax-free lump sum will lead to a reduction in your annual pension calculated by applying a rate specified by the Trustee (based on advice it receives from the Scheme Actuary). The actual amount of cash you can receive for each £1 of pension given up will depend on the rates in force at the time.

Your tax-free lump sum may be restricted to ensure the pension you receive is not less than any GMP you have built up within the DB Section.



## Extra pension for Dependants

Under the Scheme's Trust Deed and Rules your Spouse or Civil Partner is automatically entitled to a pension on your death. Before you retire you may also choose to ask the Trustee to give up part of your pension to provide additional benefits (payable on your death) for your Spouse, Civil Partner or a Dependant(s).

## The State Spreading Option

If you take your pension from the Scheme before reaching your State Pension Age, your retirement income will not include any State Pension. This is because the State Pension is only payable from State Pension Age.

However, in certain circumstances the Trustee gives you the option of electing to receive a total retirement income which will broadly be the same both before and after the age expected to be your State Pension Age. This is called the State Spreading Option and works as follows:

- You surrender, for the remainder of your lifetime, part of your DB Section pension in exchange for a temporary additional pension payable from the Scheme from your date of retirement until you reach your expected State Pension Age; and
- At your expected State Pension Age, this temporary additional pension will stop and your State Pension will start to be paid by the Government. Details of this option will be provided shortly before retirement or on request from the DB Section Administrator.

For the purposes of taking the State Spreading Option, your State Pension Age is the age from which your State Pension is due to be paid, on the day you retire. If the Government increases your actual State Pension Age after you take the State Spreading Option, the temporary increase will still only apply until the date you expected to be your State Pension Age, on the day you retired (not until your actual increased State Pension Age).

## Early retirement from service — on request

You may normally retire before your Normal Retirement Date if you meet all of the following conditions:

- You are aged 55 or more; and
- The Company gives its approval.

Your pension will be reduced by factors decided by the Trustee as advised by the Scheme Actuary to take account of the fact that you are being paid early and for a longer period of time.

If you have Pensionable Service between 6 April 1978 and 5 April 1997 the pension you receive from the DB Section in respect of this period must be at least equal to your GMP. If your early retirement pension is not expected to be at least equal to your expected GMP at GMP Pension Age your early retirement options may need to be restricted.

## Early retirement through ill-health

If you have to leave Service with the Company at any age due to ill-health, you may be granted an immediate early retirement pension. Two categories of ill-health pension are available — the level which applies will depend on the view of the Company's medical adviser as to the extent of your ill-health.

### **Total Incapacity Pension (meaning you cannot undertake any paid employment)**

The calculation of the pension under this category will be based on your potential Pensionable Service to your Normal Retirement Date and your Final Pensionable Earnings at the date you retire. The amount payable will not be reduced to take account of early payment.

### **Serious Incapacity Pension (meaning you cannot undertake your current job or a similar job)**

The calculation of the pension under this category will be based on your completed Pensionable Service and your Final Pensionable Earnings at the date you retire. The amount payable will not be reduced to take account of early payment.

Your Service must have stopped for an ill-health pension to be payable.

If you are in ill-health and do not expect to live for longer than a year, you may be able to take the entire value of your pension from the DB Section as a lump sum, subject to meeting certain conditions and tax limits.

If you are in receipt of a pension due to ill-health, you should tell the Trustee if your health or working circumstances change. The Trustee may review and (if appropriate to do so) reduce, increase or suspend that pension.

## Late retirement

If you stay in Service with the Company after your Normal Retirement Date you can continue to build up pension benefits until you complete the maximum period of Pensionable Service (which is 40 years for most members). If you continue working with the Company after completing the maximum period of Pensionable Service and you do not take flexible retirement, your benefits are increased by a factor decided by the Trustee as advised by the Scheme Actuary to make up for the late payment of your pension. Should you die while employed after your Normal Retirement Date, benefits will be paid to your Spouse, Civil Partner, Dependant(s) or children as described for death of an Active member but by reference only to completed Pensionable Service.

## Flexible retirement

The Company is aware that situations and needs change and wants to support all employees. Therefore, under the flexible retirement option, you no longer need to stop working before taking your pension from the DB Section. Certain conditions apply, namely:

- You are aged at least 55;
- You have completed at least two years' Pensionable Service;
- You have agreement from the Company; and
- You sign a new contract of employment which may not include any special terms that previously applied.

You have the same options available to you under flexible retirement as you do if you were retiring at your Normal Retirement Date.

In the event of your death in Service you will be treated under the DB Section as having died after retirement (see 'Death benefits — Pensioner members'). In addition, a lump sum may be payable from the DC Section.

