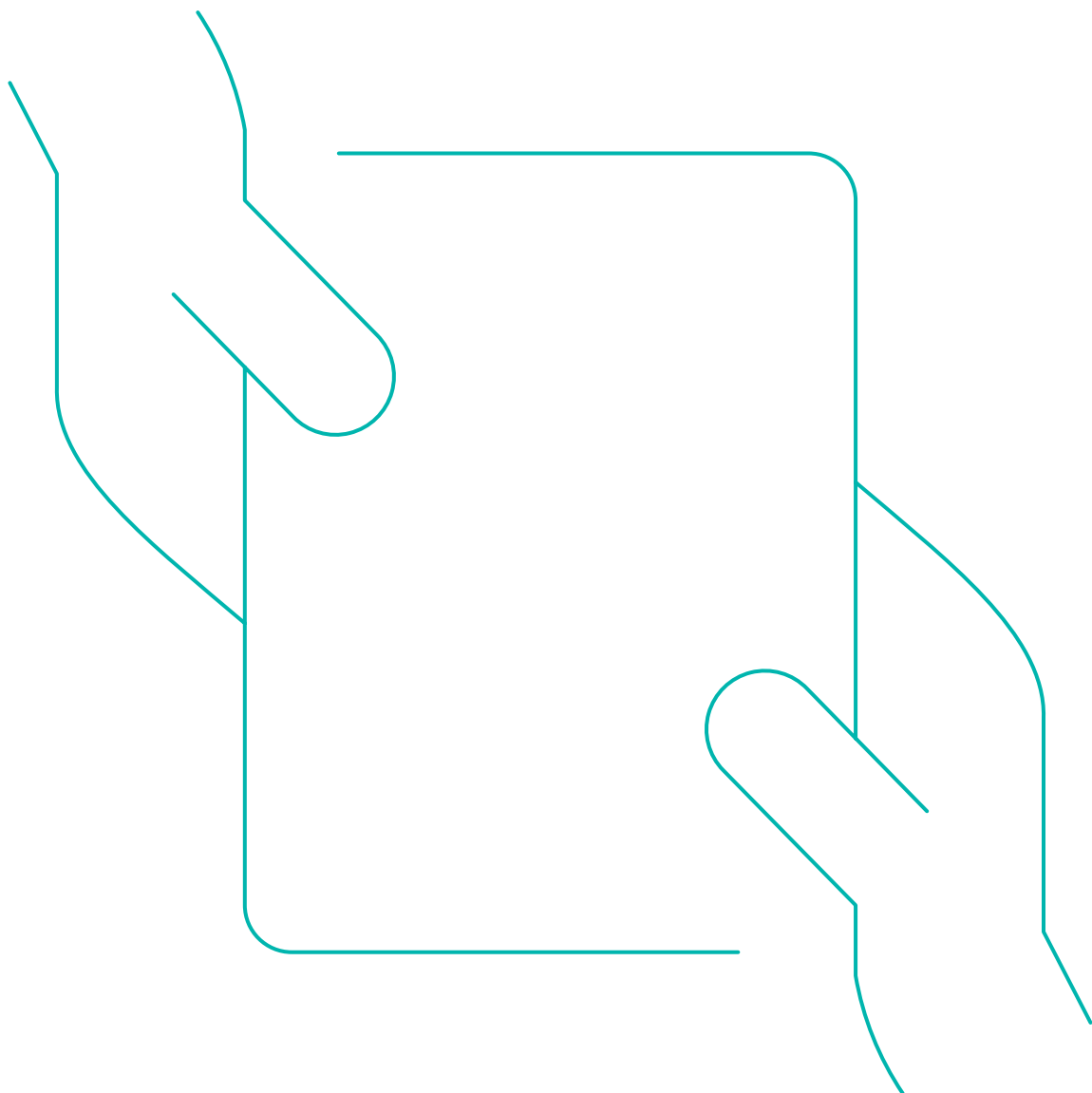


Key Features of the Prudence Bond – Top Up Investments



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 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 Bond 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 – Top Up Investments

This Key Features booklet explains a Top Up Investment to your Prudence Bond. Our Prudence Bond is a single premium investment bond that lets you invest your money in the Prudential With-Profits Fund.

