

Pension Overview

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

JANUARY 2021



PRUDENTIAL
Staff Pension Scheme



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www.prudentialstaffps.co.uk

The Defined Contribution Section

Your journey

Chairman's welcome



I'm delighted to welcome you to this year's edition of 'Pension Overview', the first since I took over from Michael Abrahams as Chairman. I'd like to start by thanking Michael personally for his excellent stewardship over the last thirty years... his contribution has been truly immense and it's no exaggeration to say that he has been instrumental in creating the Scheme that we have today.

2020 has been a difficult year for us all. Our condolences go out to those of you who may have lost someone during the pandemic.

The first lockdown in late March was an immediate concern for the Trustee. This unfortunately impacted the Administration Team, with the move to working from home causing several challenges for them to overcome. As a result, the time it's taken to respond to some member queries has been longer than normal and I would like to thank members for their ongoing patience while service is returned to normal.

The financial markets were noticeably impacted by the global pandemic. As with all pension schemes, as the asset values across almost all markets fell, you may have seen the value of your Personal Account reduce. Pensions are a long-term investment and fund values will rise and fall over time. We've already seen that, on the whole, investment markets are showing signs they're recovering. However, they're still subject to significant swings in value as the course of

the pandemic continues to unfold. This volatility is further exacerbated by the uncertainties of the longer-term impact of the pandemic on the global economy and continuing significant geo-political tensions.

We now live in a digital age and therefore it's only right that you have the facility to manage your pension online. Our DC Section Administrator has recently launched a new version of its member portal. You can access this via the Scheme website, which has also recently been updated and improved. You can read a little more about both the website and '**My account**' (the online member portal) on pages 3 and 4.

As well as Michael's retirement, we've seen further changes to the Trustee Board. Earlier this year, because of a change of role, Annabel Gillard stepped down as a Trustee Director. She was a Company Appointed Trustee Director, and the Company has appointed Jo Waldron to replace her. In addition, Gillian Starkie has also been appointed by the Company to bring the total to six Company Appointed Trustee Directors. Looking forward, John Paino's term of office is due to end this July. As he is our Pensioner Nominated Trustee Director, we'll be writing to Pensioner members of the DB Section in the next few months inviting those who wish to be considered for the role to put themselves forward.

All the Trustee Directors, the Pensions Team and our professional advisers work extremely hard. I'd like to extend my personal thanks to them all for both their individual contributions to running our Scheme and their support to me since my appointment as Chairman.

Finally, may I draw your attention to the online version of this magazine, 'Digital Overview'. I know many of you prefer to engage digitally and this format allows us to include extra articles and more detail. It also provides a direct link so you can share your feedback and tell us what you'd like to see in future editions.

Stay safe and well.

A handwritten signature in black ink, reading 'Keith Bedell-Pearce'. The signature is stylized with a long horizontal line extending from the end.

Keith Bedell-Pearce
Chairman of the Trustee of the
Prudential Staff Pension Scheme

About the Scheme

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 nominated by the members.

The current Board members are:

Keith Bedell-Pearce CBE	Company appointed Chairman
Wolfgang Bauer	Member nominated (to serve until 30 April 2023)
Stephen Cunningham	Member nominated (to serve until 17 April 2022)
David Green	Company appointed
Simon Iversen	Company appointed
John Paino	Member nominated (to serve until 16 July 2021)
William Rutherford	Member nominated (to serve until 11 April 2024)
Gillian Starkie	Company appointed
Andrew Swan	Company appointed
Jo Waldron	Company appointed

The Scheme's Committees

The Trustee delegates some of its day-to-day responsibilities for managing the Scheme to various Committees. Each Committee is made up of a subset of Trustee Directors and reports back to the Trustee Board with updates of their meetings, suggestions and recommendations.

Currently there are four Committees:

The Asset and Liability Committee

Monitors the DB Section funding (including overseeing the DB Section investment management policy).

The Audit and Governance Committee

Reviews and assesses the risks to the Scheme and is responsible for producing the Scheme's annual accounts.

The Disputes Committee

Considers any complaints received by the Trustee.

The DC Section Committee

Responsible for our administration services and the monitoring of investments in respect of the DC Section.

Both the Asset and Liability Committee and the DC Section Committee are assisted by an Investment Committee and other Working Parties.

