



## **Key Features of the International Prudence Bond**

(Not for use in Spain or Belgium)

Please read this document along with your personal illustration (if you have one) before you decide to buy this bond. It's important you understand how the International Prudence Bond works, the benefits and associated risks.

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# Welcome

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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 on the last page.

The Financial Conduct Authority is a financial services regulator. It requires us, Prudential International to give you this important information to help you decide whether our International Prudence Bond is right for you. You should read this document carefully so that you understand what you are buying, then keep it safe for future reference.

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# About the International Prudence Bond (Not for use in Spain or Belgium)

The International Prudence Bond is an investment bond which enables you to invest in a range of investments with the potential for growth. It allows you to take tax-efficient withdrawals, while providing an element of life cover.

## Important Information

Access to the Prudential PAC Sterling, PAC Euro and PAC US Dollar With-Profits Funds is no longer available to new customers investing in International Prudence Bond (IPB) on or after 11/09/2017.

However, if you are an existing customer pre 11/09/2017, you will still be able to top up or switch into the Prudential With-Profits PAC Sterling, PAC Euro and PAC US Dollar Funds.

It is important to note we are not closing the Prudential With-Profits Fund. The underlying fund and ongoing management of the fund will remain the same and access will continue to be available to the With-Profits Fund through the PruFund range of funds.

If you are in any doubt about this product please speak to your Financial Adviser.

Reference to With-Profits within this document is only applicable to policyholders pre 11/09/17.

## Its aims

### What this bond is designed to do

The International Prudence Bond allows access to a range of unit-linked investment funds with the aim of increasing the value of the money you invest over the medium to long term.

## Your commitment

### What we ask you to do

You need to make a single investment of at least £20,000, €25,000 or US\$35,000 when you take out your bond.

The minimum top-up is £15,000, €20,000 or US \$25,000.

- Your bond is set up as a group of identical policies. The standard number is 20, although you can choose to have more or fewer. You can cash in each policy separately.

## Risks

### What you need to be aware of

- The value of your bond can go down as well as up. Its value could even fall below the amount you pay into the bond. This could mean that you don't get back the full amount you invested.
- If the total charges taken from your bond are more than any overall growth achieved, your bond will fall in value, possibly to even less than you have invested.

- If you cancel your bond or top-up investment within 30 days you may get back less money than you paid in. We explain this in the section "What if I want to cancel my bond?".
- Each of the investment funds available for the International Prudence Bond has its own specific risks, which will influence how it performs and will therefore affect the value of your bond. You should make sure you understand the choices you make and the risks involved. Your Financial Adviser can give you more information.
- In exceptional circumstances, a transaction (such as a full or partial cash-in) may be delayed which may mean you face a delay in gaining access to your money. You can find more information in the **Contract Conditions**.
- Inflation will reduce what you could buy in the future.
- Tax rules could change which may affect your tax liability in relation to your Bond.
- Fluctuations in exchange rates could affect the value of your investment or withdrawals.

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## Other documents you should consider reading

This document gives you key information about the International 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 available from your adviser, or direct from us. Our contact details are on the last page..

- **Contract Conditions**  
Gives you the full terms and conditions of the contract.
- **Statement of Charges**  
Gives details on charges applicable to your plan.
- **Fund Guide**  
This explains your investment choices..

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# Questions & Answers

## About your bond

### Who can take out an International Prudence Bond?

If you are 18 or over you can take out an International Prudence Bond. You can take it out on your own, or jointly with another person.

### Where can I invest my money?

You and your Financial Adviser can choose which funds you would like from a specified range. You can invest in up to ten funds at any one time.

There are three types of fund available:

- the PAC With-Profits Range of Funds – you can find specific information on these in **"Your guide to investing in With-Profits"**;
- the PruFund Range of Funds – you can find specific information on these in **"Your guide to investing in the PruFund Range of Funds"**; and
- other unit-linked funds.

For more information about all the funds you can choose from, please read our **"Funds guide: Your Prudential International Investment Bond and International Prudence Bond funds guide"**.

There are limits on how much you can invest across the PAC With-Profits Range of Funds and the PruFund Range of Funds. The maximum you can invest across these funds (in one or more bonds) is £1,000,000, €1,500,000 or US \$1,500,000. If you own the bond jointly with someone else, you will each be treated as having invested the full amount.

