Guernsey supplement

Supplement to documents for Investment Bonds and Plans
(Single Premium Life Assurance Policies) for Residents of the Bailiwick of Guernsey ("The Island")

This supplement provides additional information.

If you are applying for a new plan on, or after, 1 January 2018, you should also read our Key Information Document and relevant Investment Option Document(s).

The documents produced by the Prudential Assurance Company (the "Prudential") are specifically designed for residents of the United Kingdom. Prudential's printed information concerning Investment Bonds and Plans, is prepared for the understanding of, and can only fully apply to, those persons resident and domiciled in the United Kingdom. Accordingly, the information contained in this Supplement amends such printed information including documents and, where applicable, post sale information, to cover the circumstances relating to residents of the Island. (This Supplement does not apply to investment bonds issued by Prudential International Assurance plc.)

Please therefore read any such documents in conjunction with this Supplement.

In particular, please note that the "5% withdrawal allowance" referred to in these documents is a U.K. HM Revenue & Customs "allowance" only and does not apply to policyholders as far as Island taxation is concerned.

Residents of the Island may apply for these contracts, but should understand that a United Kingdom policy will be issued.*

* These contracts are regulated by the United Kingdom Financial Conduct Authority.

Prudential's Investment Bonds and Plans invest in units in various Unit-Linked Funds and/or units in the With-Profits Fund as detailed in the relevant Key Information Document and relevant Investment Option Document(s). The price of the units in each of these funds allows for United Kingdom taxation (on both income and capital gains) at the rates appropriate to life assurance companies and this taxation cannot be reclaimed by Island residents.

Taxation of benefits

The following guidance has been given by the Director of the Revenue Service in 2013 on the taxation of benefits from a life assurance policy held by a Guernsey resident.

A tax liability may arise where the Director of the Revenue Service wishes to invoke the legal avoidance provisions of the Income Tax (Guernsey) Law, 1975 as amended and he reserves the right to do so in all cases.

Generally, this will not be done in the case of a full surrender or an initial partial surrender if the original investment has remained untouched for at least 10 years.

If the investment is surrendered in full before 10 years have elapsed, any growth on the investment would generally be taxed as income.

Where a partial surrender is made (with the exception of an initial partial surrender that is made after 10 years have elapsed) then that and any subsequent surrenders will be examined to ascertain the growth in the investment, irrespective of whether 10 years have elapsed since the previous surrender. Any such growth will be taxed.

Clusters of policies would generally be treated as one investment so that surrender of one policy would constitute a partial surrender of the whole policy.

Movements between funds within a bond would not be treated as partial surrenders and would not therefore in themselves give rise to a tax charge.

'Chargeable Event' certificates will be issued to the UK Inspector of Taxes and the policyholder will be sent a copy at the same time. The possible income tax liabilities set out in the relevant Key Features Document will apply for the purposes of assessing any tax charge within the United Kingdom.

Inheritance tax

The policy is issued under seal. This means that United Kingdom inheritance tax should not arise on benefits when they become payable if, at the time of death:

1) The policy document itself is situated outside the United Kingdom, and

2) You are not domiciled or deemed to be domiciled within the United Kingdom.

The above information is based on Prudential's understanding of current legislation and does not intend that this interpretation should be relied on in any particular case. This legislation (particularly relating to taxation) is liable to amendment and statutory interpretation by the taxation authorities, the government of the Island and its courts. Future changes in law and taxation cannot be anticipated.

Residents of the Island are not protected by any local statutory compensation schemes. However, you may be entitled to help from the UK's Financial Services Compensation Scheme, set up under the Financial Services and Markets Act 2000. See the "Compensation" section of the Key Features Document for further information.

The Guernsey Financial Services Commission (the "Commission") has not granted, nor is it necessary for it to grant, its approval to the issue of this Supplement. The Commission is protected by the Financial Services Commission (Bailiwick of Guernsey) Law 1987, as amended ("the Law"), against liability arising from the discharge of its functions under that Law and other specified enactments.

Financial Advisers selling this product need to be licensed under The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended, to give advice on insurance related products. In order to give unlimited investment advice, Financial Advisers also need to be licensed under The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended.

Investors may not receive full repayment of their original investment on the termination of the bond or plan.

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