

Pension Overview

For Active members of the Defined Contribution (DC)
Section of the Prudential Staff Pension Scheme

MARCH 2020



PRUDENTIAL
Staff Pension Scheme



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www.prudentialstaffps.co.uk

The Defined Contribution Section

Your journey

Chairman's welcome



It is my pleasure to welcome you again to 'Pension Overview' — for the last time as your Chairman.

During my 30 years as Chairman, we have seen many changes and new challenges, as well as some significant milestones along the way.

Perhaps most significant of these is the achievement of a very healthy and stable funding position in our DB Section, which is the result of the de-risking of our investments, and the continual review of investment managers. The fund has over that time been managed in-house, then externally, and more recently primarily by M&G, with its proven track record of managing credit, which makes up the majority of our assets.

The creation of the DC Section in 2003 has resulted in the opportunity for members to save for their retirement through a range of investment options, and the tools to plan for their retirement.

Throughout this time, we have focused on best practice in governance, ensuring that the Scheme is managed in a way that gives confidence to its members, and safeguards their interests. I strongly believe that our primary duty, as the Trustee of the Scheme, is to look after the retirement savings of our members, and that has been at the forefront of what we have done during my time as Chairman.

Central to achieving the best outcomes for our members has been maintaining a healthy relationship with the Scheme's sponsoring employers. This has enabled us to have robust and constructive dialogue with the Company on many matters, including funding, valuations, and not least the payment of discretionary increases to Pensioners, which has been enabled both through good relations with the Company and the healthy funding position of the Scheme.

I have advised the Company and my fellow Trustee Directors that I will be stepping down in 2020, and the Trustee Board

has agreed to appoint our most recent Trustee Director, Keith Bedell-Pearce, as my successor. I worked with Keith during my time as Deputy Chairman of Prudential. He had a distinguished career both at Prudential, and in his subsequent positions, and I believe that he is eminently suited to take over as Chairman. I will be leaving knowing that the future for the Scheme looks bright and this optimism is built on firm foundations, some of which I have alluded to earlier.

All this has been achieved with the help of my fellow Trustee Directors over the years, and with the assistance and dedication of the Pensions Team. We are particularly lucky to have an extremely experienced and highly efficient Pensions Team, which supports the Trustee Board, and will continue to deliver the highest level of governance and management in the years to come.

I hope you enjoy this edition of 'Overview' and would welcome any comments or suggestions you might have. If you'd like to share your views, you'll find contact details for the Pensions Team on page 7.

Since the year end, David Martin, a Company Appointed Trustee Director, has resigned from the Trustee Board and been replaced by Keith Bedell-Pearce. I would personally like to thank David for his wise contribution and to welcome Keith to the Trustee Board.

Finally, I would like to take this opportunity to thank not only the current Trustee Directors, the Pensions Team, advisers, and administrators, but all those that came before them during my stewardship, for their hard work and expertise. I am certain that they share my sense of pride at being custodians of our very special Scheme, and by extension, the aspirations of our colleagues, over these many years.



Michael Abrahams CBE DL
Chairman of the Trustee of the
Prudential Staff Pension Scheme



You'll see this icon throughout this magazine. It indicates that there is further information on the specific topic available to view in '**Digital Overview**', the online version of this magazine.

'**Digital Overview**' also contains additional features not included in this paper-based version. Simply go to the Scheme website and click on the '**Digital Overview**' button.

The Trustee Board

The Board of Prudential Staff Pensions Limited (the Trustee) is made up of ten Trustee Directors, six of whom are appointed by the Company and four who are elected by the members.

COMPANY APPOINTED TRUSTEE DIRECTORS

Michael Abrahams CBE DL (Chairman)

Keith Bedell-Pearce CBE

Annabel Gillard

David Green

Simon Iversen

Andrew Swan

MEMBER NOMINATED TRUSTEE DIRECTORS

Wolfgang Bauer
(To serve until 30 April 2023)

Stephen Cunningham
(To serve until 17 April 2022)

John Paino
(To serve until 16 July 2020)

William Rutherford
(To serve until 11 April 2020)

The Trustee's advisers

The Trustee appoints professional advisers to assist with the running of the Scheme.

