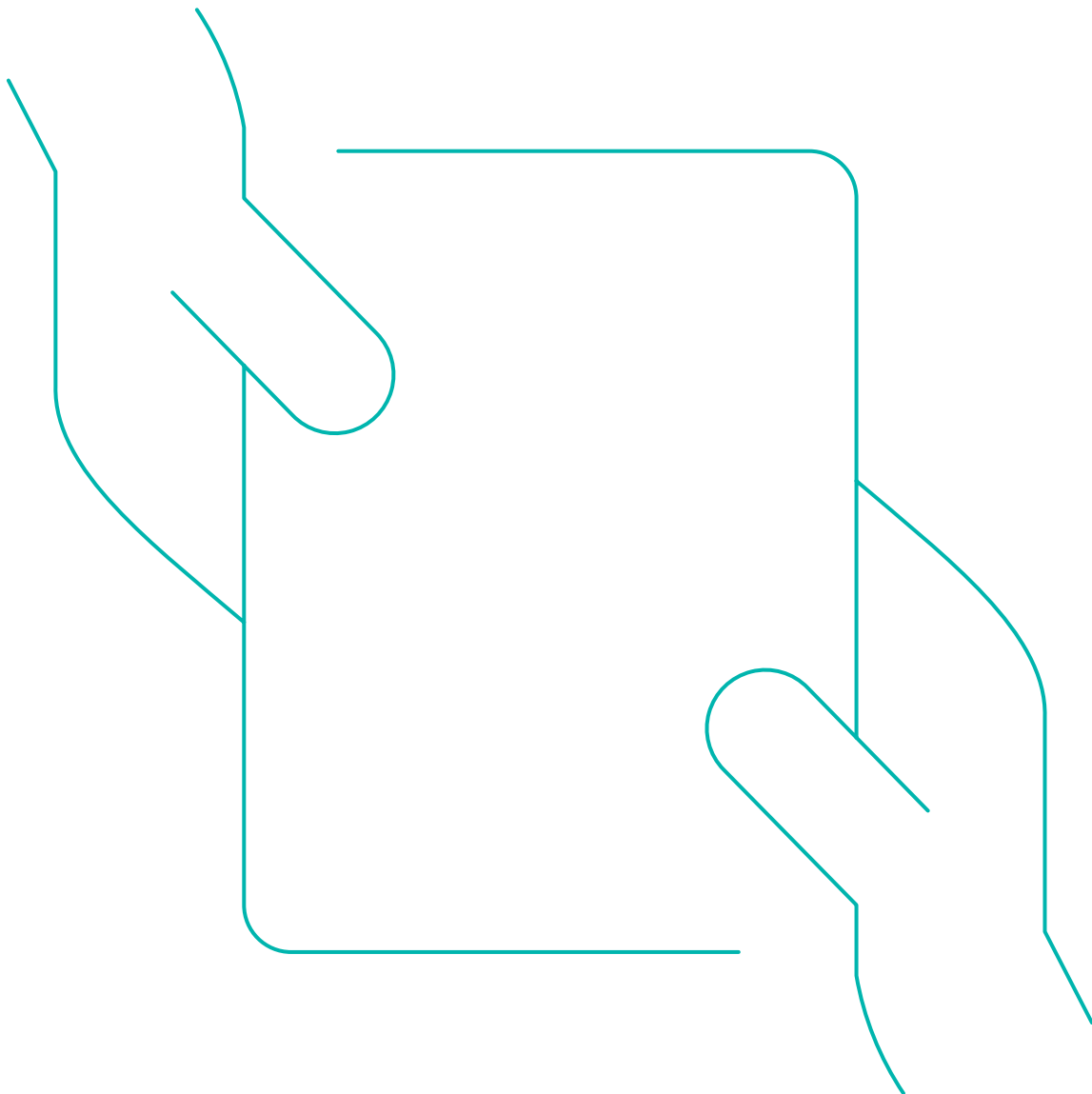


Key Features of the Local Government Additional Voluntary Contributions (AVC) Scheme for England & Wales



