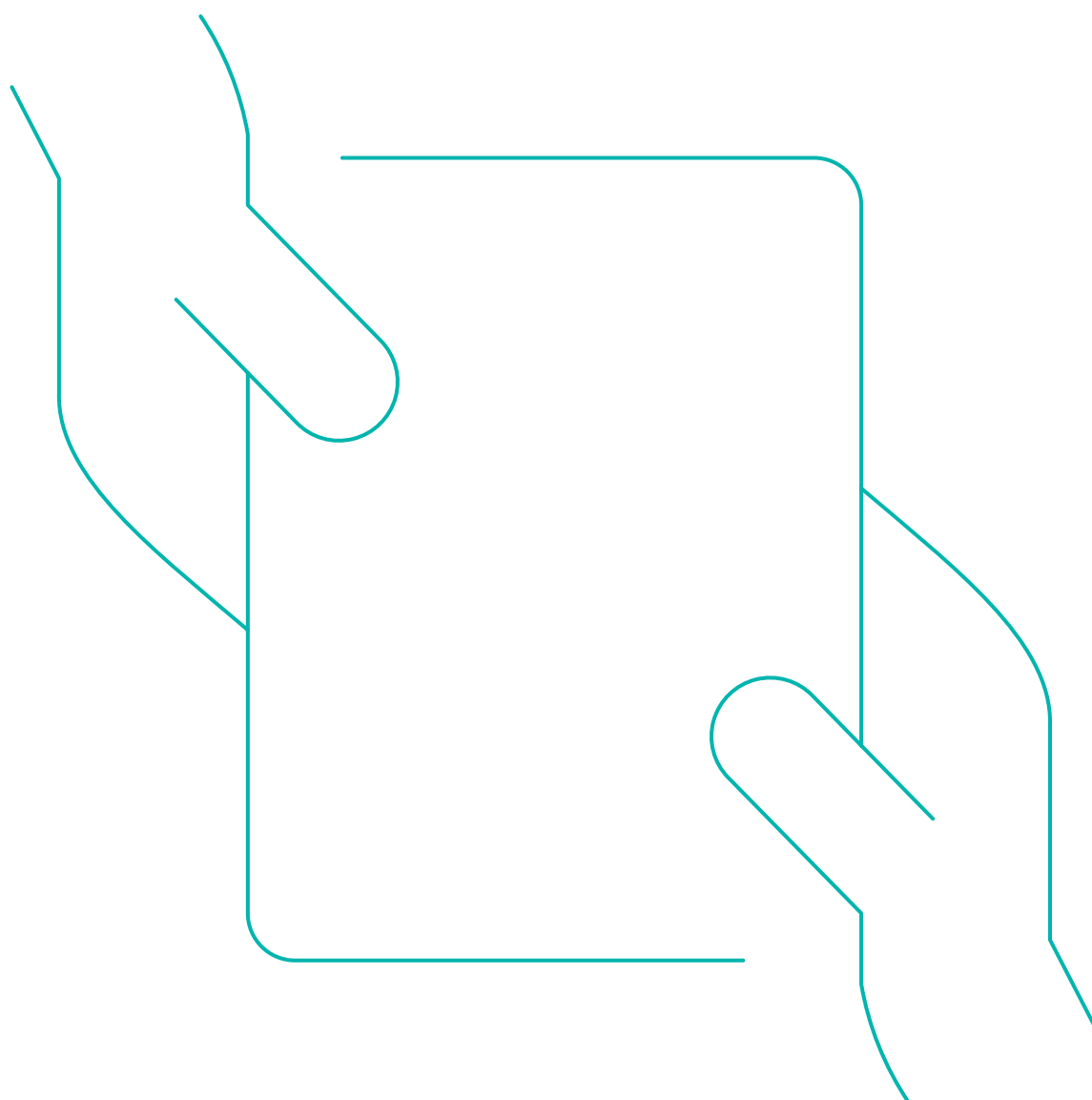


## Key Features of the Prudence Bond – additional investment



Please read this document along with your personal illustration (if you have one) before you decide to top-up this plan. It's important you understand how the Prudence Bond – additional investment works, the benefits and associated risks.



# Contents

About the Prudence Bond additional investment	4	What are the charges and costs?	8
Its aims	4	What might I get back?	9
Your commitment	4	How do I take money out of my bond?	9
Risks	4	What about tax?	10
Other documents you should read	5	How will I know how my bond is doing?	11
Questions & Answers	6	What happens to the bond if the person covers dies?	11
Is a top-up to the Prudential Bond right for me?	6	What if a top-up into the Prudence Bond isn't right for me?	11
How flexible is it?	6	Other information	12
How much can I pay into my bond?	6	Get in touch	14
Where are my payments invested?	6		
Can I change my investments?	8		

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 Bond – additional investment 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 Bond additional investment

Our Prudence Bond is a single premium investment bond that lets you invest your money in the Prudential With-Profits Fund.