Role	Provider
Secretary to the Trustee	<i>M&G Management Services Limited</i>
Pensions Manager	<i>Marion Steel</i>
Actuarial adviser	<i>Willis Towers Watson Limited</i>
Auditor	<i>KPMG LLP</i>
Communications adviser	<i>Concert Consulting (UK) Limited</i>
Legal adviser	<i>Mayer Brown International LLP</i>
DC Section adviser and investment consultant	<i>Hymans Robertson LLP</i>



You'll find more about our advisers in the digital version of Overview. Simply go to the Scheme website and click on the '**Digital Overview**' button.



Introducing our newest Trustee Director

Following the resignation of David Martin, the Company has appointed Keith Bedell-Pearce to the Trustee Board. Keith has a wealth of experience as a pension scheme Trustee along with a long history with Prudential. Look out for the interview with Keith, which will be published on the Scheme website in the coming months. In the meantime, a brief summary of Keith's career is shown below.

Keith joined Prudential in 1972 as a systems designer. In 1974 he joined the in-house legal practice and as an articulated clerk, one of his first jobs was drafting amendments to our Scheme's Trust Deed. He subsequently qualified as a solicitor specialising in corporate and commercial law. He moved into general management in 1982 and was appointed to the main Board of Prudential plc in 1992, retiring in 2002.

Following his retirement Keith has been the Chair of a number of private and public sector organisations including Norwich & Peterborough Building Society, the Student Loans Company and Directgov. He was also a non-executive director of F&C Asset Management plc for 12 years, where he was latterly the Senior Independent Director.

Keith has been closely involved in occupational pension schemes as an adviser, an employer representative or a Trustee. He was Chair of the Norwich & Peterborough's pension scheme and a member of the Investment Committee of the Royal Society. He is also an employer representative of the University of Warwick for its in-house scheme and a member of this scheme's Investment Sub-Committee. As Honorary Treasurer of the University of Warwick and a member of its Council, he remains closely involved in advising on the resolution of the tribulations that beset the Universities Superannuation Scheme.



To view Digital Overview visit www.prudentialstaffps.co.uk

A summary of the Annual Report and Financial Statements

Each year the Trustee produces the Scheme's Annual Report and Financial Statements.

Below you'll see a summary of the financial highlights and membership details for the 12 months to 5 April 2019. The DC Section financial highlights are then shown separately. A copy of the full Report & Financial Statements can be found in the 'Document library' section of the Scheme website.

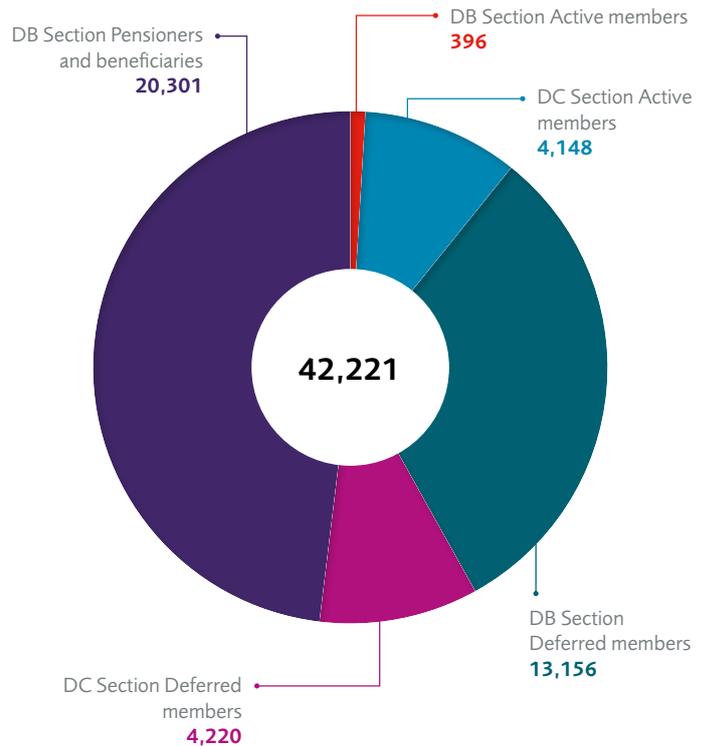
SCHEME FINANCIAL HIGHLIGHTS (BOTH DB AND DC SECTION)