The Prudence Bond is no longer available to new customers.

If you still have questions after reading this booklet, your financial adviser should be able to help. You can also call us on **0345 640 1000**. If you don't have a financial adviser you can find an independent financial adviser on **unbiased.co.uk**

Its aims

What this plan is designed to do

- This bond aims to give you potential capital growth.
- It allows you to take regular or one-off withdrawals, or cash in your bond at any time.

Your commitment

What we ask you to do

- To make at least one payment to the bond.
- To allow the money in your bond to potentially grow until you decide to cash it in.

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 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.
- Unless you select your withdrawals as a fixed amount, the value of the withdrawals you receive can go down as well as up.
- If the total charges are more than any overall growth achieved, your bond will fall in value, possibly to even less than you have invested. We explain this in the section 'What are the charges and costs?'

Other documents you should read

This document gives you key information about the Prudence Bond. 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.

- **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.

- **Guide to tax on your 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 how and when these may be applied.

Questions & Answers

Is the Prudence Bond – Top Up Investments right for me?

This bond is a single premium investment bond that is designed to provide you with medium to long term (5-10 years) capital growth.

It might be suitable for someone who wants the ability to top-up their bond whenever they like. There are minimum top-up amounts and maximum investment levels, these are explained in the “How much can I pay into my bond?” section.

The Prudence Bond is no longer available to new customers.

How flexible is it?

You start your bond with a single payment. Your bond has no set term and you can invest for as long as you want.

You can cash in your bond at any time. The bond is designed to be held for 5 to 10 years or more.

You may top up your bond at any time.

You can withdraw money from your bond at any time. 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.

Please see “How do I take money out of my Prudence Bond?” for more information.

How much can I pay into my bond?

Prudence Bond is a single premium life assurance policy. Your top up payment buys units in the Prudential Optimum Return With-Profits Fund.

Investment limits – The minimum top up payment is £500. The maximum investment is £500,000 for each bond. Any growth on your bond isn't subject to this limit, it only applies to the amount of your single payment and any top up payments.

How to pay – You may pay by cheque. If the cheque isn't paid from your personal account, we may ask you to prove that the money belongs to you.

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)**”.

What is a Market Value Reduction?

If you make a withdrawal from 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 changed.

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 top-ups. 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.

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. This is to cover things like:

- administration and marketing
- investment management

How charges and costs affect your bond is shown in your illustration.

The charges and costs are as follows:

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.

The allocation rate that you'll receive can be worked out from the table in this section.

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

- we multiply the amount of your payment by the Allocation Rate percentage
- we then deduct the 5% Initial Charge from this amount, this could be reduced/increased by the allocation rate.

We work out your Allocation Rate as follows:

- For top ups, the rate will be based on the total amount of previous payments still invested in your Prudence Bond plus the amount of the top up.

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%

The charges from your top up payment

Initial Charge – When you top up your bond, we deduct an Initial Charge of 5% from the amount invested for you.

The charges each year from the fund

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 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'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.

Charges for guarantees – Prudential (Optimum Return) With-Profits Fund

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 "Market Value Reduction" 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.

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 how charges and costs affect your bond.

How much will the advice cost?

For any adviser charges you will agree with your financial adviser the charges and how they will be paid for the advice they provide. You may choose to pay your financial adviser directly or you may ask us to take adviser charges from your bond to pay your financial adviser, or a combination of both.

What might I get back?

The value of the bond depends on a number of factors:

- the length of time your money has been invested
- whether or not you've made any withdrawals
- investment performance over the time you've invested
- our charges.
- the return on investments in our underlying With-Profits Fund
- expenses and costs incurred by the fund and charges applied to your bond by us
- profits and/or losses from non-profit plans which are also part of the With-Profits Fund
- the cost of meeting any guarantees including, for example, those under certain annuity plans which guarantee an income for life
- factors beyond our control, such as tax, the effect of inflation and levels of mortality
- the way we distribute any profit on the fund.