You will be automatically enrolled as a member of the Defined Contribution (DC) Section of the Scheme.

For more information about the DC Section, please refer to the 'Member Booklet' for the DC Section which is available on the website [prudentialstaffps.co.uk](http://prudentialstaffps.co.uk).

For more information about flexible retirement please contact the DB Section Administrator. It is also recommended that you seek independent financial advice if you need help on making this very important decision. If you do not have a financial adviser details of those near to you can be found at [register.fca.org.uk](http://register.fca.org.uk).

## Payment of your pension

Your pension from the DB Section will be paid monthly, in advance, on the first working day of each month. The first instalment will be paid directly into your chosen bank account and may be more than one month's pension.

Remember, pensions are treated as earned income, and are taxed in the same way as your current earnings under the PAYE system, although you do not pay National Insurance contributions on pensions in payment.

## Pension increases

Once your pension is in payment it will be increased each year as follows:

- **Benefits earned for Pensionable Service on or after 6 April 2005** — increased in line with the rise in the Consumer Prices Index (CPI) for the year in question, up to a maximum of 2.5%. Increases normally take effect from 1 April each year and are based on the CPI increase measured as at the previous 30 September. In addition the Company may choose to award discretionary increases.
- **Benefits earned for Pensionable Service on or after 6 April 1997 and before 6 April 2005** — increased by the rise in the CPI for the year in question, up to a maximum of 5%. Increases normally take effect from 1 April each year and are based on the CPI increase measured as at the previous 30 September. In addition the Company may choose to award discretionary increases.
- **Benefits earned for Pensionable Service before 6 April 1997** — treated differently depending on whether you have reached GMP Pension Age (60 for women and 65 for men — please refer to pages 6 and 18 of this Booklet for more information about GMP):
  - Before GMP Pension Age**, may be increased at the Company's discretion (i.e. no guaranteed increases).
  - After GMP Pension Age:**
    - GMP earned prior to 6 April 1988 will not be increased by the Scheme.
    - GMP earned from 6 April 1988 will be increased in line with the rise in the CPI for the year in question, up to a maximum of 3%.
    - Any pension in excess of the GMP may be increased at the Company's discretion (i.e. no guaranteed increases).

# Death benefits

The level of death benefits payable will be different depending on what category of member you are at the date of your death.

## Lump sum

The lump sum which may become payable on your death will be calculated as follows:

### Active members

A lump sum equal to four times your Final Pensionable Earnings at the date of your death, together with a refund of the value of any AVCs you may have paid.

### Deferred members

A lump sum equal to five times your deferred pension had it come into payment on the date of your death (reduced for early payment) together with a refund of the value of any AVCs you may have paid.

### Pensioner members

Any unpaid balance of the first five years' pension entitlement (not taking account of any future increases).

**Note:** If you had taken the State Spreading Option when you retired, this lump sum will be reduced to reflect the additional pension paid as a result of the State Spreading Option.

## Spouse's or Civil Partner's pension

Following your death your Spouse or Civil Partner will generally receive:

### Active members

A pension, payable for life, equal to 54% of the pension you would have received at your Normal Retirement Date, but based on your Final Pensionable Earnings at the date of your death.

### Deferred members

A pension, payable for life, equal to 50% of your deferred pension, including any increases (known as revaluation) granted from your date of leaving up to the date of your death.

### Pensioner members

A pension, payable for life, equal to 50% of the full pension you were entitled to at retirement (i.e. before exchanging any pension for a tax-free lump sum and excluding any pension from AVCs and the State Spreading Option if elected) plus any increases granted since that time.

In the event of the death of your Spouse or Civil Partner, the pension that was payable to your Spouse or Civil Partner will be paid to any Eligible Child(ren), up to a maximum of three.

If you have Pensionable Service between 6 April 1978 and 5 April 1997 your Spouse's or Civil Partner's pension may include a Spouse GMP.

If you were receiving your pension on or before 1 July 2005, the pension payable to your Spouse or Civil Partner, will be at least 50% of your pension at your date of death.

## Dependant's pension

If you were an Active member on or after 1 July 2005 and you die without leaving a Spouse or Civil Partner, a pension may be payable to one or more of your Dependant(s), in such proportions as the Trustee decides. The total amount of the pension will be equal to that which would have been paid to a Spouse or Civil Partner.

If the Dependant's pension is paid to an Eligible Child who subsequently dies, the Dependant's pension will continue to be paid to other Eligible Children, if any. However, if the Dependant's pension is paid to a person who is not an Eligible Child who subsequently dies, the Dependant's pension will stop.