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

Contents

| | | | |
|---|----|--|----|
| About the Local Government AVC Scheme | 4 | What are the charges and costs? | 10 |
| Its aims | 4 | What might I get back? | 11 |
| Your commitment | 4 | When can I take my benefits? | 11 |
| Risks | 4 | What choices will I have when I want to take my benefits? | 12 |
| Other documents you should read | 5 | Where can I get guidance about what to do with my pension? | 12 |
| Questions & Answers | 6 | What about tax? | 13 |
| Is the Local Government AVC right for me? | 6 | How will I know how the Local Government AVC is doing? | 14 |
| Is this a stakeholder pension? | 6 | What happens to the Local Government AVC if I die? | 14 |
| How flexible is it? | 6 | What if the Local Government AVC isn't right for me? | 14 |
| How much can I pay into my plan? | 7 | How much will the advice cost? | 14 |
| Can I transfer money in? | 7 | Other information | 15 |
| Where are my payments invested? | 7 | Get in touch | 18 |
| Can I change my investments? | 9 | | |
| What if I stop making payments? | 9 | | |
| Can I transfer money out? | 10 | | |

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

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

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

About the Local Government AVC Scheme

The Prudential Local Government Additional Voluntary Contribution (AVC) Scheme is an arrangement which lets you make tax-efficient additional savings on top of your existing Local Government pension scheme (LGPS).

It can also provide additional life cover in the event of your death.

If you still have questions about the Local Government AVC after reading this booklet, please look at the 'Get in touch' section for our contact details. If you have a financial adviser, please speak to them in the first instance.

Its aims

What this plan is designed to do

- To help you save for retirement in a tax-efficient way.
- Give you access to a range of investments to match your attitude to risk and investment objectives.
- It can also be used to provide you with optional life cover.
- To allow your employer to reduce your salary to make payments into your pension on your behalf.

Your commitment

What we ask you to do

- To make at least one payment into the plan – either regular monthly, yearly, or a single payment.
- To allow your pension pot to potentially grow until you take your benefits.
- To regularly review your investments to make sure you're on track for retirement.
- If you've chosen additional life cover, you must tell us about any change in your health from the time you sign the application through to the start of your plan as this could affect your cover.
- To allow your employer to reduce your salary to make contributions into your pension on your behalf (sometimes referred to as salary sacrifice).

Risks

What you need to be aware of

- The value of your investment can go down as well as up so you might not get back the amount you put in.
- There are different risks for different funds, please refer to your **Fund Guide** for more information.
- As the price of everyday goods and services goes up, your money won't stretch as far as the same amount would now. This is called inflation.
- If the total charges are more than any overall growth achieved, your plan will fall in value, possibly to even less than you have invested.
- If you withdraw money from our With-Profits Fund we may reduce the value by applying a Market Value Reduction. We explain this in the section 'Where are my payments invested?'
- There may be a delay in buying, selling or switching to or from certain funds.
- If you are making payments for additional life cover, your cover will cease if you stop making payments to the Local Government AVC or if you leave the main scheme.
- If you exchange your salary for pension payments, in certain circumstances, this may affect any future state benefits you may be entitled to. This may also affect any salary related benefits, such as death benefits, redundancy, mortgage applications or statutory payments.

Other documents you should read

This document gives you key information about the Prudential Local Government AVC Scheme for England & Wales. If you want more detail on specific points, please read the following documents. We have highlighted when they are relevant throughout this document.

They're all available from your adviser, direct from us or on our website at pru.co.uk/localgov. Details on how to get in touch are on the last page.

- **Fund Guide**

This explains your investment choices.

- **Your With-Profits Plan – a guide to how we manage the Fund**

This provides information on how our With-Profits Fund works, and our current approach to managing it.

- **Market Value Reduction – a clear explanation**

This explains what a Market Value Reduction is, together with information about why and when these may apply.

Questions & Answers

Is the Local Government AVC right for me?

The Local Government AVC might be right for you if you're a member of the Local Government pension scheme and want to make additional investments towards your future retirement benefits.

When we refer to your AVC Normal Pension Age, this is the same as your normal pension age in your Local Government Scheme as at the date you join the AVC.

Are other options available?

You have a number of options to increase your benefits within the main Local Government scheme and you should contact the scheme administrator for more details.

