

Suitability Report paragraphs for the Prudential Onshore Portfolio Bond Off Wrap Contract (POPB-OWC)

We appreciate that you'll have carefully considered your clients personal and financial circumstances, financial needs, priorities and risk profile when giving them a personal recommendation.

These paragraphs are designed to help you prepare your suitability report for your client. They're not intended to form the full content of the suitability letter. It is your responsibility to ensure that the report includes your client's demands and needs, why you consider the product is suitable on the basis of the information that they have provided to you and makes clear any disadvantages that the product has.

Please note that if you use these paragraphs, or similar text for any reason, you are responsible for ensuring that they are compliant. Whilst every care has been taken to ensure that accuracy of the following information, Prudential can accept no liability if you decide to use it.

Please ensure that you are using the latest version of this document available at www.mandg.com/dam/pru/shared/documents/en/popb519401.pdf

These paragraphs are suitable for UK residents only.

Please refer to the full terms and conditions and the Key Features documents for additional information.

Full terms and conditions of Prudential Onshore Portfolio Bond (POP Bond) are available on request.

What does the Prudential Onshore Portfolio Bond offer?

Its aims

What this bond is designed to do

- Grow the value of your investment.
- Allow tax efficient money withdrawals.
- Give access to a wide range of investments to match investment objectives and attitude to risk Provide a small amount of death benefit.

Customer commitment

What we ask customers to do

- Initial investment into the bond must be at least £15,000.
- The minimum top-up investment is £2,500 (or currency equivalent). Investment over the medium to long term, at least 5-10 years.

Risks

What you need to be aware of

- Each of the investment choices available for the Prudential Onshore Portfolio Bond has its own specific risks that will affect the value of the bond. Some also have features which mean there are restrictions on taking money out or moving money between investments.
- In exceptional circumstances a transaction (such as a full or partial cash-in) may be delayed which may mean a delay in gaining access to some or all of your money. Where a request is made to fully cash in the bond and there is a delay in selling an asset, we will only pay the cash in value of the bond once the final asset has been sold. This approach is taken to prevent part payment in these circumstances being viewed as a partial cash in of the bond for tax purposes. You can find more information in the Contract Conditions.
- If the value of the bond assets falls below a minimum level we reserve the right to cancel the bond and pay the value of the remaining investments less any charges. Further details can be found in the Contract Conditions and Statement of Charges.

Why invest in the Prudential Onshore Portfolio Bond (POPB-OWC)?

Tax Benefits

The Prudential Onshore Portfolio Bond (POPB-OWC) is an investment bond which is accessible through certain online investment technology. As the product is a UK onshore Bond it is taxed under UK life fund taxation rules and an appropriate level of tax is deducted from within the Bond.

UK life assurance bonds you a basic rate tax credit of 20% (2024/25) as the life office has paid tax on the investments underlying the policy. However, the overall tax on the underlying investments is often less than 20%. This tax regime is known as the I-E basis (income less expenses). The rate of tax charged against each bond is directly linked to the underlying investments chosen by you and your adviser. In each and every case it is possible to identify precisely the tax charge that has been calculated.

Broadly speaking, the life office suffers tax on the underlying investments as below:

- there is no tax to pay on dividends received;
- interest income is taxed at 20%.

Each Prudential Onshore Portfolio Bond (POPB-OWC) is taxed according to the specific underlying investments held within the bond. This means that the tax rate applied to any income and gains within the bond will vary depending on the nature of the assets and the unit types held. Prudential calculate this monthly to help your understanding of the tax charge applied on an ongoing basis to the bond.

The above is based on our understanding, as at March 2024, of current taxation, legislation and Revenue practice, all of which are liable to change without notice. The impact of taxation and any tax reliefs depends on your circumstances.

Investment choice

Prudential Onshore Portfolio Bond (POPB-OWC) is an Open Architecture Investment Bond which means you will have access to a wide range of assets including Unit Trusts, OEICS, SICAV's, ETF's, cash and other fixed term deposits that meet the Prudential admissibility criteria. Please note that Prudential do not invest your money for you. This is agreed with you and your adviser as to how best to invest your money.