## Eligible child's pension

If you die leaving Eligible Child(ren), up to a maximum of three, they will generally receive a pension from the DB Section as follows:

### Active members

A pension equal to 1/6<sup>th</sup> of the pension you would have received at your Normal Retirement Date but based on your Final Pensionable Earnings at the date of your death.

### Deferred members

A pension equal to 1/6<sup>th</sup> of the deferred pension you were entitled to at the date of your death.

### Pensioner members

A pension equal to 1/6<sup>th</sup> of the pension you were entitled to at retirement (i.e. before exchanging any pension for a tax-free lump sum and excluding any pension from AVCs and the State Spreading Option, if elected) plus any increases granted since that time.

**Note:** The pension will be payable in respect of your Eligible Child(ren) while they are under age 18. If they remain in full-time education or vocational training, the pension may continue at the Trustee's discretion but not normally beyond the age of 23.

## Payment

Pensions payable on your death will be effective from the day after your death and will be paid monthly in advance on the first working day of the month. The first payment may include an additional amount in respect of the pension due from the day after your death to the day before the first payment is made.

## Expression of Wish Form

The Trustee decides who should receive any benefits payable on your death, but consideration will be given to anyone that you have nominated as a beneficiary in an Expression of Wish Form.

It is very important that you complete and maintain an Expression of Wish Form to keep the Trustee informed of any changes in your circumstances, for example if you marry, divorce or have children.

You can update your Expression of Wish details online via MyPension, the secure area of the Scheme website [prudentialstaffps.co.uk](http://prudentialstaffps.co.uk). Alternatively you can download an Expression of Wish Form from the website or request one by contacting the DB Section Administrator.

The image shows three overlapping copies of the 'Expression of Wish Form' for the Prudential Staff Pension Scheme. The top copy is page 1, the middle is page 2, and the bottom is page 3. Each page contains sections for beneficiary details, a declaration, and a signature area.

**Page 1:** Includes the title 'Expression of Wish Form', the Prudential Staff Pension Scheme logo, and the following text: 'To: The Trustee of the Defined Benefit (DB) Section of Prudential Staff Pension Scheme (the Scheme). Please complete the following, using BLOCK CAPITALS.' It features a table for the member's details (Title, Surname, Initials, National Insurance number) and a declaration section. Below this is the 'Beneficiaries for lump sum death benefits' section, which includes a table for up to four beneficiaries with columns for full name, date of birth, relationship, and proportion of benefit.

**Page 2:** Continues the 'Beneficiaries for lump sum death benefits' section with a table for up to four dependants, including columns for full name, date of birth, relationship, and proportion of benefit. It also includes a section for the member's signature and date.

**Page 3:** Contains a 'Note' section with important information regarding the form's validity and a section for the member's signature and date.

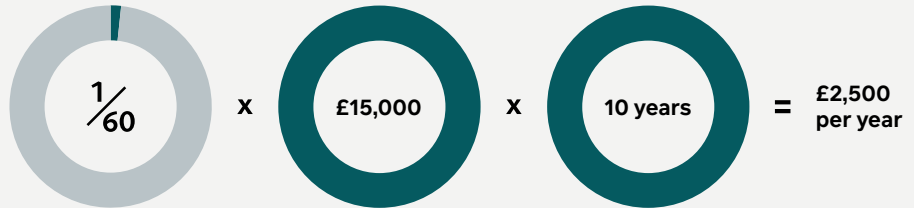
# Leaving Service

If you leave Service, or opt out of the DB Section, without transferring your benefits to another registered pension scheme, your pension will remain in the DB Section until you reach your Normal Retirement Date and you will be treated as a Deferred member.

Your deferred pension is calculated in a similar way to that described in the retirement benefits section of this Booklet but using your Pensionable Service and your Final Pensionable Earnings at the date you left Service.

## Example:

The example shows the pension payable to a member who joined at the age of 22 (after 1986) and leaves after completing 10 years' Pensionable Service with Final Pensionable Earnings of £15,000.



**Note:** The Trustee may, in certain limited circumstances, allow you to transfer benefits (including a cash equivalent transfer value) into the DB Section.

Complete months of Pensionable Service count as a proportion of a year.

You will receive additional credit for any transfer value you have been allowed to transfer into the DB Section from a previous arrangement.

There is currently no charge by the Trustee for exercising any of your rights to your benefits if you leave the DB Section before your Normal Retirement Date, for example, if you take flexible retirement or transfer your benefits to another arrangement.