The company's bonus policy aims to give each policyholder a return which reflects the earnings on the underlying investments, whilst smoothing some of the extreme highs and lows of investment performance. Final bonus may vary or be removed at any time and is therefore not guaranteed.

Market Value Reduction (MVR) may be applied where bonds are cashed-in. You can get more information about Market Value Reduction in “Where are my payments invested?”. Charges and costs may vary in the future and may be higher than they are now. For more information please see “What are the charges and costs?”.

How do I take money out of my Prudence Bond?

You can cash in your bond at any time. The bond is designed to be held for 5 to 10 years or more. If you cash – in your bond you may get back less than the full amount of your investment.

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

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

You have the option to take Regular Bonus as Income. This bonus is normally declared on our With-Profits Fund each year, usually in advance. It's calculated and added to your bond every day and is included in the price of the units in our With-Profits Fund. The rate of the Regular Bonus may vary in future and isn't guaranteed.

You can take regular withdrawals every month, every three months, every four months, every six months or every year. They will normally be paid direct to your chosen bank account.

The minimum withdrawal is £50. It could be less if you choose the regular bonus as income option.

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

You can also make a part withdrawal from your bond provided you withdraw at least £50 and at least £500 remains invested. We may apply a Market Value Reduction when you withdraw money from your bond. Please see “What's a Market Value Reduction?” for more information.

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

Any withdrawal will reduce the full value of your bond.

What about tax?

We set the bond up as a number of identical policies, each of which you can cash-in or assign (transfer legal ownership) separately. If you need to, this can help you take money from your bond in a tax-efficient way.

We currently pay tax on income and capital gains within our funds. This tax isn't reclaimable even if you're a non-taxpayer.

A chargeable event happens when certain events occur or money is taken out of a bond. You may have to pay Income Tax if a chargeable event occurs.

A chargeable event would occur when:

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

You can currently withdraw up to 5% each year of the payment into the bond without having an immediate tax bill – this allowance is only available for 20 years. If you don't use any or all of this tax-deferred allowance in any year, the unused portion can be carried forward to future years (even beyond 20 years until the full allowance is used).

If you take out more than the accumulated 5% tax-deferred allowance, you may have to pay tax, currently only in excess of the basic rate, on the amount over the 5% allowance. You'll be liable to Income Tax on the whole of this excess amount – which will be taxed as part of your total income. By “total income” we mean any income that is liable to UK Income Tax.

You may become liable to pay Income Tax on any chargeable event gain on your bond, if you're a higher or additional rate taxpayer, or become one as a result of the gain. You'll pay tax on any gain 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.

Gains made from chargeable events may affect your entitlement to personal allowances and/or certain tax credits.

You can find out more in our "**A Guide to Tax on your Investment Bond**" leaflet. This can be provided by your financial adviser or using our contact details on the last page.

If your bond is still in force when you die, the proceeds may be subject to Inheritance Tax.

Special tax considerations apply to bonds written under trust. For more information please seek professional advice.

We've based this information on our understanding of current law & HM Revenue and Customs practice. Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances.

For more information please visit pru.co.uk/tax, the HMRC website hmrc.gov.uk or speak to your financial adviser.

How will I know how my Prudence 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**.

What happens to my Prudence Bond if I die?

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.

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

For more information please speak to a financial adviser.

What if the Prudence Bond – Top Up Investment isn't right for me?

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

Prudential Customer Services

Lancing
BN15 8GB

Your right to cancel is 30 days. 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 you'll get all your money back.

If you decide this top up isn't right for you after the 30 days then you can cash in your bond. You may not get all your money back, as this depends on the performance of the investment and our charges. Inflation could also reduce the value of your bond and any growth from it.

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, 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**

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

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

Prudential Regulation Authority details:

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

Email: 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

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

Get in touch

If you want to get in touch 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're not open on public holidays). We might record your call for training and quality purposes. To find out more about how we use your personal data please see our Data Privacy Notice at pru.co.uk/mydata.



If you're a Deaf customer, who's also a British Sign Language (BSL) user, you can get in touch 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's no cost for using this service to call us and we're available to help you Monday to Friday, 8am to 6pm.

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.