The Trustee advisers

The Trustee appoints professional advisers to assist with the running of the Scheme. A full list is available in the Scheme's Annual Report & Financial Statements, but a number of them are listed below:

Role	Provider
Actuarial adviser	Willis Towers Watson Limited
DC Section administrator	The Prudential Assurance Company Limited — MPP Service Centre
Auditor	KPMG LLP
Communications adviser	Concert, a Buck company
Legal adviser	Mayer Brown International LLP
DC Section adviser and investment consultant	Hymans Robertson LLP



Making the most of what's available online

Whilst we know that managing your finances online is not for everyone, we now have some great tools available via the Scheme website.

If you're looking for details about the Funds available to invest in, or simply want to understand how you change your contribution level or transfer funds into your Personal Account from another pension arrangement... it's likely you'll find the answers to most of your questions here.

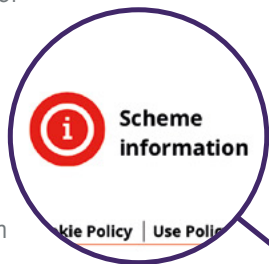
There are some great interactive tools on the website too.

To help find some of the key information quickly you'll find six quick links at the bottom of each page.

Here's a rundown of each of these:

Scheme information

— if you're looking for general information about the Scheme this is a great place to start. If you're new to the Scheme the video 'What is a Defined Contribution Pension Scheme?' is worth watching. It's only a couple of minutes long!



My account — this takes you into your own Personal Account, you can read more about this on page 4.



Fund factsheets — if you're keen on taking a more active role in how your Personal Account is invested, this area of the website is invaluable. As well as the quarterly Fund factsheets you'll also find a 'Market commentary' from our DC Section investment consultant, which is updated every month.



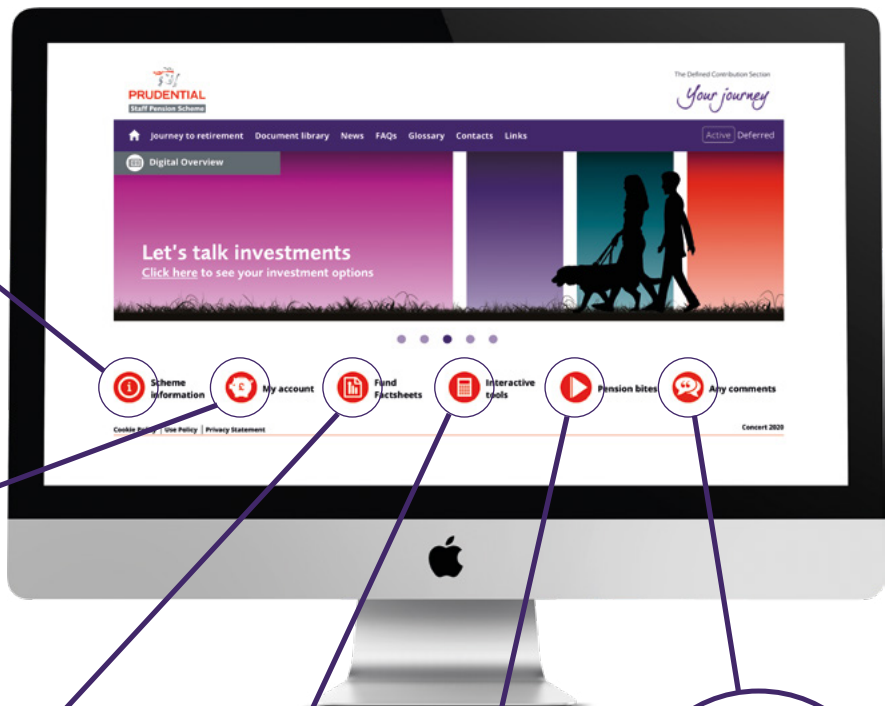
Interactive tools — this is where you'll find the tools to help you understand investment risk, compare your retirement options and see how much the Company, and the taxman, will pay into your Personal Account if you choose to pay a little more yourself.



Pension bites — this is where you'll find all the videos we've created. Each is only a couple of minutes long, but they cover a wide range of topics from your investment choices through to what to consider as you approach retirement.



