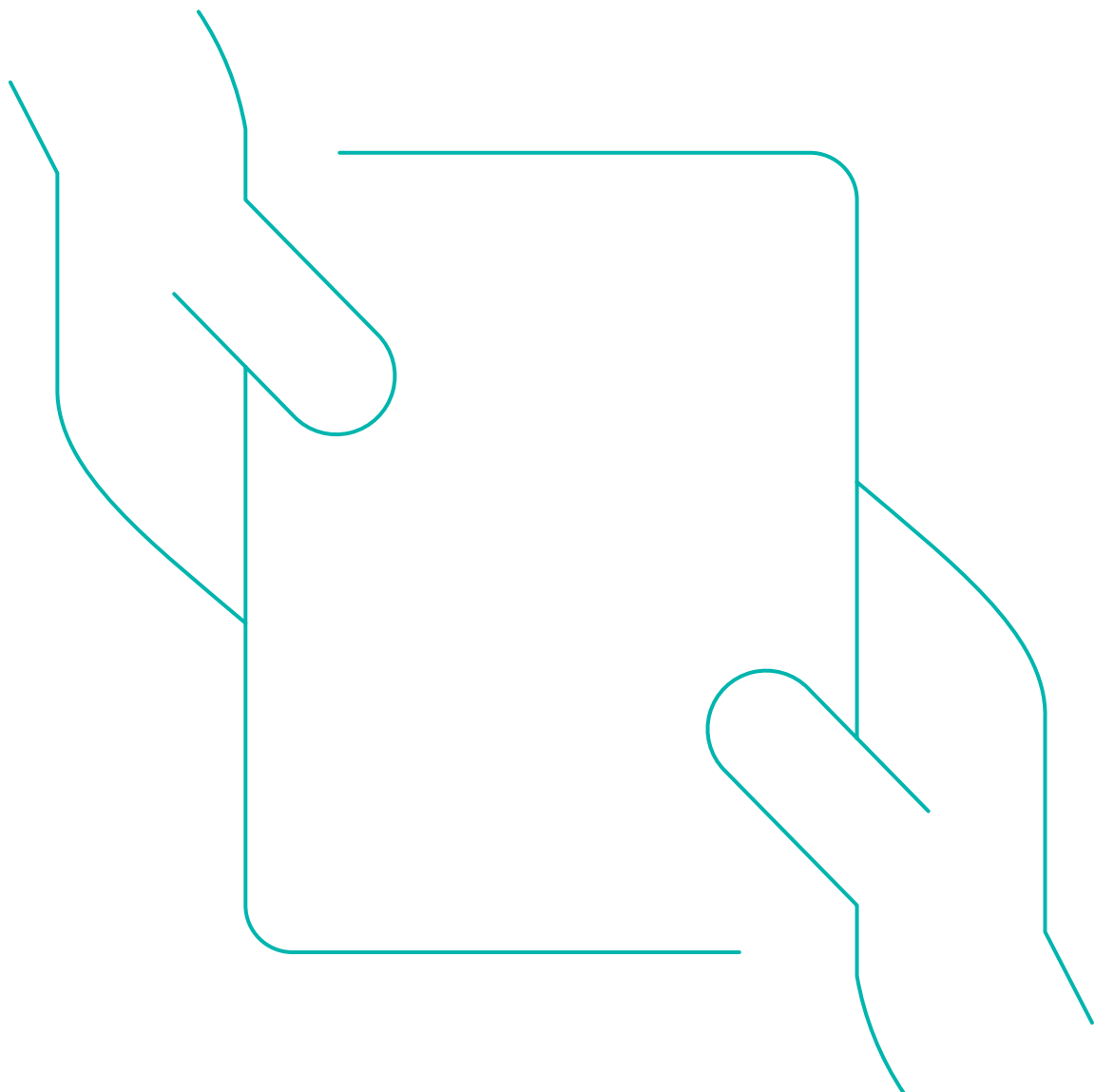


Key Features of the Prudence Distribution Bond Additional Investments



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 Prudence Distribution Bond Additional Investments works, the benefits and associated risks.

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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 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 Prudence Distribution Bond Additional Investments 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 Prudence Distribution Bond

Additional Investments

The Prudence Distribution Bond is an investment Bond which gives the potential for growth whilst providing a regular income.

If you still have questions about Prudence Distribution Bond Additional Investment after reading this booklet, please call us on **0345 640 1000**. If you have a Financial Adviser, please contact them in the first instance.

