

Prudential Onshore Portfolio Bond

Fast Facts

The value of any investment can go down as well as up so your customer might not get back the amount they put in.

1. Adviser Charging

There are three types of Adviser Charging:

- Set-up Adviser Charge
- Ongoing Adviser Charge
- Ad hoc Adviser Charge

The Prudential Onshore Portfolio Bond facilitates a range of Ongoing and Ad hoc adviser charging options available through the platform. Set-up Adviser Charges can be facilitated by instruction directly to Prudential International Assurance plc, UK Branch unless the chosen platform permits instructions relating to Set-up Adviser Charges to be submitted via the platform.

2. Set-up Adviser Charge

Set-up Adviser Charges (if selected) are deducted from the initial payment before the balance is invested in the Bond. The maximum to be paid for the adviser charge is 5% of the initial investment or £30,000. The aggregate of all Set-up Adviser Charges and Ad hoc Adviser Charges cannot exceed £30,000 in any 12 month period.

The initial payment less Set-up Adviser Charges will then be the Bond premium used to purchase Assets.

The Set-up Adviser Charge will only be paid once the Bond is issued. Any Set-up Adviser Charge paid on an initial payment does not automatically apply to a Top-Up.

3. Ongoing Adviser Charges

Any Ongoing Adviser Charge taken from the Bond will be treated as a withdrawal from the Bond and will also be treated as such from a chargeable event perspective. Only one type of Ongoing Adviser Charge can be selected at a time, with a maximum of 1% of fund value.

4. Ad hoc Adviser Charge

Any Ad hoc Adviser Charge taken from the Bond will be treated as a one off withdrawal from the Bond and will also be treated as such from a chargeable event perspective. Any level of Ad hoc Adviser Charge can be selected, subject to the maximum level of 2% of the fund value in a 12 month period. The aggregate of Ad hoc adviser charges together with any Initial Adviser Charges cannot exceed £30,000.

5. Charges

Bond Charges

Ongoing Product Charge – an Ongoing Product Charge of 0.40% each year, taken as a percentage of the value of Assets linked to the Bond before any outstanding Bond charges, any Negative Balance in the Cash Account (see Section 16), or adviser charges are taken into account.

Administration and Operation Charge – this reflects the costs of Prudential International, UK Branch, in procuring the Platform services (custody, administration and operational services) for a Bond. This is referred to as Platform Charges in the illustrations.

Discretionary Fund Manager Charge – applies where a Discretionary Fund Manager (DFM) is appointed by Prudential International, UK Branch, as selected by the applicant(s)/policyholder(s). The charge will be deducted from the Bond to cover the fees paid by Prudential International, UK Branch to the DFM.

Expenses – where expenses are incurred, an amount is deducted every month to cover the expenses of Prudential International, UK branch, such as dealing costs, taxes, duties, levies or charges relating to the Assets linked to a Bond. This amount is calculated monthly.

Asset Charges & Costs

Yearly Total – combines the Annual Management Charge (AMC) and further costs deducted from an underlying Asset by the investment management organisation where that Asset is held in the form of units or shares in investment funds.

The AMC is the charge we take for looking after your investment. Further costs are costs which aren't covered by the AMC. These can include, for example, maintenance costs for property investments and costs associated with investing in infrastructure, such as utilities, transport and renewable energy. These can vary over time.

Initial Charge – this charge applies to an Asset held in the form of units or shares where the Asset has different buying and selling prices.

6. Minimum Investment

£15,000 on new business (before any Set-up Adviser Charges are subtracted).

7. Minimum Top-Up

£2,500 on additional payments (before any Set-up Adviser Charges are subtracted).

8. Minimum Investment into each fund

This will depend on the terms agreed between the platform and the fund manager. In addition the platform may set a minimum holding in a particular fund.

9. Maximum Investment Limit

No maximum applies although premiums in excess of £10 million will require additional due diligence.

Your clients investment can go down as well as up and they may get back less than they invested.

10. Eligibility

- Any owner must have attained at least 18 years.
- The maximum number of owners is 10.
- The maximum age for ownership for life assured business is under age 90.

11. Life Assured

- 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 minimum age at entry for any life assured is 3 months.
- The maximum life assured age at entry for single life and joint life first death cases is under age 90. Where the case is established on a joint life last death basis at least one life assured must be under age 90 when the Bond is taken out.
- Insurable Interest must exist between the owner(s) and the lives assured.

12. Asset Choice

- All Assets are held on the platform.
- The premium will be initially invested in the cash account in the Bond (see Section 16 overleaf) where the adviser, client or Discretionary Fund Manager can reallocate to purchase the chosen Assets.

13. Discretionary Fund Manager (DFM)

- A DFM is appointed by Prudential International, UK Branch, as selected by the applicant(s)/policyholder(s).
- There are no restrictions on the number of Assets that can be held at any time (except in so far as restrictions are set by the platform).
- There is no restriction on the frequency of trading (except in so far as restrictions are set by the platform).
- Any DFM fees incurred by Prudential International, UK Branch in relation to a Bond are deducted as part of the Bond charges and so will not count towards the 5% tax deferred allowance.

14. Minimum Value

If the value of the bond, before deducting any outstanding bond charges and adviser charges but after deducting any negative balance (see Section 16 overleaf), goes below the Minimum Value limit in force at that time, currently £1,000, the policyholder will be asked to make an additional investment into the bond. If the additional investment is not made within one calendar month, Prudential International, UK Branch, reserves the right to cancel the Bond and pay out the cash in value (after deducting any relevant outstanding Bond charges, negative balance and adviser charges). This level of this limit may change each year.

15. Withdrawals

Regular withdrawals, of a specified amount or as a percentage of the premium, are taken from the cash account and can be made every:

- month;
- 2 months;
- 3 months;
- 4 months;
- 6 months; or
- 12 months.
- A one-off withdrawal can be requested as a specific amount and is taken from the cash account.

- Any withdrawal will only be allowed if it is at least equal to the current minimum of £100 and the value of the Bond after the payment would at least equal the minimum value mentioned in section 14.

When regular withdrawals start or change, the amount requested during any 12 month period cannot exceed 10% of the premium including additional premiums.

Withdrawals can be up to 5% of the invested amount without having an immediate tax bill.

16. The Cash Account

This is where any cash balances are held in the Bond. The cash account is used to buy Assets for the Bond, receive cash income from Assets and meet any Bond charges (See Section 5), any regular or one-off withdrawals and any adviser charges.

If the balance in the cash account is insufficient to meet the deductions from the bond, the cash account will normally accumulate a negative balance. Where a negative balance occurs, part of the largest liquid Asset may be sold to meet an amount equal to the following at the date that Prudential International instructs the platform to make the sale:

- the outstanding Negative Balance; and
- up to 2% of the Asset Account Value (the gross value of assets in the bond before deduction of charges and less any Negative Balance); and
- the next three months of expected regular withdrawals, based on the current instruction, where applicable.

Where no Asset can be sold without notice or penalty, a sufficient part of the Asset that gives the lowest penalty will be sold to take into account both the above and the penalty incurred by the sale.

17. Trusts

The following Prudential trusts will be available under the Prudential Onshore Portfolio Bond:

- Discounted Gift Trust
- Loan
- Gift.

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