So if you jointly invest £1,000,000 into these funds, it will count as the maximum for both of you. This limit includes any top-up investments into these funds.

You are unable to top-up a PruFund Protected Fund.

### Unit pricing basis

When you invest in one of our funds, your money buys units in that fund. The price of these units is primarily determined by the value of the assets held in the fund, but also depends on whether, overall, more money is going into the fund or coming out of it.

If there is a net inflow of money, the fund will be buying assets. This means that the unit price will be influenced by the purchase price of the underlying assets in the fund. Conversely, if there is a net outflow, it will be influenced by the sale price of the underlying assets, which is lower than the purchase price.

Over time, as the flows of money change, the unit price will fluctuate between a purchase price basis and a selling price basis. At times, there may be a sharp movement between the two, meaning the unit price could rise or fall significantly. This will affect the price you pay to buy units when you invest in a fund or the value you receive from selling, if you are switching out of a fund or cashing in your bond.

The difference between purchase and selling prices is generally largest for funds investing in property, smaller companies and developing markets. You can find more information in the **Contract Conditions** for the bond.

### Can I switch money between funds?

Yes. However, you can't invest in more than ten funds at any one time.

The minimum amount you can switch is £500, €750 or US\$750. If you're not switching the full value of your investment from a particular fund, you need to leave at least £500, €750 or US\$750 in that fund.

You can switch up to 20 times in any 12-month period without charge. After that, we will charge you. The charge is shown in the section "What are the charges?".

For most funds, you can switch money whenever you like. However, the PAC With-Profits Range of Funds and the PruFund Range of Funds have some restrictions.

### PAC With-Profits Range of Funds

If you switch money out of the PAC With-Profits Range of Funds, we may apply a Market Value Reduction (MVR). For more information on MVRs, please read **"Your guide to investing in With-Profits"**.

You cannot switch between funds within the PAC With-Profits Range of Funds.

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## The PruFund Range of Funds

There are restrictions on when you can move money into, out of or between the PruFund Range of Funds. Also, if you are invested in one of the PruFund Protected Funds and switch money out of the fund, your Guaranteed Minimum Fund will be reduced proportionately. For more information on switching terms, please read your personal illustration and "**Your guide to investing in the PruFund Range of Funds**".

## Can I withdraw money from my bond?

You can make one-off and regular withdrawals from your bond. The minimum amount of any withdrawal is £75, €112.50 or US \$112.50.

If you're not withdrawing the full value of your investment from a particular fund, you must leave at least £500, €750 or \$750 in that fund.

If you ask us to pay you in any way other than by cheque, we may charge you for any costs incurred.

### One-off withdrawals

You can make one-off withdrawals at any time.

If you make a one-off withdrawal within the first five years of your bond, or within five years of a top-up, we will apply an Early Cash-in Charge. For more information, please read the section "What are the charges?".

### Regular withdrawals

We can pay regular withdrawals to you at these intervals:

- every month,
- every three months,
- every six months, or
- every 12 months.

You can take:

- a fixed amount – which needs to be at least the minimum listed above,
- a percentage of the total amount you have invested in your bond, or
- a percentage of the full value of your bond.

The maximum regular withdrawal you can take in any 12-month period is the greater of:

- 5% of the full value of your bond when you start taking regular withdrawals, or
- 5% of the total amount you've invested in your bond.

Regular withdrawals are taken evenly across all the policies in your bond. For one-off withdrawals, you can alternatively choose to cash in individual policies.

### Withdrawals and top-ups

If you've topped up your bond and you make a withdrawal, we take your withdrawal from each investment proportionately.

### PAC With-Profits Range of Funds

If you withdraw money from the PAC With-Profits Range of Funds, we may apply a MVR. For more information on MVRs, please read "**Your guide to investing in With-Profits**".

If you cancel a regular withdrawal request, we reserve the right not to allow you to restart regular withdrawals subsequently if you have elected to take them wholly or partly from a fund within the PAC With-Profits Range of Funds. For example, we may exercise this right if, at the time you ask to re-start regular withdrawals, an MVR is in force for withdrawals from any of the funds within the PAC With-Profits Range of Funds.

However, this rule does not effect withdrawals from unit linked funds. You would also still be able to make partial withdrawals at any time.