If you're not sure whether the Local Government AVC Scheme is right for you, please speak to a financial adviser. If you don't have one, you can find an adviser at pru.co.uk/find-an-adviser

Is this a stakeholder pension?

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

How flexible is it?

You can increase, reduce or stop your payments at any time. You can restart payments whenever you wish to. If you do reduce or stop payments, it'll affect how much money you eventually have and you'll still pay charges.

If you leave the main Local Government pension scheme and then return to it you can also restart AVC payments. Please read the section 'What if I stop making payments?' for more information about this.

You can't cancel your plan and receive a refund. Once you've paid money in, you can only access it as pension benefits – for more information please read the section 'When can I take my benefits?'

What happens if I move abroad?

If you move overseas and are no longer resident in the UK for tax purposes, you're unable to top up your pension.

All employees in England & Wales and Councillors in Wales

If you wish, you can continue contributing to the AVC until you retire, leave service or until the eve of your 75th birthday if earlier. If you change employer, you may need to start a new AVC plan.

Councillors in England and members of the London Assembly

You cannot contribute to the AVC. If you were in office on 1 April 2014 you were able to continue contributing to the AVC until the term of office you were serving on 1 April 2014 ended, or until you retired or reached age 75 if earlier.

England & Wales employees only

If you change local government employer and choose to combine your main scheme benefits you may also need to combine your AVC plans. This will normally result in a new AVC plan being created. The new plan, including previous transferred in and any future payments (including top-ups), will be subject to 2014 scheme rules which came into effect on 1 April 2014.

To understand more about how this would impact you then please speak to your scheme administrator for further information.

If you have a standard AVC and begin a new Salary Sacrifice Shared Cost AVC (SSSCAVC) you will normally also be able to combine your AVC plans. Please ask your employer for information on how this may impact you.

All Councillors in England & Wales

You may be able to combine your Local Government pension scheme (LGPS) memberships as a Councillor provided they are in the same local authority. In this case, you will also be able to combine your AVC plans.

This will not impact the scheme rules applying to your plan.

What other benefits can I choose?

You can use AVCs to provide optional life cover for yourself, your spouse or any dependants. A 'dependant' includes any surviving adult including spouse, civil partner and nominated partner.

The cost of the cover will increase every three years for the level of cover selected.

Employees in England & Wales whose plan started before 1 April 2014 and all Councillors in Wales

Your life cover will normally end at age 65. Cover will end sooner if you stop making payments, leave service/office or when you retire.

Employees in England & Wales whose plan started on or after 1 April 2014

Your life cover will normally end when you reach your normal pension age under the 2014 Scheme. This will be the date you reach your State Pension Age. Cover will end sooner if you stop making payments, leave service/office or when you retire.

How much can I pay into my plan?

You can pay in up to 100% of your pensionable pay (subject to other deductions made by your employer).

However, the maximum tax relief you can receive on your total payments to all your pension plans (this AVC, the main Local Government pension scheme and any other pensions you might have) is limited to 100% of your salary.

If you are subject to the Money Purchase Annual Allowance, or your total contribution is greater than the Annual Allowance, there might be further limits on how much you can pay in. For more information about this, please read the section 'What about tax?'

Payments are deducted from your salary and passed to Prudential to be invested in your plan or used to purchase life cover.

If your AVC plan operates on a salary sacrifice shared cost basis, it means you agree with your employer to reduce your pay in return for exactly the same amount of AVC payments.

If you pay Salary Sacrifice Shared Cost AVC (SSSCAVC) payments, your salary sacrifice payments cannot cause your annual pay to fall below the National Minimum Wage/National Living Wage. However you might be able to increase your employee contribution alongside this – you will need to pay at least £1.00 per pay period (weekly, monthly).

If you need more information on this please contact your employer.

The Government provide a benefit known as Pension Credit. If you have little or no other retirement provision, the pension you receive from this plan could result in a reduction in the benefit you receive from the Pension Credit when you start taking your pension because of your increased pension. The exact effect will depend on the rules for Pension Credit in place when you retire. You may wish to speak to a financial adviser about Pension Credit before deciding if you want to go ahead.

Can I transfer money in?

Yes, you might be able to transfer funds from other pensions into your AVC. You should get in touch with the main scheme administrator who can give you more information about this.