Any comments — tell us what you think of the website. We really value all the feedback we get as it helps us make the website even better.



Our new member portal has arrived

In November, the DC Section Administrator launched a new version of **'My account'** — your online access to your Personal Account.

If you've previously registered for access to your Personal Account online, you'll have received a series of emails explaining how to re-register for the new version.

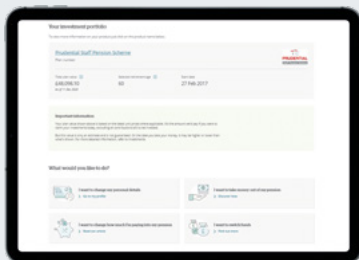
If you haven't got around to registering yet, don't worry we'll shortly send you details of how you can now register.

There's lots you can do in **'My account'** — too much in fact to list here, so here's a quick summary of some of the most important features:

- **Update personal information**
You can update your email address and mobile telephone number. You can also update details of who you'd like to receive any benefits payable from the Scheme if you die.
- **Manage your investments**
You can view your latest Annual Benefit Statement, see the current value of your Personal Account, and initiate an investment switch (Self Select members only).
- **Produce estimates of what your Personal Account will be worth when you come to retire**
Modelling tools built into **'My account'** will also allow you to adjust how much you are contributing, or your Selected Retirement Age, and see what effect this may have on the value of your Personal Account when you come to retire.

In addition, **'My account'** now includes a secure messaging service. This enables you to send messages to (and receive messages from) the Administration Team. You can also send the Team copies of documents or completed forms. All over a secure, private, digital connection between you and the Team.

To access **'My account'** go to the Scheme website and click or tap on the button at the bottom of any page.



Don't become a victim of a pension scam

Pension scams are still on the rise and in light of the COVID-19 pandemic, it's more important than ever to be aware of scammers trying to con you.

To help you spot the signs and protect yourself from a scam, the Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) suggest following four simple steps.

1 REJECT UNEXPECTED OFFERS

If you're contacted out of the blue about a pension opportunity, chances are it's a scam. Pension cold calling is illegal, and you should be very wary. An offer of a free pension review, from a firm you've not dealt with before, is possibly a scam.

2 DON'T BE RUSHED OR PRESSURED

Take your time to make all the checks you need — even if this means turning down what seems to be an 'amazing deal'.

3 GET IMPARTIAL INFORMATION OR ADVICE

You should seriously consider seeking financial advice before changing your pension arrangements.

4 CHECK WHO YOU'RE DEALING WITH

Search 'ScamSmart' and check the FCA's register (see page 7) to make sure anyone offering you advice is authorised. If they are, check they're permitted to give pension advice by calling the FCA Consumer Helpline on **0800 111 6768**.

If you don't use an FCA authorised firm, you won't be covered by the Financial Ombudsman service, or the Financial Services Compensation Scheme, if things go wrong.



Summary of the Scheme's Annual Report and Financial Statements

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

This covers the Scheme as a whole and includes the financial highlights for both the DB and DC Sections separately.

You can view the full Report and Financial Statements in the 'Document library' on the Scheme's website. A summary of key information can be found below.

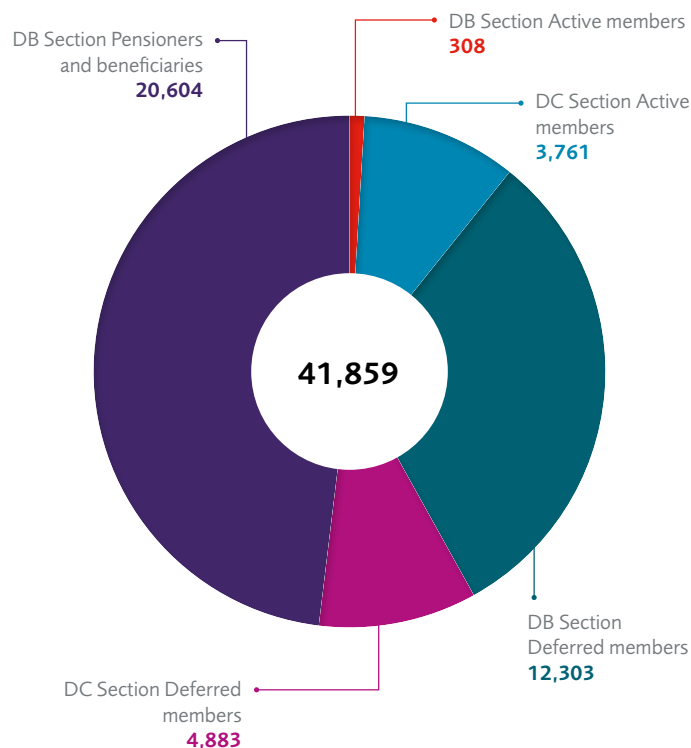
THE SCHEME'S FINANCIAL HIGHLIGHTS (BOTH DB AND DC SECTIONS)