Net assets at 6 April 2018	£7,692.3m
Income (including Company and additional member contributions, transfer-ins and other income including insurance policy income)	£59.3m
Benefits and payments payable (including pensions, related benefits and administration expenses)	(£408.0m)
Net return on investments	£395.5m
Net assets at 5 April 2019	£7,739.1m

Figures in brackets are negative

MEMBERSHIP

The total membership of the Scheme at 5 April 2019 was 42,221 of which 8,368 are members of the DC Section.



Financial highlights of the DC Section

A summary of the DC Section's financial highlights for the 12 months to 5 April 2019 is shown below.

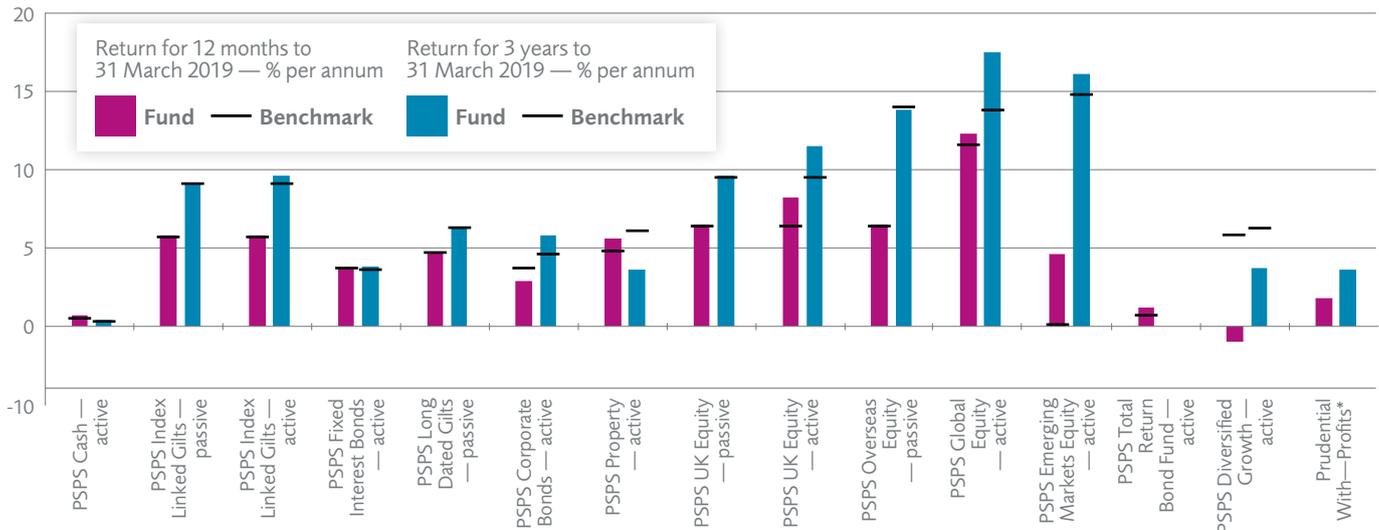
Net assets at 6 April 2018	£386.8m
Contributions received (including Company and member contributions)	£46.1m
Transfers received	£1.8m
Other income (including insurance policy income)	£1.9m
Benefit and payments payable (including payments to and on account of leavers and administration expenses)	(£22.4m)
Net return on investments	£35.5m
Transfers between Sections	(£0.5m)
Net assets at 5 April 2019	£449.2m

Figures in brackets are negative

Performance of the DC investment funds

Fund Factsheets are produced for each of the investment funds, providing you with performance and general information. These are updated quarterly and are available from the 'Document library' on the Scheme website.