Its aims

What this plan is designed to do

To give you:

- A regular income over the longer term.
- A competitive total return over the medium to long term, a 5-10 year period – the total return is made up of your regular income and any growth on your initial and any additional payments.

Your commitment

What we ask you to do

- You invest an additional payment to your existing bond.

Risks

What you need to be aware of

- The value of your investment can go down as well as up so you might get back less than you put in.
- If you take more money from the plan than the amount your investment has grown by, the value of your investment will be less than you've put in.
- Tax rules may change.
- If you choose to cancel your top-up (also referred to as an additional investment) you may not get all your money back.
- If the total charges and costs are more than any overall growth achieved, your plan will fall in value, possibly to even less than you have invested.
- There may be a delay in the buying, switching or selling of any investment. You will be told if this applies. We explain this in the section "Where is my payment invested?".

Other documents you should consider reading

This document gives you key information about the Prudence Distribution Bond Additional Investments. If you want more detail on specific points, please read the following documents. We have highlighted when they are relevant throughout this document.

They are all available from your adviser, or direct from us. Our contact details are on the last page.

- **Policy Provisions**

Gives you the full terms and conditions of the contract.

- **A guide to tax on your UK investment bond**

This provides information on how your Bond is taxed.

Questions & Answers

What is the Prudence Distribution Bond Additional Investments?

It is a single premium life assurance policy.

Your additional payment buys units in our Distribution Fund.

The Distribution Fund invests in a mix of different assets to produce an income. Twice a year, this income is transferred to the Distribution Cash Fund. These transfers take place on 17 February and 17 August.

The Distribution Cash Fund is set up to pay out the income that the Distribution Fund produces. You cannot invest directly in the Distribution Cash Fund.

Investment Limits – The minimum top up amount is £1,000. There is no maximum limit.

How to pay – You may pay by cheque or by a transfer made from your bank.

If the cheque is not drawn on your personal account, we may ask you to prove that the money belongs to you.

How flexible is Prudence Distribution Bond Additional Investments?

Your bond has no set term. You invest for as long as you want.

You can cash in your bond at any time. The bond is designed to be held for the medium to long-term, 5 to 10 years.

You may top-up your bond at any time.

You can get further information on topping up your bond by calling us on **0345 640 1000**.

You can choose to take a regular income now or at any time in the future.

HM Revenue & Customs may not tax these regular payments as income in the same way that dividends or interest are treated.

If you don't choose to take a regular income now, the income that builds up in the Distribution Cash Fund will be re-invested for you. This means that your share of the income will buy you more units in the Distribution Fund.

You can withdraw money from your bond at any time. The withdrawal must be at least £50 and at least £500 must remain invested in your bond. You can get further details in the section "Can I take money out?".

What might I get back?

You can cash in your bond at any time. Your investment is designed to be held for the medium to long-term, 5 to 10 years.

The amount you'll receive on cashing in your bond will depend on:

- how much you've paid in,
- the length of time your money has been invested,
- whether or not you've made any withdrawals,
- tax we pay on the fund,
- investment performance over the time you've invested, and our charges.

What you get back will depend on how the assets that make up the Distribution Fund perform. The value of these assets, and any income from them, can go down as well as up.

Your Personal Illustration shows how much you could receive based on example growth rates.

Can I take money out?

You can take a regular income from your bond at any time. The level of income you can take can be either:

- the amount of income that has built up in the Distribution Cash Fund (i.e. the full distribution), or
- an amount of income selected by you (regular withdrawals).

There is no restriction on the maximum withdrawal, but please remember if withdrawals are more than any growth received the value of your bond will fall.

Your regular income will be normally paid direct to your chosen bank account at your chosen interval. It can either be paid every month, every three months or every six months.

The amount held in the Distribution Cash Fund may not always be enough to meet the amount of regular income you want. When this happens, the shortfall is met by cancelling some of the units that you hold in our Distribution Fund.

You can also make a withdrawal from your bond provided you withdraw at least £50 and at least £500 remains invested.

If you take a regular income or a withdrawal, we will take the income or withdrawal as a proportionate amount from your initial payment and your top up.

Any withdrawal will reduce the full value of your bond.

What happens if I move overseas?

If you subsequently move abroad and are no longer a resident of the UK this will impact on your ability to make any further investment into this plan in the future. Prudential is not able to accept new monies from customers who are not physically resident in the UK.

Where is my payment invested?