## Deferred pension revaluation

Your deferred pension will be revalued until you take it, to reduce the impact of inflation.

Your pension is made up of several elements, and each of these elements may revalue at a different rate. When you joined and left the Scheme will also impact how your pension revalues in deferment. If you joined the Scheme after 31 December 1990 your pension will revalue in accordance with the details below. If you joined the Scheme prior to 1 January 1991 please refer to Appendix I of this Booklet for details of how your pension revalues in deferment.

### Revaluation of pension in excess of GMP

Your deferred pension in excess of any accrued GMP will increase in line with the Occupational Pensions (Revaluation) Order (known as Section 52a orders). These orders currently increase in line with CPI inflation subject to a cap of 5% p.a. on pension accrued before 6 April 2009 and a cap of 2.5% p.a. on pension accrued after 5 April 2009.

### Revaluation of GMP

If you left the Scheme on or after 6 April 1997 your GMP will increase annually in line with Section 148 Orders. Section 148 Orders are based on the increase in the National Average Earnings Index each year. The same increases to your GMP will apply if you left the Scheme before 6 April 1997, except that the increases will be capped at 5% for each complete tax year between the date you left the Scheme and age 60 (for females) or age 65 (for males). The increases to GMP apply at GMP Pension Age.

Further information regarding how your pension increases in deferment will be provided on your deferred benefit statement, issued to you shortly after you leave Service (or opt out).



### Payment of your deferred pension

Your deferred pension will normally become payable at your Normal Retirement Date. However, with the Trustee's consent, it may be paid early:

- From age 55; or
- On the grounds of ill-health subject to appropriate medical evidence.

A reduction may be applied for early payment.

You will have the same options of taking part of your pension as a tax-free lump sum and providing extra pension for a Dependant(s) — see pages 6 and 7.

Once payment starts, your pension will be increased in the same way as described in the pension increases section of this Booklet — see page 8.

If you wish to defer the commencement of your pension to a later date, you will need the permission of the Trustee. If you defer the commencement of your pension, your pension will be increased by a factor decided by the Trustee as advised by the Scheme Actuary to make up for the late payment of your pension.

### Opting out while remaining employed by the Company

If you wish to opt out of the DB Section then you will need to contact the DB Section Administrator or your local HR team.

You will automatically be enrolled as a member of the Defined Contribution (DC) Section of the Scheme. For more information about the DC Section, please refer to the 'Member Booklet' for the DC Section which is available on the website [prudentialstaffps.co.uk](https://prudentialstaffps.co.uk).



# Transferring your benefits

Provided that the receiving arrangement is a registered pension scheme or a Qualifying Recognised Overseas Pension Scheme (QROPS) if you are transferring overseas, then you will generally have the option to take a transfer value from the DB Section before your Normal Retirement Date.

If you paid AVCs under the DB Section these would need to be transferred as well, either to the same or another arrangement. You may transfer your AVCs to another arrangement without transferring the remainder of your benefits within the DB Section.

The transfer value will take the form of a capital sum, known as the cash equivalent transfer value (CETV), representing the value of the pension you have earned under the DB Section. Your CETV may include the value of any AVCs you have paid under the DB Section.

You may ask for an estimate of the CETV available to you. Within three months of your request, the Trustee will give you a written statement of entitlement. This statement will show your CETV which is guaranteed for three months from the date on which it has been calculated (the guarantee date). The statement will be given to you within 10 working days of the guarantee date.

If you want to transfer the CETV quoted to another registered pension scheme or insurance policy, you must apply in writing to the Trustee within three months from the guarantee date shown on the statement of entitlement.

If you want to transfer your benefits from the DB Section to a defined contribution arrangement to access the new pension flexibilities (such as an Uncrystallised Funds Pension Lump Sum (UFPLS)) and your total benefits in the DB Section exceed £30,000, you must obtain independent financial advice before being allowed to do so. The Trustee always recommends that you seek independent financial advice when making a decision about your retirement.

The Trustee is not legally required to provide you with another CETV within 12 months of the date of the last request. If you request more than one transfer value quotation in any 12 month period, the transfer value may not be

guaranteed and the Trustee may charge you for the provision of this estimate.

If the estimate of the transfer value of your DB benefits is needed because of a divorce settlement, you should tell the Trustee this when asking for the estimate as the Trustee may need further information from you. The Trustee may charge you for the provision of this estimate.

## Calculation of the CETV

The CETV is the amount the Trustee determines, having taken advice from the Scheme Actuary, to be sufficient to provide your deferred benefits at your Normal Retirement Date, as at the date of calculation. The Trustee currently has a policy of including an allowance for discretionary increases in CETVs (although there is no guarantee that this will always be the case). Further details will be provided by the DB Section Administrator upon request.