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

Where are my payments invested?

Different funds offer different types of investment. For example, some only invest in property, others invest directly in the stock market, and others invest in a wide range of assets. Each fund has its own level of potential reward and risk. Usually, funds with more potential for growth carry more risk.

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

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

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

Unit-linked funds

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

How unit-linked funds invest

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

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

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

With-Profits Funds

We work out the value of With-Profits investments differently.

A With-Profits investment is one that aims to smooth some of the short term highs and lows of the fund over the period of time that you hold the plan. So, in theory you should see a steadier return year on year, rather than watching the value of your Plan fully reflect the rise and fall in investment markets.

Your payments are pooled with those of other Prudential With-Profits investors to form a fund. We invest this fund in a wide range of investments including company shares, property, Government bonds, company bonds and cash deposits.

This is not guaranteed and you must consider that the value of your investment can go down as well as up so you might get back less than you put in.

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

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

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

What's a Market Value Reduction?

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

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

We apply an MVR to your plan's value including regular and final bonuses. Please read **Your With-Profits Plan – a guide to how we manage the Fund** for more information on bonuses.

An MVR will reduce the amount payable on full or partial withdrawals, and if investment returns have been low, you may even get back less than you have invested in your plan.

We guarantee not to apply an MVR at your AVC Normal Retirement Age or on any claims due to death.

Our current practice on applying a Market Value Reduction

We may apply a Market Value Reduction to full or partial withdrawals, including those arising from switches or transfers, from all investments that have been running for less than five years. For investments that have been running for longer periods, we would consider applying an MVR when a withdrawal results in the total amount paid out, including any other payments in the previous 12 months, exceeding £25,000. We would only apply an MVR to the withdrawal amount in excess of £25,000 in these circumstances. As plans approach the AVC Normal Pension Age, the size of an MVR that would apply could be expected to reduce gradually.

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

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

Can I change my investments?

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

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

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

What if I stop making payments?

You can stop paying or take a payment break and restart later if your circumstances change. This will reduce your future benefits.

Any life cover will cease when regular payments stop.

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

What happens if I leave service?

If you leave service, your payments will stop and your AVC will remain invested. We'll continue to take our charges and costs until you take your benefits. If you are making any payments for additional life cover, this cover will stop when you leave.

You might be able to transfer your plan to another registered pension scheme – please read the section 'Can I transfer money out?' for more information about this.

Where your employer has provided you with a refund of main scheme payments, your AVC account will normally also be refunded. This refund is subject to a statutory income tax deduction, currently 20% on any refund up to £20,000 and 50% on any excess. Please speak to your scheme administrator for more information.

We may apply an MVR to any monies taken out of the With-Profits Fund. Please refer to the section, 'Where are my payments invested?'

If you subsequently rejoin the main scheme you can normally restart AVC payments but you might have to start a new plan. Your scheme administrator will give you more information about this.

Can I transfer money out?

Yes you can transfer your pension pot to another registered pension scheme, or qualifying recognised overseas scheme at any time up to age 75.

You'll need to have stopped paying into your plan and not previously used any of your AVC pension pot to buy a guaranteed income for life (also known as an annuity) or pension from your scheme. We do not charge you for transferring to a new arrangement.

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

To find more information on this subject, we recommend you speak to a financial adviser.

What are the charges and costs?

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

Please remember that we'll keep taking our charges, even if you stop your payments. Charges and costs may vary in the future and may be higher than they are now. More information on the charges and costs can be found in the **Fund Guide**.

Annual Management Charge

For unit-linked funds, we deduct an Annual Management Charge from the funds and this charge is calculated daily and taken monthly from your plan by cancelling units.

The amount of charge we deduct depends on the funds you choose to invest in and the amount of your original investment. For more information, please read your **Fund Guide**.

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

With-Profits annual charge

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

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

The With-Profits Fund's annual charge depends on the performance of the With-Profits Fund, in particular the investment return and our expenses. If, for example, over time investment returns are higher than we'd expect to increase the charges and if investment returns are lower we'd expect to reduce the charges.