The table below details the performance of the DC Section fund options to 31 March 2019.



* Unitised returns for the Prudential With-Profits fund are for the periods to 5 April 2019 and assume that the contribution was invested, without any allowance made for any explicit charges, one or three years ago and realised to secure benefits at Selected Retirement Age.

NOTES

The performance numbers relate to the 'white labelled' parent funds, in which the members' underlying fund options are invested. Performance figures are shown gross of fees and may differ slightly from the actual returns achieved by members due to a one-day delay in unit pricing and the deduction of management fees. The PSPS Total Return Bond — active fund was launched in April 2016; performance data is therefore unavailable for the three-year period.

Each of the funds available to DC Section members is a composite made up of one or more underlying funds. The Trustee monitors the performance of each of these underlying funds. The Trustee, working with the DC Section investment consultant, adjusts the allocations for these underlying funds either as a result of performance or to achieve a better balance of investment styles and associated investment risk.

Changes to your investment options

We recently told you about some changes we're making to the investment options available to DC Section members. You'll find a summary of these changes below.

ADDING A RESPONSIBLE INVESTMENT (RI) EQUITY FUND INTO THE MULTI-ASSET LIFESTYLE PROFILE

RI equity funds invest in companies that have met certain ethical and environmental standards. We believe this will be an attractive option for many members. Therefore we have included an RI equity fund, the PSPS Responsible Investment Equity Fund, within the Multi-asset Lifestyle Profile. If you invest your Personal Account using the Multi-asset Lifestyle Profile, 5% of your total allocation to equities will be invested in this new fund.

The PSPS Responsible Investment Equity Fund is also available to members who prefer to use the Self-Select investment option.

THE INTRODUCTION OF A NEW MANAGER INTO THE PSPS DIVERSIFIED GROWTH FUND (DGF)

We've introduced a third investment manager, the M&G Episode Allocation Fund, into the DGF. This new manager is expected to improve the returns achieved by the DGF because it uses a different management style to those adopted by the existing managers.

The assets of the DGF are split broadly equally between the three managers.



You'll find more information about these changes in the digital version of Overview. Simply go to the Scheme website and click on the **Digital Overview** button.



To view Digital Overview visit www.prudentialstaffps.co.uk

Retirement Living Standards

The Pensions and Lifetime Savings Association (PLSA) has recently introduced its Retirement Living Standards.

These Standards are designed to help people understand what income they'll need in retirement, and therefore how much they need to save now to provide this income.

We're keen to provide members of the Scheme every assistance when it comes to understanding their retirement needs. Therefore, we welcome this initiative from the PLSA and are working with our communication consultant, administrator and other advisers to deliver an interactive tool which builds on these Standards.

It's expected the tool will be available on the Scheme website later this year. If you've registered for digital communications, we'll email you when this online tool is available.

WHO ARE THE PLSA?

The PLSA is an association which brings together the pensions industry and other parties to raise standards and share best practice. It represents over 1,300 pension schemes with 20 million members and £1 trillion in assets, across master trusts, Defined Benefit, Defined Contribution and local government funds.



A mockup of the new Retirement Living Standards Modeller

What is a 'Pension Scam'?

A 'Pension Scam' is when someone tries to fraudulently access your pension savings.

Victims of 'Pension Scams' potentially lose their pension savings or subsequently find out they are liable to significant additional taxation... or both!

HOW TO SPOT A 'PENSION SCAM'

Typically, a 'Pension Scam' begins when someone contacts you unexpectedly about:

- Ways to invest your pension savings;
- An investment or other business opportunity that you've not spoken to them about previously;
- An investment offer described as 'unique', 'overseas', 'environmentally friendly', 'ethical' or in a 'new' industry;
- An opportunity to access your pension savings before the age of 55; or
- An unexpected offer of a tax rebate in respect of your pension contributions.