Net assets at 6 April 2019	£7,739.1m
Income (including Company and additional member contributions, transfer-ins and other income including insurance policy income)	£54.9m
Benefits and payments payable (including pensions, related benefits and administration expenses)	(£376.1m)
Net return on investments	£705.0m
Net assets at 5 April 2020	£8,122.9m

Figures in brackets are negative.

MEMBERSHIP

The total membership of the Scheme at 5 April 2020 was 41,859 of which 8,644 are members of the DC Section.



The DC Section's financial highlights

Net assets at 6 April 2019	£449.2m
Contributions received (including Company and member contributions)	£44.8m
Transfers received	£1.5m
Other income (including insurance policy income)	£0.2m
Benefit and payments payable (including payments to and on account of leavers and administration expenses)	(£39.6m)
Net return on investments	(£47.0m)
Transfers between Sections	(£0.2m)
Net assets at 5 April 2020	£408.9m

Figures in brackets are negative.

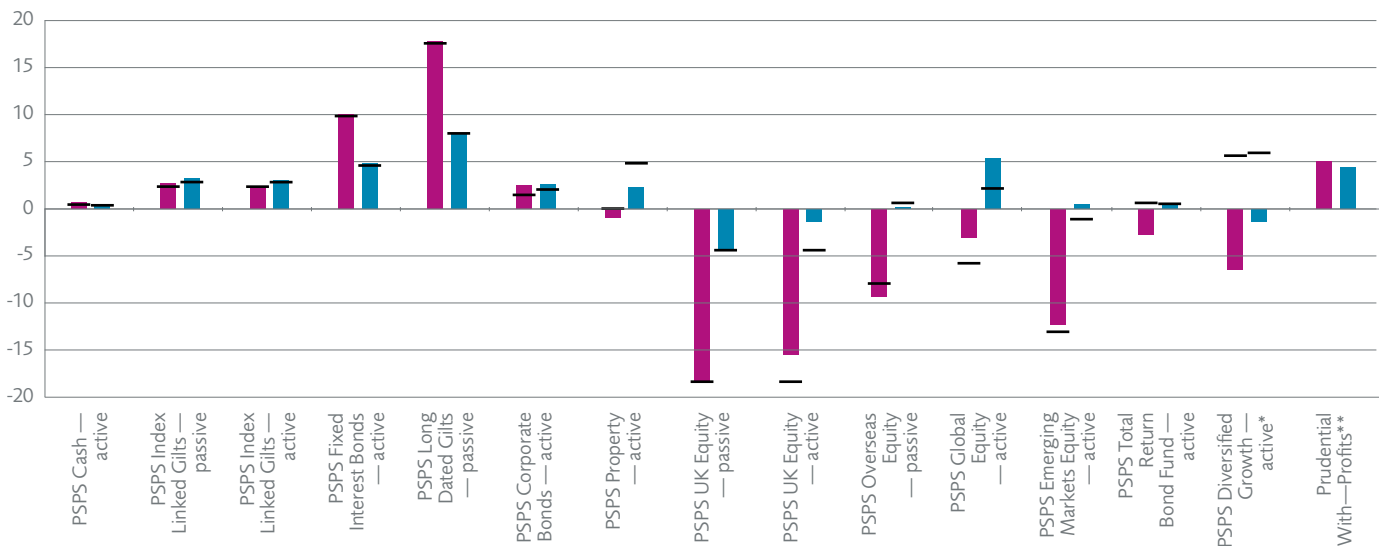
Performance of the DC Section's investment funds

Fund factsheets are produced for each of the investment funds, providing you with performance and general information. These are updated quarterly.