The charge will depend on the investment returns achieved and the expenses incurred by the Fund (higher investment returns will be associated with a higher charge and lower investment returns will be associated with a lower charge). The charge is currently expected to be approximately 0.76% a year if the investment return in the With-Profits Fund is 5% a year (gross of tax).

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

Further costs

In addition to our charges, there may be further costs incurred, which can vary over time. Where these are applicable, they are paid for by the relevant fund and will impact on its overall performance.

For more information on these further costs read the **Fund Guide**.

With-Profits charge for guarantees

There is a charge to pay for all the guarantees the With-Profits Fund supports and we take this charge by adjusting regular and final bonuses each year. We guarantee not to apply a Market Value Reduction (MVR) in certain circumstances, e.g. when payments are made because of death or at your AVC Normal Pension Age.

Our current practice (which is not guaranteed) may include additional circumstances when an MVR is not applied. Please see the section 'Where are my payments invested?' for more details. You won't see this charge on your annual statement because we take it by adjusting regular and final bonuses.

We reviewed our With-Profits guarantee charge from 15 March 2019 and:

- For applications received **before** that date, the total deduction for the guarantee charge over the lifetime of your plan is not currently more than 2% of any payment from the fund.
- For applications received **on or after** that date, the total deduction for the guarantee charge over the lifetime of your plan is not currently more than 4% of any payment from the fund.

We'll review the amount of the guarantee charge from time to time. It might vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

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

What might I get back?

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

- the amount that has been paid in
- how long the payments have been invested
- the performance of the fund(s) you've chosen
- the age you choose to take your benefits
- the amount of charges you've paid
- the amount of a Market Value Reduction

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

When can I take my benefits?

You can start taking your benefits from the age of 55, even if you're still working. You might be able to take your benefits earlier than that if you're in ill health.

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

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

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

Under the terms of this contract, you'll need to take your benefits by age 75.

If benefits are taken any time other than your AVC Normal Pension Age or on your death, a Market Value Reduction may apply to money taken out of our With-Profits Fund.

You're unable to take your AVC benefits before your main LGPS scheme benefits.

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

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

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

Flexible cash or income (also known as drawdown)

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

A guaranteed income for life (also known as an annuity)

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

Cash in your plan all at once

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

Take cash in stages

You can leave your money in your plan and take out cash lump sums whenever you need to – until it's all gone, or you decide to do something else with what's left. You decide when and how much to take out. Every time you take money from your plan, the first 25% is usually tax free and the remainder may be subject to income tax.

Take more than one option

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

Taking your AVC plan as a tax free cash lump sum

Your Local Government AVC allows you to take all or part of your AVC plan as a tax free cash lump sum as long as you take it at the same time as your main scheme benefits and it does not exceed 25% of the combined value of your plan and your main scheme benefits. This must also fall within the maximum permitted by HMRC rules.

Whatever you decide to do with your pension savings – you don't have to stay with us. You should shop around and depending on the choices you make, you may find something more appropriate elsewhere, with alternative features, investment options or charges.

Any additional life cover stops at your AVC Normal Pension Age, or earlier if you leave your employer or payments into the pot are stopped.

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

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

MoneyHelper Pensions Guidance

Money and Pensions Service

120 Holborn

London

EC1N 2TD

Telephone: **0800 011 3797**

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

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

Telephone: **0800 280 8880**

Website: moneyhelper.org.uk/pensionwise

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

What about tax?

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

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

Salary Sacrifice Shared Cost AVCs

If your AVC plan operates on a salary sacrifice shared cost basis, it means you agree with your employer to reduce your pay in return for exactly the same amount of AVC payments. As a result it lowers your earnings which means you pay less income tax and National Insurance, subject to your personal circumstances. The pay you sacrifice is paid into your AVC pot by your employer.

Also, you are required to make a personal payment of at least £1 gross each time you save into your AVC pot. This works out to £0.80 net for a basic rate taxpayer, or £0.60 net for 40% taxpayer. This is also taken from your pay and will be paid into your pot. You will normally also make income tax, but not National Insurance savings, on this personal payment. Please note that tax rules and legislation may change in the future.

If you don't pay tax, you can claim tax relief on the personal payment (a minimum of £1), but you won't benefit from tax savings on the salary you exchange for pension contributions by your employer.