Scammers over the last few years have continued to employ more sophisticated methods to fraudulently access your pension savings. Methods being used by scammers include:

- Emails;
- Unsolicited or nuisance telephone calls; and
- Copycat websites (a website that looks like another legitimate website).

In several recent incidents, scammers have reportedly even been known to pretend they represent, or are from, recognised governing bodies such as the Pensions Regulator. Another warning sign to be aware of is being encouraged to complete the transfer of your pension savings quickly. If you've any doubts don't proceed with the transfer!

Your communications — your way

We're aware that many of you prefer the more convenient, and environmentally friendly approach associated with digital, or online communications.

All members can now receive Scheme information digitally — whether it's simply visiting our website and **'My account'**, receiving the digital (and enhanced) version of this magazine, or opting to receive SMS/email alerts that take you straight to information that's tailored for you.

'My account' is in itself well worth a visit. It's an online record of your details, your benefits and the choices you've made. Once registered with **'My account'** you can:

- See the current value of your Personal Account and which funds you are invested in;
- Model your pension options using interactive tools;
- Change your investment choices; and
- Update your personal details, including your Selected Retirement Age.

HOW TO CHOOSE DIGITAL COMMUNICATIONS

Simply make sure that you've registered for **'My account'**, which can be accessed via the Scheme's website — then follow the simple instructions.

MORE TREES!

Going digital allows the Trustee to communicate time-sensitive and private information with you in a real-time, secure way. If that's not convincing enough please consider the environmental aspects — using less paper means more trees and it saves the Scheme money.

MAKE SURE YOU PROVIDE US WITH THE RIGHT EMAIL ADDRESS

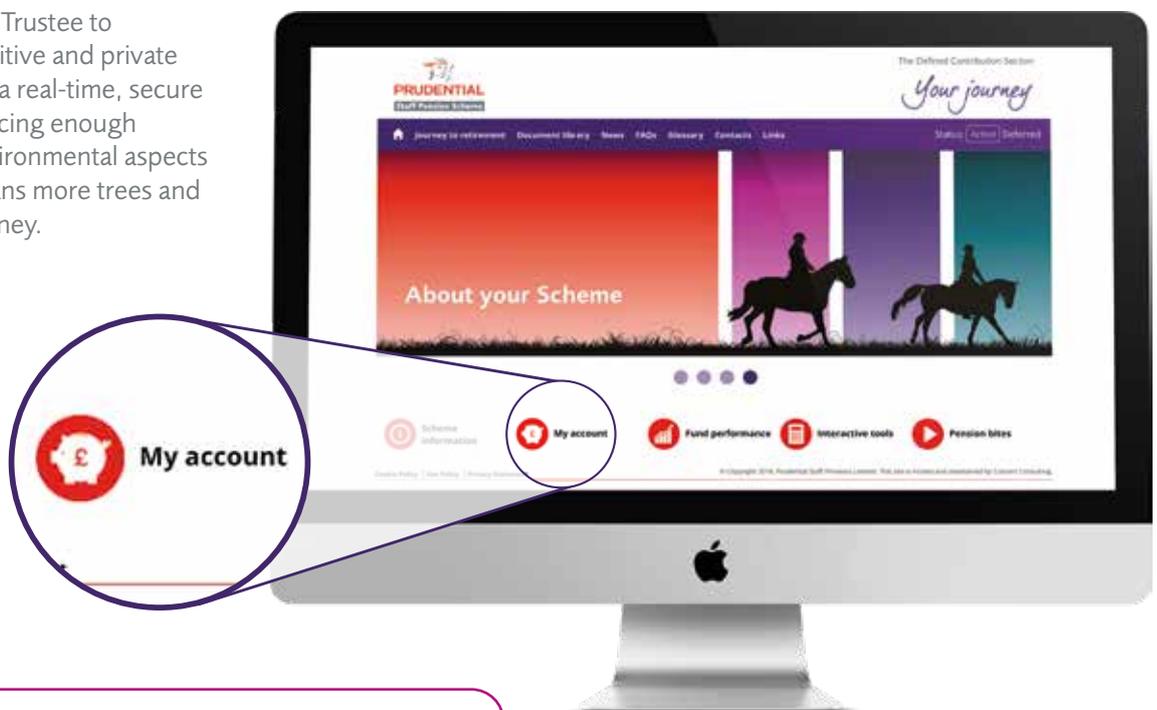
It's important that the email address we hold for you is a personal one. Remember your work email address belongs to your employer, therefore:

- You may not be the only person who has access to the emails in a work-related email account;
- Your work email address may be changed from time to time; and
- You'll not have access to this email account if you change employer.