Trusts

Prudential Onshore Portfolio Bond (POPB-OWC) can be placed into a trust, this may help reduce any potential inheritance tax liability. Prudential have a range of Trusts that can be used with the Prudential Onshore Portfolio Bond (POPB-OWC) for inheritance tax planning; Gift Trust, Loan Trust and Discounted Gift Trust. Also available is the Probate Trust.

Discretionary Fund Manager (DFM)

The Prudential Onshore Portfolio Bond (POPB-OWC) offers access to a managed portfolio of assets (also known as a "model portfolio"). These managed portfolios may be managed by a Discretionary Fund Manager who will, on an ongoing basis, choose the investments within the managed portfolio.

General product details

Eligibility

The Prudential Onshore Portfolio Bond (POPB-OWC) is available to clients if they are 18 years or older and resident in the UK. It can be taken out individual or on a joint ownership basis. The maximum number of owners is ten.

The minimum age at entry for life assured is three months attained. The maximum age at entry for single life and joint life first death cases is under age 90.

Minimum investment

The minimum initial lump sum that can be invested into the Prudential Onshore Portfolio Bond is £15,000.

Additional Investments

Additional investments can be made at any time and as often as wished, provided the additional investment is £2,500 or greater. Please note you cannot add additional investments to a Discounted Gift Trust. Additional investments are subject to you still being UK resident.

Segmentation

The Prudential Onshore Portfolio Bond is set up as a group of identical policies. This is done to help manage the bond for you in a tax-efficient manner because you can surrender or assign individual segments of your bond. The maximum number of policies is 1,200 with a minimum value of £500 per policy at outset.

Withdrawals

With the Prudential Onshore Portfolio Bond (POPB-OWC) you can make one-off withdrawals, or set up regular withdrawals, from your bond. The minimum amount of any type of withdrawal is £100.

However this rule does not apply when fully cashing in some of the bond policies. If the total in any year is more than the 5% tax-deferred allowance, you may have to pay income tax on the excess.

Regular withdrawals may be taken:

- every month,
- every 2 months,
- every 3 months,
- every 4 months,
- every 6 months or
- every 12 months.

Each regular withdrawal will be taken from the Cash Account.

Regular Withdrawals are not allowed to start within the first two weeks of the commencement date of your plan. Subject to this rule, the first regular withdrawal will be made on the 15th of the month, as appropriate to the selected payment frequency, following the commencement date or the subsequent receipt of an acceptable instruction.

In any 12-month period the maximum regular withdrawal amount is 10% of the total of the initial premium and any additional investments to the bond.

One-off withdrawals can be made by:

- (a) partially cashing in all the policies in the bond,
- (b) fully cashing in some of the bond policies, or
- (c) combining both these approaches.

Charges

The following charges are taken from the Prudential Onshore Portfolio Bond (POPB-OWC):

Ongoing Charges

The investment management company that manages an Asset held in the form of units or shares in a fund may apply ongoing charges for managing that fund. These will be deducted from the value of the asset.

Initial Charge

The investment management company that manages an asset held in the form of units or shares in a fund may apply a charge on investment that is equal to the difference between the price at which that asset can be bought and the price at which that asset can be sold at the time of purchase. This is referred to as an Initial Charge.

Bond Charges taken from the Cash Account

Expenses

Prudential will deduct an amount from the bond to cover expenses. Prudential calculate this amount monthly and also when they carry out transactions and underlying trades, based on the value of the relevant assets.

Prudential deduct expenses from the cash account on a monthly basis.

Discretionary Fund Manager Charge

Where Prudential appoint a discretionary fund manager at the policyholder's request (including where that request is to use a model portfolio managed by a discretionary fund manager), Prudential will deduct an amount from your bond to cover the fees (inclusive of any applicable VAT) that Prudential pay to the discretionary fund manager in respect of the bond.

Ongoing Product Charge 0.5% p.a.

The ongoing product charge accrues daily. Prudential will calculate the ongoing product charge each working day and deduct it each month. The amount that they will deduct in respect of any month will be the total accrued ongoing product charge calculated for the period up to and including the 25th of the relevant month.

The Prudential Onshore Portfolio Bond (POPB-OWC) charges may change in future and may be higher or lower than they are now. Further information can be found in the Statement of Charges and Contract Conditions.