If you still have questions after reading this booklet, please look at the 'Get in touch' section for our contact details. If you have a financial adviser, please speak to them in the first instance.

## Its aims

### What this plan is designed to do

- Grow the value of your bond over the medium to long term, so five to ten years or more.
- To give access to the With-Profits Fund.
- To allow you to take tax-efficient withdrawals.

## Your commitment

### What we ask you to do

- To make an additional investment to your bond of at least £500.
- Together with your financial adviser, regularly review your needs and attitude to risk, to make sure the bond is still right for you.
- Allow your bond to potentially grow for at least five to ten years or more.

## Risks

### What you need to be aware of

- The value of your investment can go down as well as up so you might not get back the amount you put in.
- 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.
- If you take more money from the bond than the amount your investment has grown by, the value of your investment will be less than you've put in.
- If you withdraw money from either of our With-Profits Fund, we may reduce the value by applying a Market Value Reduction. Please read the section 'Where are my payments invested?'
- Unless you select your withdrawals as a fixed amount, the value of the withdrawals you receive can go down as well as up.

## Other documents you should read

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

They're all available from your adviser, or direct from us. Details on how to get in touch are on the last page.

- **Policy Provisions**

Gives you the full terms and conditions of the contract.

- **Your With-Profits Plan – a guide to how we manage the Fund (Prudential Unitised With-Profits Plans and Cash Accumulation Plans)**

This guide provides information on how our With-Profits Fund works, and our current approach to managing it.

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

Provides information about tax and how it affects you.

- **Market Value Reduction – a clear explanation**

This explains what a Market Value Reduction is, together with information about why and when these may apply.

# Questions & Answers

## Is a top-up to the Prudential Bond right for me?

The Prudence Bond is a single premium investment bond that is designed for you to invest in a tax-efficient way and provide you with growth over five to ten years. Your top-up payment will buy units in the Prudential Optimum Return With-Profits Fund.

You need to understand and accept the risks of investing. You shouldn't invest in our bond if you can't invest for at least five years or don't feel you understand the risks associated with investing. Remember that the level of risk you take depends on the fund options you choose.

You might not want to invest in our bond if you expect to be a higher rate taxpayer, or close to the higher rate band, when you cash in your bond. Your adviser will explain this to you, as it may result in a tax liability. There's more information on tax in the section 'What about tax?'

If you are not sure whether an additional investment to this bond is right for you, please speak to your financial adviser. If you don't have an adviser, you can find one at [pru.co.uk/find-an-adviser](https://pru.co.uk/find-an-adviser)

The Prudence Bond is no longer available to new customers but you can top-up your investment.

## How flexible is it?

Your bond started with a single payment. You can make additional payments, make regular and partial withdrawals, or can cash in your bond at any time.

You can invest on your own or jointly with someone else.

Please read 'How do I take money out of my bond?' for more information.

Any withdrawals taken will reduce the full value of your bond. If the withdrawals are more than any growth achieved then the value of your bond will reduce below the level of capital invested.

## How much can I pay into my bond?

The minimum top-up payment is £500 and the maximum investment per bond is £500,000.

Any growth on your bond isn't subject to this limit, it only applies to the amount of your single payment and any top-ups.

You can send us a cheque to top-up your bond. If the cheque isn't paid from your personal account, we may ask you to prove the money belongs to you.

There is no age limit for top-ups.

## What happens if I move overseas?

Please note that if you subsequently move abroad and are no longer a resident of the UK this will impact on your ability to top-up this product in the future. We're unable to accept new monies from customers who aren't physically resident in the UK.

## Where are my payments invested?

After applying the Allocation Rate (the percentage we apply to your top-up), and deducting the Initial Charge, your payment buys units in the Prudential Optimum Return With-Profits Fund.

The price of units in our With-Profits Fund reflects only the regular bonus and the price cannot go down. The price doesn't show the effect of any final bonus (this may be paid out when you make a withdrawal, cash-in or die (this isn't guaranteed) or the effect of any Market Value Reduction that might apply.

You can get more information on our With-Profits Fund from **Your With-Profits Plan – a guide to how we manage the Fund (Prudential Unitised With-Profits Plans and Cash Accumulation Plans)**.