There may be some members for whom Shared Cost Salary Sacrifice AVCs are not suitable or possible. Your employer will be able to provide you with further details of how salary sacrifice works in their scheme.

For more information on shared cost salary sacrifice, please speak to your scheme administrator.

Annual Allowance

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

Money Purchase Annual Allowance

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

If you take a cash withdrawal from a defined contribution pension plan you will be subject to the MPAA from that point and each subsequent tax year. This means that your future payments to the Local Government AVC Scheme and payments paid by or for you to any other defined contribution pension plan will be subject to a tax charge if they exceed this limit.

Lump Sum Allowances

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

The Lump Sum Allowance (LSA)

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

Lump Sum and Death Benefit Allowance (LSDBA)

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

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

Capital Gains Tax

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

Income tax

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

Inheritance tax

Lump sum benefits are not currently subject to Inheritance tax. This is due to change for death claims settled from April 2027.

Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances. Before you make a decision you might want to speak to a financial adviser. They can help you understand the tax rules and how they might affect you.

For more information visit pru.co.uk/tax or the HMRC website at hmrc.gov.uk.

How will I know how the Local Government AVC is doing?

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

Keep track of your plan online, at a time that suits you

With your online service you can check the value of your plan, contact us securely, change personal details and view your documents.

If you're not registered, it's easy and only takes five minutes. You'll need your policy number, postcode and date of birth. Go to pru.co.uk/registeronline to find out more.

What happens to the Local Government AVC if I die?

If you die before you start taking your benefits, we will normally pay the value of your pension pot as a lump sum to your beneficiaries. The manager of your scheme will tell us who this is so please make sure you keep them up to date with your wishes.

For more information about inheritance tax rules, please go to HMRC's website hmrc.gov.uk/inheritance-tax

What if the Local Government AVC isn't right for me?

You can change or stop your contributions at any time, but you have no right to cancel your plan.

We will not return any money to you except in the form of a benefit payable in accordance with the rules.

How much will the advice cost?

If you take advice then you will agree the cost of this with your financial adviser when you start the plan.

Other information

Client category

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

Compensation

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

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

Where does FSCS protection apply?

There is full FSCS coverage if PACL is 'in default'.

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

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

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

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

Information is also available from the Financial Services Compensation Scheme.

Visit their website: fscs.org.uk

Or write to:

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

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

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

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

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

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

Financial strength

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

Terms and conditions

This Key Features Document gives a summary of your plan. For further details, please contact us using the contact details on the last page.

Conflict of Interest

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

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

Law

The law of England and Wales applies to your contract.

Our regulators

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

You can contact the FCA at:

The Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Email: consumer.queries@fca.org.uk

Prudential Regulation Authority details:

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

Email: enquiries@bankofengland.co.uk

Communicating with you

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

How to make a complaint

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

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

Financial Ombudsman Service

Exchange Tower

London

E14 9SR

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

Website: financial-ombudsman.org.uk

Help is also available from The Pensions Ombudsman who deals with complaints and disputes about the administration and management of occupational and personal pension schemes.

The Pensions Ombudsman

10 South Colonnade

Canary Wharf

London

E14 4PU

Telephone: **0800 917 4487**

Email: enquiries@pensions-ombudsman.org.uk

Website: pensions-ombudsman.org.uk

You can also submit a complaint form online:

pensions-ombudsman.org.uk/making-complaint

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

Get in touch

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



With your online service you can check the value of your plan, contact us securely, change personal details, view your documents and manage your AVC contributions.

If you're not registered, it's easy and only takes five minutes. You'll need your policy number, postcode and date of birth. Go to pru.co.uk/registeronline to find out more.



Phone: **0345 600 0343** Monday to Friday, 8.30am to 6.00pm.

We might record your call for training and quality purposes. To find out more about how we use your personal data please visit pru.co.uk/mydata.



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



If you have hearing or speech difficulties you can contact us using Relay UK or SignVideo. For more information please visit pru.co.uk/signrelay



You'll also find more information at pru.co.uk/localgov

pru.co.uk

'Prudential' is a trading name of The Prudential Assurance Company Limited which is registered in England and Wales. Registered Office at 10 Fenchurch Avenue, London EC3M 5AG. Registered number 15454. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.