Similarly, we reserve the right not to allow you to change your selected fund(s) for regular withdrawals to a fund within the PAC With-Profits Range of Funds. Again, we may exercise this right if, at that time, an MVR is in force.

This is to help with our overall management of the PAC With-Profits Fund and to help ensure all policyholders are treated fairly.

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## The PruFund Range of Funds

There are restrictions on when you can move money out of the PruFund Range of Funds. If you are invested in one of the PruFund Protected Funds and take money out of the fund, your Guaranteed Minimum Fund will be reduced proportionately. For more information, please read your personal illustration and **"Your guide to investing in the PruFund Range of Funds"**.

## How much will I get when I cash in my bond?

The amount will depend on:

- how much you've invested,
- how long you've invested for,
- any withdrawals you've made,
- how your investments have performed,
- whether we've added any Annual Growth Reward,
- the charges that have been taken from your investment.

If you have a personal illustration, it will show how much you could get, based on example growth rates and your chosen investment.

## Annual Growth Reward

Starting at the end of year 1, an Annual Growth Reward of 0.1% of the value of your bond will be added each year that you make no withdrawals.

## PAC With-Profits Range of Funds

If you've invested in any of the funds within the PAC With-Profits Range of Funds, the value of your investment will depend on the bonuses we've added to it and whether any MVR applies. For more information, please read **"Your guide to investing in With-Profits"**.

## The PruFund Range of Funds

The PruFund Protected Funds include a guarantee which takes effect on a selected anniversary of your bond. This may affect the amount you get back. For more information, please read **"Your guide to investing in the PruFund Range of Funds"**.

## Do I pay tax on my bond?

This will depend on your individual circumstances and country of residence for tax purposes, so for specific advice you should speak to your Financial Adviser.

## UK Income Tax

Below is a brief description of UK tax.

### Capital Gains Tax

You won't have to pay any Capital Gains Tax.

### Income Tax

If you are an individual investor you may have to pay income tax on any withdrawals you make from your bond. Each year you can withdraw up to 5% of the amount you have invested in your bond without having an immediate tax bill. If you don't use all of this 5% allowance in any year, you can carry the unused portion forward. The total allowance available is equal to 100% of the amount you have invested. If you withdraw more than the allowance at any time, you may have to pay income tax on the excess amount.

The 5% allowance also applies to any top-up investment you make. You may also have to pay income tax when:

- you cash in your bond or any policies in it,
- you transfer legal ownership of your bond for money or for something worth money, or
- your bond ends because a person covered dies.

The gain on your bond will be added to your total taxable income for that year and you will normally pay tax on the gain at your highest rate, although in some cases you may be able to claim "toplicing" relief.

Gains from your bond may affect any entitlement to income tax allowances or certain tax credits.

### Inheritance Tax

If your bond isn't in trust, your estate may have to pay inheritance tax on it when you die.

### Tax rules for trusts (UK and Non UK residents)

If your bond is written under trust, special tax rules apply. For more information, please speak to your Financial Adviser.

### Tax rules for corporate investors

UK corporate investors cannot benefit from the 5% annual tax-deferred allowance. This means that any withdrawals paid from the bond may incur corporation tax. For more information, please speak to your Financial Adviser.

## Irish Exit Tax

If you become resident in Ireland, we'll deduct Irish Exit Tax from your bond:

- every eight years;
- when any benefits are paid out; or
- when the owners of the bond change.

We pay this tax to the Irish tax authorities.

If you're not resident in Ireland, you don't have to pay Irish Exit Tax provided you complete the "Declaration of residence outside Ireland" which is contained within the application form.

## What are the charges?

We charge you for setting up, managing and administering your bond.