ACT NOW

If you've already registered for **'My account'**, login today to see which email address you've provided. If it's a work-related account, you can replace this with a personal one easily online.

If you're yet to register for **'My account'**, when registering simply make sure you provide a personal email address.



'The My account' icon is easy to find on the Scheme website.

STAYING IN TOUCH

Every year we lose contact with a number of our members as they move to a new house and don't tell us their new address. Keeping your personal details up to date is very important as it means we can make sure that you receive your benefits. Please make sure you provide your personal email address, not a work-related email address.



To view Digital Overview visit www.prudentialstaffps.co.uk

Making sure that your Dependants receive their benefits on time

A worry for many of us is what happens to our loved ones if we're no longer there to provide for them. If you should die whilst still an Active member of the DC Section*, the Scheme will pay:

- A lump sum equal to four times your Pensionable Pay, plus the value of the part of your Personal Account which relates to your personal contributions (including contributions paid using Pensions Plus); and
- A pension for your Spouse, Civil Partner / same sex Spouse or Dependant(s).

This is a very valuable benefit, which the Trustee wants to ensure is received by the correct recipients — as quickly as possible.

HOW DOES THE TRUSTEE DECIDE WHO SHOULD RECEIVE THE BENEFITS?

The Trustee will refer to the Scheme rules when deciding who should receive these benefits, and sometimes it may not be immediately clear who you would have wanted the payments to be made to.

HERE'S WHERE YOU CAN HELP

By completing an Expression of Wish Form, you are telling the Trustee who you want to receive these benefits. Nominating an individual (or individuals) means they are automatically eligible to receive benefits from the Scheme. This may mean your loved ones are not required to provide evidence to the Trustee of their financial relationship with you.

If you should die without completing a Form, further documentation may be required. This can significantly delay the payment of any benefits.

HOW DO YOU UPDATE YOUR EXPRESSION OF WISH DETAILS?

This is very easy. Simply go to the Scheme website and download an Expression of Wish Form from the 'Document library'. All you then need to do is complete the Form and return it to the Administration Team, using the contact details provided below.

It's worth providing a new Form every few years, to ensure that the Trustee knows your current wishes. You should also consider completing a Form if your circumstances change. For example, following:

- Your Marriage, Divorce or the dissolution of a civil partnership;
- The person(s) you've chosen has died;
- If your children have grown up, and are no longer financially dependent on you; or
- The birth of a child.

You can also update your Expression of Wish details online. Simply go to the Scheme website and log in to **'My account'**.

* If you were an Active member of the DB Section immediately prior to joining the DC Section the benefits payable may be different to those quoted. Please see the Scheme website for more information.

Useful information

HERE TO HELP

If you've any questions about any of the topics discussed in this edition of 'Pension Overview', or the Scheme in general, please visit the Scheme website.

If you've a question that is personal to you and can't be answered by the website, help is available Monday to Friday (9am to 5pm) from the Administration Team.

Write to:
PSPS DC Service Centre
Prudential
121 Kings Road (Ground Floor C)
Reading
RG1 3ES

Helpline:
+44 (0) 345 300 2637
 Email:
PSPSDC.SC@prudential.co.uk
 Website:
www.prudentialstaffps.co.uk

If you've any questions that cannot be answered by the Administration Team, or you've any other comments, you can contact the Pensions Team at the address below.

Prudential Staff Pension Scheme
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W2 6PR
 Email: **hrstaffpensions@prudential.co.uk**
 Telephone: **0203 480 6008**