The table below details the performance of the DC Section fund options to 31 March 2020. You can view the latest Fund factsheets by visiting the Scheme website. A link to the factsheets is at the bottom of each page.

NEW

As well as the Fund factsheets, you can also see the latest 'Market commentary' from Hymans Robertson, our DC Section investment consultant. These are updated monthly.



Return for 12 months to 31 March 2020 — % per annum

Return for 3 years to 31 March 2020 — % per annum

Fund — **Benchmark** **Fund** — **Benchmark**

* Benchmark returns for the PSPS Diversified Growth — active Fund are estimated.

** Unitised returns for the Prudential With-Profits fund are for the periods to 5 April 2018 and assume that the contribution was invested, without any allowance made for any explicit charges, one or three years ago and then realised to secure benefits.

The PSPS Responsible Investment Equity Fund was launched at the end of 2019; performance data is therefore unavailable.

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.

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.

Closing the PSPS Property Fund

For some time, the M&G Pooled Property Fund (the underlying fund for the Property Fund) has been suspended. This has meant that members could not move money in or out of the Property Fund. In conjunction with this suspension of the Property Fund, Hymans Robertson, the DC Section investment consultant, downgraded their rating for this Fund and recommended that the Trustee close it, selling the units that members have built up in the Fund. The Trustee has been considering the future of the Property Fund and has taken the decision, following the advice from Hymans Robertson, that now is the right time to close this Fund.

All members who are currently invested in the Property Fund will have received either an email or a letter providing further details, including what will happen to the money they had invested in the Property Fund and where future contributions will be invested. Further information is also available to all members on the Scheme website and a related article can be found in the 'News' section.

The Trustee constantly monitors the performance of all the Funds available to members. As part of this continuous review process it also considers whether new Funds should be made available. The Trustee will now consider whether there is an alternative Fund that can be made available to members to replace the Property Fund. Further updates will be made available in due course.



Where to get more help and information

We all need a helping hand from time to time and these organisations can provide useful information and guidance on pension related matters.



Money & Pensions Service

This is a single financial guidance body, combining the services previously carried out by three different financial guidance bodies — the Money Advice Service, the Pensions Advisory Service and Pension Wise.

It's intended to streamline the work of these bodies and will focus on providing individuals with:

- Pensions guidance; and
- Day-to-day money and debt management advice.

It's also working with the Financial Conduct Authority (FCA) to improve consumer protection and develop plans, involving the voluntary sector, to help develop people's financial capabilities and understanding.

Please visit www.moneyadvice.service.org.uk for more information.



For information about State Pension benefits please visit:

www.gov.uk/browse/working/state-pension.

If you've lost touch with the pension scheme of a previous employer, the Pensions Tracing Service can help you track them down. Find out more at:

www.gov.uk/find-pension-contact-details.

For further tax information visit www.hmrc.gov.uk. Alternatively you can call HMRC on **0300 200 3300** or **+44 135 535 9022** if you're calling from outside the UK. This service is available Monday to Friday, 8.30am to 5.00pm.



Need financial advice?

We recommend you only take advice about your pension from an Independent Financial Adviser, authorised by the FCA to provide advice about pensions. To find a financial adviser go to: register.fca.org.uk.

Useful information

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 at: www.prudentialstaffps.co.uk

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:
Prudential (PSPS DC)
LANCING
BN15 8GB

Helpline:
+44 (0) 345 300 2637

Email:
PSPSDC.SC@prudential.co.uk

Website:
www.prudentialstaffps.co.uk

If, having checked the Scheme website and spoken to the Administration Team, you still have any unresolved questions, or comments you wish to share, you can contact the Pensions Team at the address below:

Prudential Staff Pension Scheme
10 Fenchurch Avenue, London EC3M 5AG

Email: hrstaffpensions@prudential.co.uk

Helpline: **0203 480 6008**

A new address for the Administration Team

If you need to write to the Administration Team, please note their address has now changed to:

Prudential (PSPS DC)
LANCING
BN15 8GB

Don't forget, you can also contact the Administration Team using the new secure messaging service in the updated version of 'My account'. You can use this facility to send messages to, and receive messages from, the Administration Team. You can also send them any forms or documentation using this facility, all in a secure, digital format.