

Important – Change to Prudential AVC With-Profits Fund Series

The Prudential has been reviewing the charges they make within this fund, which members of the UKAEA scheme invest in.

One of the features of the With-Profits fund is that any customer in the scheme who invests in With-Profits has a guarantee that a Market Value Reduction (MVR) will not be applied to the value of their plan in certain circumstances, for example, on their death or if they take their benefits at normal retirement date.

The With-Profits guarantee charge is increasing

Following a review of the cost of providing this guarantee, the Prudential has decided to make the following change:

- For all new applications they receive on or after 15 March 2019, the guarantee charge they'll apply over the lifetime of a member's plan is currently no more than 4% of any payment from their With-Profits fund.
- For applications received before 15 March 2019, the guarantee charge they'll apply is currently no more than 2%.

The above charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

New applications only

This change affects new applications Prudential receive on or after 15 March 2019. There's no change for existing With-Profits investors.

Being fair to all With-Profits investors

Prudential say the cost of providing the guarantee has increased due to the low interest rate environment. The rules for with-profits funds state that new applicants should have no adverse effect on existing investors. Prudential say this change enables them to charge a fair amount to each group.