

# Guernsey Supplement

Supplement to Brochures and Key Features documents for Investment Bonds  
(Single Premium Life Assurance Policies) for Residents of the Bailiwick of Guernsey (the "Island").

**Please read both pages of this supplement and keep it with your Key Features document for future reference.**

The brochures and Key Features documents in relation to your bond are produced by Prudential International Assurance plc ("Prudential International") and are specifically designed for residents of the United Kingdom. Prudential International's printed information concerning your bond, is prepared for the understanding of, and can only fully apply to, those persons ordinarily resident and domiciled in the United Kingdom. Accordingly, the information contained in this Supplement amends such printed information including brochures, Key Features documents and, where applicable, post sale information, to cover the circumstances relating to residents of the Island.

Please therefore read any such brochures, Key Features documents, post sale information and any other printed information in conjunction with this Supplement.

In particular, please note that the "5% tax-deferred allowance" referred to in these documents is a U.K. HM Revenue & Customs "allowance" only and does not apply to policyholders resident on the Island as far as Island taxation is concerned.

Prudential International's Investment Bonds invest in units in various Unit-Linked Funds and/or units in the With-Profits Fund as detailed in the relevant Key Features document.

## Taxation of benefits

A tax liability may arise where the Director of Income Tax wishes to invoke the legal avoidance provisions of the Income Tax (Guernsey) Law, 1975, as amended. Generally, this will not be done in the case of a full or partial surrender if the investment has remained untouched for a period of at least 10 years.

If the investment is surrendered in full before 10 years have elapsed the Director may seek to charge any growth on the investment to tax after considering the case on its merits. In general, surrenders which are at risk in this respect are those involving significant sums which have been surrendered after a relatively short period.

Where a partial surrender is made before 10 years have elapsed then that and any subsequent surrenders may be examined by the Director of Income Tax to ascertain the growth in the investment, if any. Any such growth will be liable to Guernsey tax.

The Director, by concession, will allow losses arising on the surrender value of a policy to be set off against any gain on the surrender of units in another policy in the same year, or may be carried forward to set-off against gains arising from partial or complete surrender of the same policy in future years.

Clusters of policies are treated as one investment so that surrender of one policy is a partial surrender of the whole. Movements between funds would not be treated as partial surrenders and would not, therefore, in themselves give rise to a tax charge. No liability would arise on any death benefit paid. The Director reserves the right in all cases to invoke the legal avoidance provisions of the law.

## Inheritance tax

As a resident of the Bailiwick of Guernsey, no inheritance tax is payable in the Island. United Kingdom inheritance tax should not arise on benefits when they become payable if, at the time of death, you are not domiciled or deemed to be domiciled within the United Kingdom.

The above information is based on Prudential International's understanding of current legislation as at November 2016 and does not intend that this interpretation should be relied on in any particular case. This legislation (particularly relating to taxation) is liable to amendment and statutory interpretation by the taxation authorities, the government of the Island and its courts. Future changes in law and taxation cannot be anticipated.

Residents of the Island are not protected by any local statutory compensation schemes.

The Guernsey Financial Services Commission (the "Commission") has not granted, nor is it necessary for it to grant, its approval to the issue of this Supplement. The Commission is protected by the Financial Services Commission (Bailiwick of Guernsey) Law 1987, as amended (the "Law"), against liability arising from the discharge of its functions under that Law and other specified enactments.

Financial Advisers selling this product need to be licensed under The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended, to give advice on insurance related products. In order to give unlimited investment advice, Financial Advisers also need to be licensed under The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.

Investors may not receive full repayment of their original investment on the termination of the bond.



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