# Useful information

## Alteration and termination of the DB Section

The Company reserves the right at any time (in accordance with the Trust Deed and Rules) to terminate the DB Section, without replacing it; or to alter it. If the DB Section is altered and your benefits are affected in any way you will be notified. If the DB Section is terminated, the Trustee will use the assets in the way set out in the Trust Deed and Rules to secure members' benefits and, if necessary, would still satisfy any applicable Automatic Enrolment requirements.

## Contributions to other registered pension schemes

You can choose to contribute to another registered pension scheme, such as a stakeholder or personal pension, at the same time as being a member of the DB Section. However, you should note that the Annual Allowance, Lump Sum Allowance, and Lump Sum and Death Benefit Allowance apply to contributions and benefits from all registered pension schemes of which you are a member. Special rules also apply concerning residency in the UK and the source of your earnings. It is advisable you seek independent financial advice before making any investment decisions.

If you do not have a financial adviser details of those available near to you can be found at [register.fca.org.uk](https://register.fca.org.uk).

## Trust Deed and Rules

Your rights to benefits under the DB Section arise from the Trust Deed and Rules. The Trust Deed and Rules govern the Scheme and are designed to satisfy pension and other laws, and to meet the requirements of HMRC and other Government authorities.

This Booklet gives only a summary of the benefits and terms of membership and does not cover everything in the Trust Deed and Rules. In the event of any discrepancy between any information provided to you and the Trust Deed and Rules, the Trust Deed and Rules will prevail. If you would like to see a copy of the Trust Deed and Rules, or you need further information, please contact:

**The Pensions Manager  
Prudential Staff Pension Scheme  
10 Fenchurch Avenue  
London  
EC3M 5AG**

## Other Scheme documents

You can find a number of Scheme documents on the Scheme website, [prudentialstaffps.co.uk](https://prudentialstaffps.co.uk) including the Scheme Annual Report and Accounts which is also available in hard copy on request.

## Giving up your benefits

You are not generally allowed to give up, transfer to someone else or cash in your benefits accrued under the DB Section except as described in this Booklet.

## Income tax

Your pension will be subject to PAYE income tax.

## You and the State Pension

The State Pension is a regular income you may receive from the Government when you reach State Pension Age.

From April 2016 the Government has introduced a new single-tier flat-rate State Pension. As a member of the DB Section prior to April 2016 you were contracted out of the State Earnings Related Pension Scheme (SERPS), for Service prior to April 2002 and

the Second State Pension (S2P) for Service after April 2002, but before April 2016. Therefore you may not receive the full level of the new State Pension. Further information on the new State Pension can be found at [gov.uk/new-state-pension](https://gov.uk/new-state-pension).

## Cessation of contracting out

Contracting out for all defined benefit occupational pension schemes, including the DB Section, ceased with effect from 6 April 2016. The DB Section was contracted out for the period 6 April 1978 to 5 April 2016 (inclusive).

## Data protection

In order to administer the DB Section, it is necessary for information about you and your Dependants to be held and processed by the Trustee or other parties who act on behalf of the Trustee. The Trustee, the Scheme Actuary and the actuarial advisers are each data controllers under the Data Protection Act 2018. This information is kept secure and only disclosed in limited circumstances, for example, information may be disclosed to companies within the M&G Group, Trustee advisers and other organisations in connection with the operation of the DB Section. Information may also be disclosed to any future potential employers and their advisers and, only if the Trustee, the Scheme Actuary or the actuarial advisers are legally obliged to do so, to Government or regulatory organisations.





# Help and advice

---

The Trustee will do all that it can to ensure that the DB Section is administered to the highest standard, but we appreciate that there may be times when you are unhappy about a certain situation or you have a concern that you need to raise.

Most queries and problems stem from a misunderstanding of information and can normally be quickly and informally resolved without the need to use any formal procedures. You should first of all refer any query to the DB Section Administrator. If you are still unhappy about the matter, you may then wish to consider making a formal complaint through the Internal Dispute Resolution Procedure.

## Internal Dispute Resolution Procedure

If you have not been able to resolve any complaint about the DB Section informally, there is a two stage formal procedure you may use. Full details can be obtained from the Pensions Manager at the address shown below.

### Stage 1

You should put your case in writing to:  
**The Pensions Manager**  
**Prudential Staff Pension Scheme**  
**10 Fenchurch Avenue**  
**London**  
**EC3M 5AG**

who will fully consider your complaint and will normally give you a decision within two months of receipt of your complaint.