## Our With-Profits Fund (Optimum Return)

This fund aims to smooth some of the extreme highs and lows of the investment markets, with a lower level of risk than that associated with investing directly in these areas.

### Allocation rate

The more you invest, the higher the allocation rate you'll 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 plus the amount of the additional investment. You can work out how much is invested in your bond by multiplying the amount of your investment by the allocation rate from the table below.

For top-ups, we'll base the rate on the total amount of previous payments still invested plus the amount of the top-up.

We will then deduct the 5% initial charge and the remaining amount will buy units in the fund.

Total cumulative amount of investment	Allocation Rate
£3,000-£4,999	98.50%
£5,000-£9,999	100.00%
£10,000-£24,999	101.00%
£25,000-£49,999	101.50%
£50,000 or more	102.00%

### How do you work out the value of my investment?

For the Prudential (Optimum Return) With-Profits Fund, the unit price will reflect the addition of Regular Bonus and cannot go down. However, the unit price does not show the effect of any Final Bonus or Market Value Reduction that may apply.

Your plan's value depends on how much profit the fund makes and how it's shared out as bonuses. For more information about how the With-Profits Funds work, please read **Your With-Profits Plan – a guide to how we manage the Fund (Prudential Unitised With-Profits Plans and Cash Accumulation Plans)**.

For more information, please call us using the contact details in the 'Get in touch' section at the back of this document, or speak to your financial adviser.

### What's a Market Value Reduction?

If you take money out of the Prudential (Optimum Return) With-Profits Fund, we may reduce the value of your fund if the value of the underlying assets is less than the value of your bond including all bonuses.

This reduction is known as a Market Value Reduction (MVR). It is designed to protect investors who are not taking their money out and its application means that you get a return based on the earnings of the With-Profits Fund over the period your payments have been invested.

We apply the MVR to your bond's value including regular and final bonuses. Please read **Your With-Profits Plan – a guide to how we manage the Fund (Prudential Unitised With-Profits Plans and Cash Accumulation Plans)** for more information on bonuses.

An MVR will reduce the amount payable on full or partial withdrawals and if investment returns have been low, you may get back less than you have invested in your bond.

We guarantee not to apply an MVR on any payments made due to death.

### Our current practice on applying an MVR

We may apply a Market Value Reduction to full or partial withdrawals on all investments that have been running for less than five years.

For investments in the same With-Profits Fund that have been running for longer periods, we would consider applying an MVR when a withdrawal results in the total amount paid out, including any other payments in the previous 12 months, exceeding £25,000. We would only apply an MVR to the withdrawal amount in excess of £25,000 in these circumstances.

We would also consider applying an MVR on regular withdrawals that are more than 5% of the current value of your With-Profits Fund investment, at the time the withdrawals instruction is set up, or when the withdrawal arrangement is altered.

We reserve the right to change our current practice on Market Value Reductions at any time, without prior notice, and this would apply to existing bonds and any new bonds or additional investments.

However, if we were to reduce the regular withdrawal limit, the new limit would apply only to regular withdrawals starting after the date the change was made, or to existing withdrawals when the amount or frequency is altered. Examples of reasons for a change would include significant changes in the investment market or because the number of people moving out of the fund increases substantially.

For more information on our current practice, and on when we may apply an MVR please see **Market Value Reduction – a clear explanation**.

## Can I change my investments?

There is only one fund option to invest in for this Prudence Bond. There is also no option to switch to another fund.

If you want to invest in another fund you would need to cash in your investment and purchase a different bond.

Please speak to a financial adviser for more information.

## What are the charges and costs?

We charge you for looking after your bond. These charges are already taken into account when we work out its value.

Charges and costs may vary in the future and may be higher than they are now. Further details can be found in the **Policy Provisions**.

Your personal illustration will show the charges and costs you'll pay.

### Initial Charge

We took a one-off charge of 5% from the amount you originally invested and will take a one-off charge of 5% from any additional investments you make.

### With-Profits Annual Charge

There are various costs involved with setting up and managing your bond. A charge is deducted from the With-Profits Fund each year to cover these costs.

This fund charge isn't explicit so you'll not see this charge being taken from your bond. It is deducted from the underlying with-profits fund and is already taken into account when we calculate bonus rates for your bond.

The charge for the With-Profits Fund depends on the performance of the With-Profits Fund, in particular the investment return and our expenses. If, for example, over time investment returns are higher, then we would expect to increase the charges and if returns are lower, we would expect to reduce the charges.