<b>Establishment Charge</b>	For each investment you make into the bond, we will take an establishment charge for the first five years following the investment. In each case, this is 0.3% taken quarterly in advance and based on the value of the relevant investment at the time we take each charge.										
<b>Fund Charges</b>	All of the funds have an Annual Management Charge and some have an additional expense. These are set out in the <b>Fund Guide</b> .										
<b>Switch Charge</b>	You can switch money between funds without charge up to 20 times in any 12-month period. After that, we will charge you. We currently (for 2017) charge £15.58, €23.37 or US \$23.37.										
<b>Early Cash-in Charge</b>	<p>If you cash in all or part of your bond within five years of making an investment we will deduct an Early Cash-in Charge as follows.</p> <table><tr><td>1st year</td><td>10%</td></tr><tr><td>2nd year</td><td>8%</td></tr><tr><td>3rd year</td><td>6%</td></tr><tr><td>4th year</td><td>4%</td></tr><tr><td>5th year</td><td>2%</td></tr></table> <p>These charges also apply to any top-ups.</p> <p>In each case, the percentage is based on the current value of the relevant investment.</p>	1st year	10%	2nd year	8%	3rd year	6%	4th year	4%	5th year	2%
1st year	10%										
2nd year	8%										
3rd year	6%										
4th year	4%										
5th year	2%										
<b>PruFund Protected Funds - Guarantee Charge</b>	<p>The PruFund Protected Funds have an additional annual charge for the guarantee. We take this charge monthly in arrears by cancelling units.</p> <p>For more information on this charge, please refer to "The PruFund Range of Funds: Guarantee options".</p>										



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In addition to our Product Charges, there may be some additional costs which may impact the overall performance of the fund. These costs include trading, dealing costs and property expenses. More information about these may be found in the **Fund Guide**.

Our charges may change in future and may be higher than they are now. Further information can be found in the Contract Conditions. All monetary charges may increase annually in line with the Irish Consumer Price Index and movements in relevant exchange rates.

#### **Charges for guarantees – With-Profits Funds**

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. For more information, please read "What's a Market Value Reduction?" on this page.

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.

You won't see this charge on your annual statement because we take it by making a small adjustment to regular and final bonuses.

#### **What's a Market Value Reduction?**

If you take money out of the With-Profits Funds, 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 guide to investing in With-Profits**" – IPBB10012 for more information on bonuses. A MVR will reduce the amount payable on full, partial or regular withdrawals and you may even get back less than you have invested in your bond.

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

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### **Our current practice on applying a MVR**

We may apply a Market Value Reduction to withdrawals, including switches on all investments.

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.

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.

If you have a personal illustration, it will show how charges affect your bond, based on example growth rates and your chosen investment, and will also show details of how much we will pay your Financial Adviser.

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

We'll send you an annual statement. If you want to know the value of your bond at another time, please call us on **+353 1 476 5000**.

### **What if I want to cancel my bond?**

You can cancel your bond within 30 days of receiving your documents. These include a Cancellation Notice and we will also send you a Cancellation Notice for any top-ups you make.

To cancel your bond or top-up, please complete and return the Cancellation Notice, or write to us at:

**Operations Department  
Prudential International  
Montague House  
Adelaide Road  
Dublin 2  
Ireland**

Please include your bond reference number.

If more than one person owns the International Prudence Bond, we will accept cancellation within 30 days by either of the owners, whether they're acting alone or jointly.

If you decide to cancel and you've invested in our PAC With-Profits Range of Funds or PruFund Range of Funds, you'll get back all the money you invested in those funds. If you've invested in any of our other funds, you may not get all your money back if any of the funds have fallen in value. In that case, we will refund the amount of your payment adjusted for the fall in the unit prices of those funds. This means that you may get back less than you invested.

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# Questions & Answers

## Your life cover

### What is the life cover?

Your bond comes with a small amount of life cover. You can cover the lives of up to ten people.

If you cover one life only, we'll pay out a lump sum when that person dies.

If you cover more than one person, you can choose for us to pay the lump sum:

- when the first person covered dies, or
- when the last person covered dies.

The life cover will end if you cash in your bond.

### Whose lives can I cover?

Anyone covered must be aged between 3 months and 89 years. You can be one of the people covered, but you don't have to be.

### How much will the life cover pay out?

Where you choose to cover more than one person, the amount we will pay on death is based on the age of:

- the oldest person covered if the life cover is payable when the first person dies; or
- the youngest person covered if the life cover is payable when the last person dies.

The life cover will pay out either:

- 101% of the full value of the units relating to the investment – if the relevant person (ie the oldest or youngest as above) was 75 or under when you made the investment, or
- 100.1% of the cash-in value of the bond – if the relevant person was 76 or over when you took out the bond.

If you top up your bond, we will base the life cover for the top-up on the age of the people covered at the time that you make the top-up.

Where the life cover is based on the cash-in value of the bond, an Early Cash-in Charge will apply if the life cover is paid within five years of any investment into the bond. The charge will be as shown under the section "What are the charges?".