### Stage 2

If you are not satisfied with the Stage 1 decision, you can appeal to the Trustee to consider your complaint. You will normally receive a decision from the Trustee within two months of receipt of your appeal.

Special application forms are available to make a complaint or appeal. If you wish, you may use a representative to act on your behalf. The Internal Dispute Resolution Procedure applies to matters concerning the DB Section that affect members and others who may have an interest under the DB Section. It does not apply to disputes between employees and the Company, nor does it apply to disputes where Court proceedings have started or that are being investigated by the Pensions Ombudsman.

### Contact us

You can contact the DB Section Administrator by:

Emailing: **pspsdb@xpsgroup.com**

Telephone: **01245 673515** (UK callers)  
**(44) 1245 673515** (Overseas callers)

Writing to: **Prudential Staff Pension Scheme**  
**XPS Administration**  
**PO Box 562**  
**Middlesbrough**  
**TS1 9JA**

# Outside help

---

The following external bodies may also be able to provide assistance:

## MoneyHelper

MoneyHelper offers free, impartial guidance regarding pensions and personal finances. It is provided by the Money and Pensions Service, which in turn is sponsored by the Department for Work and Pensions.

Write to: **Money and Pensions Service**  
**Bedford Borough Hall**  
**138 Cauldwell Street**  
**Bedford**  
**MK42 9AB**

Telephone: **0800 011 3797**

Website: **moneyhelper.org.uk**

## The Pensions Ombudsman

The Pensions Ombudsman may investigate and decide upon any complaint or dispute of fact or law or complaints about maladministration in relation to how an occupational pension scheme is run.

The Pensions Ombudsman may be contacted using the details below.

Write to: **The Pensions Ombudsman**  
**10 South Colonnade**  
**Canary Wharf**  
**E14 4PU**

Telephone: **0800 917 4487**

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

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

## Pension Wise

Pension Wise is a Government service that offers free impartial guidance to help you understand your options in relation to your defined contribution pension savings. You can obtain pension guidance online, by telephone or face-to-face. Pension Wise may be contacted using the details below.

Telephone: **0800 138 3944**  
**(to book a free appointment)**

Website: **pensionwise.gov.uk**

## The Pensions Regulator

The Pensions Regulator is a regulatory body which has a range of powers to help safeguard pension rights of members of pension schemes and is able to intervene where trustees, employers or professional advisers have failed in their duties. You can contact the Pensions Regulator using the details below.

Write to: **The Pensions Regulator**  
**Napier House**  
**Trafalgar Place**  
**Brighton**  
**BN1 4DW**

Telephone: **0345 600 7060**

Website: **thepensionsregulator.gov.uk**

## Small Print

Company means M&G plc or any associated company/ employer that offers you membership of the Scheme through your contract of employment.

All benefits are payable in accordance with the Trust Deed and Rules, the legal document governing the Scheme. In the event of any discrepancy between any information provided to you and the Trust Deed and Rules, the Trust Deed and Rules will prevail.

# Glossary

---

## **Additional Voluntary Contributions (AVCs)**

These are any personal contributions that you choose to pay to the DB Section.

## **Annual Allowance**

This is the maximum amount of pension savings that you can make which will qualify for tax relief in any tax year.

## **Automatic Enrolment**

The requirement to enrol most employees and workers in the UK into a pension scheme provided by an employer.

## **Civil Partner**

This is the person you have entered into a registered Civil Partnership with under the Civil Partnership Act 2004.

## **Company**

M&G plc or any associated company / employer that offers you membership of the Scheme through your contract of employment.

## **Consumer Price Index (CPI)**

The official index used by the Government as its measure of inflation. The Government previously used the Retail Price Index as its official index for measuring inflation.

## **DB Section**

Defined Benefit (DB) Section of Prudential Staff Pension Scheme (the Scheme).

## **DB Section benefits**

The benefits payable to you as a result of your membership of the DB Section (and/or those payable to your Spouse/Civil Partner or other Dependant(s) following your death) but excluding any benefits payable in respect of AVCs.

## **DC Section**

Defined Contribution (DC) Section of Prudential Staff Pension Scheme (the Scheme).

## **Dependant**

Your Spouse or Civil Partner/same sex spouse or any other person who, in the opinion of the Trustee, is financially dependant upon you at the date you take your pension or die.

## **Eligible Child**

In most cases, this means your own or adopted child under age 18 or older if still in full-time education/vocational training and the Trustee so decides (though not normally beyond age 23).