The charge for your top-up payment is currently expected to be approximately 1.21% a year if the investment return in the with-profits fund is 4.5% a year (net of tax).

### Further costs

In addition to our charges, there may be further costs incurred, which can vary over time. Where these are applicable, they're paid for by the relevant fund and will impact on its overall performance.

For more information on these further costs, please look at the current **Fund Guide** for this product.

### With-Profits charge for guarantees

There is a charge to pay for all the guarantees the With-Profits Fund supports. We guarantee not to apply a Market Value Reduction (MVR) when payments are made because of death. Our current MVR practice, which is not guaranteed, may include additional circumstances when an MVR is not applied. Please see the section 'Where are my payments invested?' for more details.

The total deduction for guarantee charges over the lifetime of your bond is not currently more than 2% of any payment made from the fund. Our charges may vary in the future and may be higher than they are now. Charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

We take this charge by making a small adjustment to regular and final bonuses.



## What might I get back?

The value of your bond when you cash it in will depend on:

- how much you've invested,
- how long you've invested for,
- any withdrawals you've made,
- the funds you've chosen,
- how those funds have performed,
- any charges that we take from your investment,
- the amount of any MVR,
- the amount of any bonus paid.

You can see how much you might get in your personal illustration.

## How do I take money out of my bond?

You can cash in your bond at any time but please remember the bond is designed to be held for five to ten years or more. If you cash-in your bond you may get back less than the full amount of your investment. You can also take regular or partial withdrawals.

### Regular withdrawals

The minimum amount of any regular withdrawal is £50. For Prudential (Optimum Bonus) With-Profits Fund or the Prudential (Optimum Return) With-Profits Fund you can withdraw an amount equal to the Regular Bonus. If you choose this option, your withdrawal may be less than £50.

You must have at least £500 invested before you can start to take an income.

You can take up to 5% of your initial investment and any additional investments as a tax-deferred withdrawal each year. Anything above this may be liable to immediate tax. There's more information on tax in the section 'What about tax?'

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.

When you start receiving regular withdrawals from the bond, we may apply a Market Value Reduction (MVR) to any of the withdrawals if they are above certain limits. This would reduce the value of each unit cashed in to provide the withdrawals. We would therefore have to cash in more of your units than if there were no MVR and the remaining value of your bond would then be lower.

For regular withdrawals you take, this can be:

- a fixed amount
- a percentage of your original single payment
- a percentage of the full value of your bond.

We can pay these to you:

- monthly,
- every three months,
- every four months,
- every six months or
- annually.

They will normally be paid to your chosen bank account.

### Partial withdrawals

You can make a partial withdrawal at any time as long as you withdraw at least £50 and leave at least £500 in the fund after withdrawal.

### Cashing in

You can cash in your bond whenever you like. However, please remember that it is designed to grow over the medium to long term, so five to ten years or longer.

For more information about cashing in your plan, please read the **Policy Provisions**. You should also speak to a financial adviser.

If you take regular or partial withdrawals, we'll take the withdrawal as a proportionate amount from the single payment that you started your bond with and your top-ups.

If you make a withdrawal from the Prudential (Optimum Return) With-Profits Fund, we may apply a Market Value Reduction. For more information, please read the 'Where are my payments invested?' section.

Withdrawals of more than 5% of the value of units may be subject to a Market Value Reduction.

Please remember that any withdrawal will reduce the value of your bond.

## What about tax?

Your bond is usually set up as 20 identical policies.

You can cash in or transfer the ownership of each policy separately. This can help you withdraw money from your bond in a tax-efficient way.

Any additional investment you make will be divided equally between the separate identical policies.

### Income tax

You can currently withdraw up to 5% each year of the total money paid in to the bond, without paying any immediate income tax. You can do this for 20 years or until you've withdrawn an amount equal to the amount you originally invested. This allowance rolls over to the following year if it's not used.

However, you might have to pay income tax when:

- Your plan ends on death of the life assured, or the last life assured if more than one person is covered
- You cash in all, or part, of your plan
- You withdraw more than the 5% a year tax-deferred allowance
- You transfer ownership of the plan.

You'll pay tax at your highest marginal rate of Income Tax. Higher (or additional) rate taxpayers will be liable up to a maximum of the difference between higher (or additional) and basic rate Income Tax on any chargeable event gains.

Taking money out of your plan could mean you lose some or all of your entitlement to personal allowances and certain tax credits.

### Inheritance tax

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

Special tax considerations are given to bonds written under trust – your adviser can give you more information about this.

### Capital Gains tax

You won't have to pay this on your bond.