A personal illustration shows how the charges referred to above affect your bond, based on the amount invested, example growth rates and the amount of the premium. It will also show details of any agreed adviser charges being paid out of the plan.

Adviser Charging

If required, you can ask Prudential to pay a Set-up Adviser Charge (SAC) on your behalf. You will need to give Prudential an instruction for the charge you want to pay and Prudential will then deduct the appropriate amount from your initial payment or additional payment and pay it directly to your adviser.

From the initial payment or additional payment into the bond, SAC can be a percentage of the total payment or a fixed monetary amount. Prudential will deduct the charge from the money you sends us before we invest the balance into the bond. As the SAC is deducted from the payment before investment it will not be included in the 5% tax-deferred allowance that applies to withdrawals from the bond. This is because the allowance is based on the premium invested into your bond after any SAC has been paid – not the total payment that is sent to us.

Any SAC paid on an initial investment does not automatically apply to an additional investment. However a SAC may be requested with an additional investment. You must give an instruction indicating what type and level of SAC is payable on an additional investment, if any.

Ongoing Adviser Charges

Prudential can be instructed to start deducting Ongoing Adviser Charges from the bond.

Ad hoc Adviser Charges

Prudential can be instructed to deduct an Ad hoc Adviser Charge from the bond.

If Prudential are paying any adviser charges from the bond on your behalf and you are also taking regular or one-off withdrawals from the bond, these will be added together for the purposes of the tax-deferred allowance.

Bond Charges not taken from Your Cash Account Dealing Charges

Prudential will apply a dealing charge where they link or cancel instruments to or from the bond. They will also apply dealing charges where changes are made to a model portfolio linked to the bond.

They do not deduct dealing charges from the cash account. These charges will be deducted from the value of the instruments that are being linked to or cancelled from the bond.

For further information please see Part 4 of the Contract Conditions.

Surrender

If the bond is fully cashed in, Prudential will pay the cash-in value which is an amount equal to the total value of assets in the bond less any applicable charges, negative balance, and an amount which should be at least sufficient to cover adviser charges and bond charges, including online trading account charges, Discretionary Fund Manager charges and any tax deductions or other expenses that were incurred but not yet applied up to the date of the payment.

Prudential's obligation to pay the benefits under the bond ceases when Prudential pays the cash-in value.

However, within 12 weeks of the payment (if this period changes Prudential will notify you), Prudential will pay a further amount if either or both of the following applies:

- if the amount that Prudential have retained as described above is more than the amount of any outstanding adviser charges or bond charges we will refund the difference; and/or
- if we receive any residual income that had accrued but not yet been received in respect of the assets up to the date we received your instruction to fully cash in the bond.

Death Benefit

The Prudential Onshore Portfolio Bond (POPB-OWC) is a single premium whole of life product written on a single, joint life first death or joint life last death basis.

The Prudential Onshore Portfolio Bond (POPB-OWC) will pay out a lump sum on the death of the relevant life assured. The life cover will end if you cash in the bond.

There must be at least one life assured. In cases where there is more than one life assured, the bond may be set up on either a joint life first death or a joint life last death basis. The bond can have a maximum of up to ten lives assured.

The life cover pays out 100.1% of the bond's cash in value, once all charges due have been taken. To pay this, the Prudential Onshore Portfolio Bond (POPB-OWC) will sell the assets in the bond. The assets value will be determined on the day they are sold.

Cancellation

You can cancel the Prudential Onshore Portfolio Bond (POPB-OWC) within 30 days of receiving your policy documents. These include a Cancellation Notice and Prudential will also send you a Cancellation Notice for any additional investments you make. M&G is a leading savings and investments business which was formed in 2017 through the merger of Prudential plc's UK and Europe savings and insurance operation and M&G, its wholly-owned international investment manager.

About Prudential, part of M&G plc

We have been serving individual savers since 1848 and continue to help millions of people to manage and grow their savings. We also work with financial partners around the world to help their clients build and manage their investments. We serve more than 800 institutional clients such as pension funds and insurance companies.

The value of an investment is not guaranteed and can go up and down. Your client may not get back what they have put in.

Please see the **Key Features** document for further information.

Full terms and conditions of Prudential Onshore Portfolio Bond (POPB-OWC) are available on request.

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