## **Final Pensionable Earnings**

In summary, for the purposes of the DB Section, Final Pensionable Earnings is calculated as the higher of either:

1. The basic salary you earned in the 12 months immediately before you leave service. Ignoring any additional amounts, such as bonuses or overtime.
2. Your highest annual salary in any one tax year, in the last five years before you leave Service. Ignoring any additional amounts, such as bonuses or overtime.
3. Your average annual salary over the best three consecutive tax years in the last 10 years. Ignoring any additional amounts, such as bonuses or overtime.

The earliest tax year which will count in points 2 and 3 above is that commencing 6 April 2000.

If you were an Active member on 30 September 2019, your Final Pensionable Earnings will be capped at the rate applicable at this date.

There are two areas where this cap will be applied differently.

- If an Active member's Pensionable Earnings is less than £35,000 per annum, their Final Pensionable Earnings will continue to recognise increases to their salary on and after 30 September 2019, until such time that their Final Pensionable Earnings reaches £35,000 per annum (or, if part-time, their full-time equivalent).
- If an Active member is already earning above the Scheme Earnings Cap, their benefits are limited by the Scheme Earnings Cap until the Scheme Earnings Cap overtakes their Final Pensionable Earnings at 30 September.

If you participate in the Company's Pension Plus arrangement, for this purpose, you are treated as if you do not participate in this arrangement.

There are occasions when your Final Pensionable Earnings might be calculated differently. If you have any questions or need any further information please contact the DB Section Administrator in the first instance.

Please see Appendix II for an example of a Final Pensionable Earnings calculation.

### **Guaranteed Minimum Pension (GMP)**

If you were an Active member of the DB Section between 6 April 1978 and 5 April 1997 (inclusive), you will have accrued a GMP within the Scheme. This is the minimum pension the Scheme must pay to you as a result of you contracting out of either the State Earnings Related Pension Scheme (SERPS) or the Second State Pension (S2P).

- **Contracting out** — In return for you and the Company paying a reduced level of National Insurance contributions, you stopped building up your second tier State Pension entitlement. The Scheme committed to pay this amount to you as part of your overall Scheme entitlement.
- **State Earnings Related Pension Scheme (SERPS)** — From 6 April 1978 to 5 April 2002 this was the second tier of State Pension. In addition to your Basic State Pension the State would pay an additional pension based on your earnings during any period you were not contracted out.
- **Second State Pension (S2P)** — In 2002 the Government replaced SERPS with S2P. The principles were broadly the same in that S2P was a second tier of State Pension provision based on your earnings during any period you were not contracted out.

With effect from 5 April 2016, the Government abolished the two-tier State Pension provision in favour of a single-tier flat-rate State Pension.

### **GMP Pension Age**

This is currently 60 for women and 65 for men.

### **Lifetime Allowance**

The Lifetime Allowance was a limit on the amount of pension benefits that you could accumulate during your working life which would qualify for tax relief. The Lifetime Allowance was abolished from 6 April 2024.

### **Lump Sum Allowance**

The Lump Sum Allowance (LSA) is the collective maximum you can take as tax-free cash sum(s) from the Scheme and any other pension savings you have.

### **Lump Sum and Death Benefit Allowance**

The Lump Sum and Death Benefit Allowance (LSDBA) is the collective limit on the amount that can be paid as cash sum(s) from the Scheme and any other pension savings you have, following your death. This figure is currently £1,073,100.

### **Money Purchase Annual Allowance**

If you elect to take your benefits from any other registered pension arrangement using the new pension flexibilities available, for example in the form of a Uncrystallised Funds Pension Lump Sum (UFPLS) you will trigger, for the tax year you draw your benefits (and for future years), a Money Purchase Annual Allowance. This means your tax efficient contributions to any defined contribution scheme will be more restricted (usually to £10,000). More detail can be found on the Scheme's website.

### **Normal Retirement Date**

The date at which you are expected to retire. For most members your Normal Retirement Date is aged 60 although it is aged 65 for some male members. You will have been told if your Normal Retirement Date is not aged 60. Your Normal Retirement Date is sometimes referred to as your Normal Pension Date.

### **Pension Input Period**

This is the period over which pension contributions are measured to work out whether you have exceeded the Annual Allowance. The Pension Input Period is the same as the tax year: 6 April to 5 April.

### **Pensionable Pay (in respect of the DC Section)**

This means your basic salary.

### **Pensionable Service**

In general, this means the permanent Service (in years and complete months) you completed with the Company as an Active member of the DB Section.