### Corporation tax

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

For more details about tax and how it affects you, please speak to your financial adviser or visit [pru.co.uk/tax](https://pru.co.uk/tax).

You can also read **A guide to tax on your UK investment bond** leaflet, which you can request using the contact details in the 'Get in touch' section at the back of this document.

Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances. Before you make a decision you should speak to your financial adviser. They can help you understand the tax rules and how they might affect you.

For more information visit [pru.co.uk/tax](https://pru.co.uk/tax) or the HMRC website at [hmrc.gov.uk](https://hmrc.gov.uk)

## How will I know how my bond is doing?

We'll send you an annual statement which shows how your bond is doing.

Keep track of your plan online, at a time that suits you.

With your online service you can check the value of your plan, contact us securely, change personal details and view your documents. If you're not registered, it's easy and only takes five minutes. You'll need your policy number, postcode and date of birth. Go to [pru.co.uk/registeronline](https://pru.co.uk/registeronline) to find out more.

## What happens to the bond if the person covers dies?

Your Bond comes with a small amount of life cover and will pay out a lump sum when the person, or people covered dies.

### How much will we pay?

When the bond ends on death we'll pay 101% of the full value of your investment including any 'final bonus' that may apply.

If the bond is on your life only, your bond will end on your death.

If the bond is on the lives of two people, the bond will end only when **both** people covered by the bond have died.

The bond can be placed in a trust with the proceeds being paid to the trustees. For more details you should seek legal advice.

Your bond ends when the death benefit is paid.

For more information please speak to a financial adviser.

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.

## What if a top-up into the Prudence Bond isn't right for me?

You have 30 days from when you first receive your plan documents to cancel any additional investments. If you decide to cancel an additional investment it won't affect any existing investment you have in place.

We'll send you a cancellation notice with your plan documents and if you decide to cancel the additional investment, you can return the notice or write to us with your bond reference number at:

**Prudential  
Investment Plans New Business  
Lancing  
BN15 8GB**

If more than one person owns the bond, we'll accept cancellation of the additional investment by any of the owners, within the 30 day period, whether they're acting alone or jointly.

If you cancel the additional investment to your bond within 30 days, we'll give you your money back.

You can also cancel before you receive your plan documents by calling us or your adviser.

After 30 days your plan becomes binding and you can't cancel it. But if you decide it's not right for you later, you can cash it in. However you might not get all your money back if the value of your plan has fallen.

# 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.
- When you hold a Prudential With-Profits fund in your bond, it's protected 100% in the event of the default of PACL.

You can find out more information on the FSCS at [pru.co.uk/fscs](https://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](https://fscs.org.uk)

Or write to:

**The Financial Services Compensation Scheme,  
PO Box 300  
Mitcheldean  
GL17 1DY**

Or call the FSCS: **0800 678 1100**

## 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](https://pru.co.uk/about_us), or if you contact us we can post some information to you.

## Terms and Conditions

This Key Features Document gives a summary of your plan. Full details are set out in our **Policy Provisions** booklet which is available on request using our contact information on the last page, and will also be sent to you when your plan starts.

## 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've drawn up a policy to deal with any conflicts of interest. If you'd like to know the full details of our Conflict of Interest Policy, please get in touch with our Customer Service Team on the contact details on the back page.

## Law

The law of England and Wales applies to your contract.

## 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**

Email: [consumer.queries@fca.org.uk](mailto:consumer.queries@fca.org.uk)

Prudential Regulation Authority details:

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

Email: [enquiries@bankofengland.co.uk](mailto:enquiries@bankofengland.co.uk)

## Communicating with you

Our documents and terms and conditions, as well as all other communications, will be in English.

## How to make a complaint

If you have a complaint, please get in touch with us and we'll 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 'Get in touch' 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](http://financial-ombudsman.org.uk)

This service is free and using it won't affect your legal rights.

# Get in touch

If you want to contact us, you can do so in the following ways:



With your online service you can check the value of your plan, contact us securely, change personal details and view your documents. If you're not registered, it's easy and only takes five minutes. You'll need your policy number, postcode and date of birth. Go to [pru.co.uk/registeronline](https://pru.co.uk/registeronline) to find out more.



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



Phone: **0345 640 1000** Monday to Friday, 8am to 6pm. We might record your call for training and quality purposes. To find out more about how we use your personal data, please visit [pru.co.uk/mydata](https://pru.co.uk/mydata)



If you have hearing or speech difficulties you can contact us using Relay UK or SignVideo. For more information please visit [pru.co.uk/signrelay](https://pru.co.uk/signrelay)

## 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.