### Nomination of beneficiaries (Policyholders in France only)

A beneficiary nomination can be made in writing at any time. You can cancel or replace your nomination, providing your beneficiary has not formally accepted the nomination. We will pay any death benefits due to the person shown on our records as your nominated beneficiary. If no one has been nominated, the death benefits will be payable in accordance with the **Contract Conditions** of your policy. You should seek professional advice before nominating a beneficiary.

### How does the life cover affect my bond?

Your bond ends when we pay the life cover.

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## 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.

### Financial Services Compensation Scheme (FSCS)

Prudential International Assurance (PIA) is authorised by the Central Bank of Ireland and is subject to limited regulation by the Financial Conduct Authority for UK Business.

PIA customers may be eligible to claim under the FSCS if PIA is unable to meet its financial obligations. 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 widely referred to as being 'in default'.

For eligible policyholders (e.g. individuals or small firms) habitually resident in the UK the FSCS would apply for policies taken out on or after 1 December 2001.

Policyholders holding a UK policy, issued before 2001, may be eligible to make a claim before the FSCS, however, since such a policy would have been taken out before the FSCS regime commenced, they should check their eligibility directly with the FSCS.

It is important for you to be aware that you may not always be able to make a claim under the FSCS, and there are also limitations in the amount of compensation you may receive. Any compensation available will depend on your eligibility, the type of financial product or service involved, the investment funds selected (if applicable) and the circumstances of the claim.

You can find out more information on the FSCS and examples of limits in the scope of FSCS cover for your plan at [www.pru.co.uk/about\\_us/fscs](http://www.pru.co.uk/about_us/fscs), or you can call us.

Information is also available from the Financial Services Compensation Scheme:

Visit their website: [www.fscs.org.uk](http://www.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 EU standards for meeting its financial obligations. You can read our solvency and financial conditions reports at [www.pru.co.uk/about\\_us](http://www.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 **Contract Conditions** 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 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 using the contact details on the back page.

### Law

The law of England and Wales applies to this contract.

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## Our regulators

The address of the regulator in Ireland which authorises Prudential International is:

**Central Bank of Ireland**  
**PO Box 559**  
**Dame Street**  
**Dublin 2**  
**Ireland**

Prudential International is subject to limited regulation by the Financial Conduct Authority (FCA) for UK business.

The address of the FCA is:

**The Financial Conduct Authority**  
**25 The North Colonnade**  
**London**  
**E14 5HS**

Details on the extent of our regulation by the FCA are available from us on request.

## 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 Services Ombudsman who help settle individual disputes between consumers and businesses providing financial services:

**The Financial Services Ombudsman Bureau**  
**3rd floor, Lincoln House**  
**Lincoln Place**  
**Dublin 2**  
**Ireland**

**Telephone: +353 1 662 0899**

**[www.financialombudsman.ie/](http://www.financialombudsman.ie/)**

Making a complaint to the Financial Services Ombudsman Bureau will not affect your legal rights.

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## How to contact us

If you want to contact us before you invest you can write or phone us:



Write to: **Operations Department, Prudential International, Montague House, Adelaide Road, Dublin 2, Ireland**



Phone: **+ 353 1 476 5000** The opening hours are 9am to 5pm GMT Monday to Friday. Calls may be recorded or monitored for quality, staff training, dispute resolution



If you are 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.

**[www.pru.co.uk/contact-us/signvideo](http://www.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.



For more information please visit **[www.pruential-international.com](http://www.pruential-international.com)**

### 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.





**[www.pru.co.uk/international](http://www.pru.co.uk/international)**

The registered office of Prudential International is in Ireland at Montague House, Adelaide Road, Dublin 2. Prudential International is a marketing name of Prudential International Assurance plc. Registration No. 209956. Telephone number + 353 1 476 5000. If the Company should become unable to meet its liabilities, the Financial Services Compensation Scheme will protect eligible policyholders habitually resident in the UK when their contract starts, with effect from 1 December 2001. This protection does not extend to externally-linked investments. Prudential International Assurance plc is authorised by the Central Bank of Ireland and is subject to limited regulation by the Financial Conduct Authority for UK business. Details on the extent of our regulation by the Financial Conduct Authority are available from us on request.