### **Pensions Plus**

The Company operates a salary sacrifice arrangement called Pensions Plus, for more information please see the Company's document Your Guide to Pensions Plus. You can download a copy from the Company Documents section of the Scheme website: [prudentialstaffps.co.uk](http://prudentialstaffps.co.uk).

### **Qualifying Recognised Overseas Pension Scheme (QROPS)**

This is an overseas pension scheme that meets certain requirements and which HM Revenue & Customs recognises as eligible to receive transfers from registered pension schemes in the UK.

**Registered pension scheme**

A pension scheme that is registered with HM Revenue & Customs under the provisions of the Finance Act 2004.

**Scheme**

Prudential Staff Pension Scheme.

**Scheme Actuary**

An appropriately qualified individual who advises the Trustee on actuarial matters relating to the Scheme.

**Scheme Earnings Cap**

(Members who joined the Scheme on or after 1 June 1989 ONLY)

The maximum salary that can be considered for Pensionable Earnings calculations.

**Service**

Your employment with the Company.

**Spouse**

This is the person to whom you are legally married. This includes opposite sex spouses and same sex spouses.

**Spouse GMP (SGMP)**

The minimum pension the Scheme must pay to your Spouse/Civil Partner as a result of you contracting out of either the State Earnings Related Pension Scheme (SERPS) or the Second State Pension (S2P). Please see the definition in the Glossary for Guaranteed Minimum Pension (GMP) for further information.

# Appendix I — Revaluation of deferred pensions

---

## **If you joined the Scheme after 31 December 1990:**

After you leave Pensionable Service, your deferred pension will increase during the period up to your Normal Retirement Date, as described on page 11 of this Booklet.

## **If you joined the Scheme before 1 January 1991 and leave Pensionable Service on or after that date:**

After you leave Pensionable Service, your deferred pension will increase, during the period up to your Normal Retirement Date, as described on page 11 of this Booklet. However, in addition, at Normal Retirement Date your pension in excess of your GMP must be at least equal to the following:

Your pension, in excess of your GMP, accrued on or after 1 January 1985 increased by 5% for each complete year from the date you left the Scheme to your Normal Retirement Date.

+

Your pension, in excess of your GMP, accrued before 1 January 1985 with no increase applied.

## **If you left Pensionable Service before 1 January 1990:**

After you leave Pensionable Service, your GMP will increase as described on page 11, and the part of your pension in excess of GMP that was accrued on or after 1 January 1985 will increase by 5% for each complete year from the date you left the Scheme to your Normal Retirement Date. No increases are applied to the part of your pension in excess of GMP that accrued before 1 January 1985.

# Appendix II — Calculating Final Pensionable Earnings

Final Pensionable Earnings is calculated as the higher of:

- 1** Your basic salary earned in the 12 months immediately before leaving Service, ignoring any additions such as bonuses or overtime.
- 2** Your highest annual salary in any one tax year in the last five years before leaving Service.
- 3** Your average annual salary over the best three consecutive tax years in the last 10 years before you leave Service.

Using the example below where a member left the Scheme on 17 January 2018, their Final Pensionable Earnings is £37,400 as this is the higher of the three definitions above.

Basic Salary		Annual Salary		Calculation			
Year	Salary (£)	Tax year	Salary (£)				Total (£)
1 April 2017	38,000	2017/18	29,879	38,000 x	$\frac{292 \text{ days}}{365 \text{ days}}$	30,400	37,400
1 April 2016	35,000	2016/17	35,040	35,000 x	$\frac{73 \text{ days}}{365 \text{ days}}$	7,000	
1 April 2015		2015/16	34,506				
1 April 2014		2014/15	34,006				
1 April 2013		2013/14	35,971	Full tax year earnings of £35,971			35,971
1 April 2012		2012/13	33,534				
1 April 2011		2011/12	33,499				
1 April 2010		2010/11	32,019	$33,499 + 32,019 + 43,835$			36,451
1 April 2009		2009/10	43,835	3			
1 April 2008		2008/09	602				

## Notes

1. If you joined the DB Section on or after 1 June 1989 your salary (either basic or annual) is subject to a maximum each year (the Scheme Earnings Cap). Further details, including a full list of the Scheme Earnings Caps for the last 10 years, can be found on the Scheme website [prudentialstaffps.co.uk](http://prudentialstaffps.co.uk).
2. For the purpose of the calculation of Final Pensionable Earnings, your basic salary is your contracted salary as at 1 April each year whilst your annual salary is the total basic salary paid to you during a tax year.
3. With effect on and from 30 September 2019 the Final Pensionable Earnings for most Active members will be capped at the rate applicable at this date.