Your payment is invested in the Distribution Fund. Any growth achieved by the Distribution Fund is shown by an increase in the price of your units. Any fall in the value of your investment in the Distribution Fund is shown by a reduction in the price of your units.

The price of your units change if more money is going into or out of the fund.

The assets held within the Distribution Fund can include:

- Stocks and shares of companies, both in the UK and abroad.
- Fixed interest securities. These are bonds issued by government local authorities and large companies that pay a set rate of interest. They generally are more secure than stocks and shares, although they offer less potential for growth.
- Commercial property.
- Cash.

Allocation Rate – The more you invest, the higher the allocation rate you will receive on your investment. For additional investments, the rate will be based on the total amount of the payments that remain invested in your plan and the amount of the additional investment.

How to work out how much would be invested on your behalf:

- We multiply the amount you are investing by the Allocation Rate percentage.
- We then deduct the 5% Initial Charge from this amount.

The Allocation Rate you'll receive is shown in the table opposite and depends on the version of the bond you originally invested in.

There may be exceptional circumstances that delay the buying, switching and selling of units in any fund. We would not expect these delays to be longer than six months for units that invest in property or land, and one month for units that invest in other asset types.

We can't guarantee that delays will never be longer. If a delay will apply to you, we'll let you know.

The tables below show the allocation rates:

Table 1 shows the allocation rates for bonds sold by a Financial Adviser. Table 2 shows allocation rates for bonds sold by Prudential directly – these can be identified by the bond number which is prefixed by LD.

Table 1 – Bonds sold by a Financial Adviser

Version of bond	Total amount invested	Allocation rate
Bonds taken out between 2 August 1993 – 30 September 1994	£5,000 – £9,999	100.00%
	£10,000 – £24,999	101.00%
	£25,000 – £49,999	101.50%
	£50,000 or more	102.00%
Bonds taken out between 1 October 1994 – 31 December 1994	£5,000 – £9,999	100.00%
	£10,000 – £24,999	102.00%
	£25,000 – £49,999	103.00%
	£50,000 or more	104.00%
Bonds taken out between 1 January 1995 – 13 April 1997*	£5,000 – £10,999	100.25%
	£11,000 – £15,999	100.75%
	£16,000 – £19,999	101.75%
	£20,000 – £29,999	102.25%
	£30,000 – £49,999	102.75%
Bonds taken out between 14 April 1997 – 17 June 2005	£50,000 or more	103.75%
	Less than £10,000	100.00%
	£10,000 – £19,999	102.00%
	£20,000 – £49,999	102.75%
	£50,000 or more	103.75%

Table 2 – Bonds sold by Prudential directly

Version of bond	Total amount invested	Allocation rate
Bonds taken out between 2 August 1993 – 5 October 1997	£5,000 – £9,999	100.00%
	£10,000 – £24,999	101.00%
	£25,000 – £49,999	101.50%
	£50,000 or more	102.00%
Bonds taken out between 6 October 1997 – 25 July 2001	£5,000 – £9,999	100.00%
	£10,000 – £19,999	101.00%
	£20,000 – £49,999	102.00%
	£50,000 or more	103.00%

* **IMPORTANT NOTE:** Allocation rates for cumulative investments between £20,000 and £20,999 changed with effect from 20 May 1996. For investments made from 1 January 1995 – 19 May 1996, investments from £16,000 – £20,999 received an allocation rate of 101.75%, and investments from £21,000 – £29,999 received an allocation rate of 102.25%. The allocation rate for any additional amounts received on or after 20 May 1996 is determined by reference to the rates in the table above.

What are charges and costs?

We will deduct some of your additional payment to meet our costs, such as:

- administration,
- investment management, or
- marketing.

The charges and costs are as follows:

From your additional payment

Initial Charge – When you top up your bond, we deduct an Initial Charge of 5% from the amount before it is invested for you. We will also make this charge on any future top ups you make.

Each year from the fund

Annual Management Charge – We deduct an Annual Management Charge (the amount we take to cover our annual fees and expenses) of 1% from your fund. This charge is already included in the price of the units that your top up payment buys.

Further costs incurred by the funds

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, please look at your illustration for this product.

What happens to my bond if I die?

On death, we'll pay out 101% of the value of your investment in the Distribution Fund and Distribution Cash Fund.

If you took out the bond on your life only, upon your death your bond will end.

If you took out the bond on the lives of two people, at the start you chose:

- for your bond to end when one of the two people covered dies, or
- for your bond to end only when both people covered by the bond have died.

A top up to your bond will not alter the original selection you chose.

What about tax?

This section gives a general summary based on our understanding of current taxation, legislation and HM Revenue and Customs Practice. All of these may change without notice. The impact of taxation and any tax relief depends on individual circumstances.

We set the bond up as up to 10 identical policies, each of which you can cash in or assign (transfer as legally required to a new owner) separately. This can help you take money from your bond in a tax efficient way. Any additional investment you make will be divided equally between the separate identical policies.

Corporation tax

We'll pay tax on the funds you invest in. This tax is not reclaimable.

Capital gains tax

We'll pay tax on the capital gains in our funds.

Income tax

You can currently withdraw up to 5% each year of your investment for up to 20 years without any immediate tax liability. This allowance rolls over to the following year if it's not used.

However there may be income tax to pay when:

- your bond ends as a result of your death,
- you cash in all or part of your bond,
- you take more income from the bond than your accumulated 5% tax deferred allowance, or
- you assign (transfer legal ownership of) the bond for money or something worth money.

Gains from your plan may mean that you lose some or all of your entitlement to personal allowances and certain tax credits.

For more details about tax and how it affects you, please speak to your Financial Adviser. Further information is also available in our **"A guide to tax on your UK investment bond"** leaflet, which you can request by calling **0345 640 1000** or visiting **pru.co.uk/tax**

Inheritance tax

Inheritance tax may be payable if you still have the plan when you die.

Special tax considerations are given to plans written under trust. Please ask your Financial Adviser for more information.

The information in this booklet is based on our understanding of current legislation and HM Revenue & Customs practice. All of these are liable to change without notice. The impact of taxation and any tax relief depends on individual circumstances.

Can I change my mind?

When your application has been accepted, we'll send you a Cancellation Notice. If you wish to use your right to cancel your top up, you should complete and return the Cancellation Notice or write to us at:

Prudential

Lancing

BN15 8GB

You have a right to cancel within 30 days of receiving the Cancellation Notice.

If you decide to cancel and the value of your additional payment has fallen, you may not get all your money back. The amount you'll get back will be the value of your additional payment less the proportionate amount of any decline in the value of your units.

For cancellations within the 30 day cancellation period only, where a policy is held in joint names, we will accept cancellation by any one of the policyholders, whether acting alone or jointly on behalf of all policyholders.

If you decide to cancel your investment at any time after the 30 day cancellation period has ended, you may not get all your money back. What you get back will depend on the performance of the investments and our charges.

How will I know how my bond is doing?

Each year we'll send you a statement to show how your bond is doing.

For an up-to-date value, you can call us on **0345 640 1000**.

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 bond is protected up to 100% of the value of your claim.
- The fund you hold in your bond will be included in the value of your claim in the event that PACL is declared 'in default'.

The available fund is unit-linked, and invests 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'.

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: **Telephone: 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, or if you contact us we can post some information to you.

Terms and Conditions

The details of the legally binding contract between you and Prudential are contained in the **Policy Provisions** (also referred to as Terms and Conditions).

The Policy Provisions are available on request and were issued to you when you first took out your plan.

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 our Customer Service Team on the contact details on the back page.

Law

The law of England and Wales applies to this contract.

You can find full details of your contract with us in the Policy Provisions.

For plans in joint ownership, on the death of one owner, their half-share in the plan will immediately and automatically pass to the surviving owner – unless the plan is written under trust or there has been a change in ownership since the plan was issued e.g. by assignment or trust arrangement.

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

Prudential Regulation Authority details:

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

Telephone: **020 7601 4878**

Email: enquiries@bankofengland.co.uk

Communicating with you

Our plan documents and terms and conditions are in English and all our other communications with you 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 'How to contact us' 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**

Or visit the website: financial-ombudsman.org.uk

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

Get in touch

If you want to contact us before you buy this plan, you can write or phone us:



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



Phone: **0345 640 1000** Monday to Friday 8am to 6pm (we are not open on public holidays). We might record your call to make sure our service is up to standard. An answer phone is in operation outside office hours.



If you're a Deaf customer, who is also a British Sign Language (BSL) user, you can contact us using a Video Relay service. The service, provided by SignVideo, connects customers to fully qualified, registered NRCPD interpreters who will relay your conversation with a member of our customer service team.

pru.co.uk/contact-us/signvideo

There is no cost for using this service to call Prudential and we're available to help you Monday to Friday, 8am to 6pm.



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

Keep in touch

It's important that we keep in touch so, if you change your address or any of your contact details, please let us know.

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.