

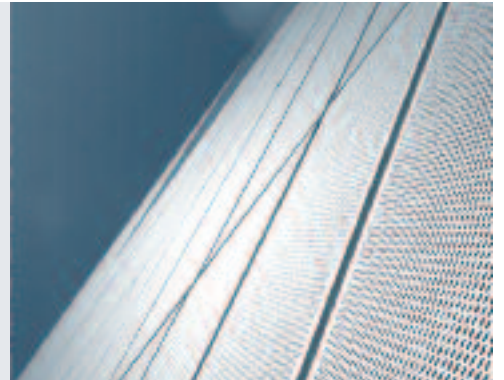


A guide to the Flexible Protection Bond

Your questions answered

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› What does Flexible Protection Bond offer?

The Flexible Protection Bond is designed to give you affordable and flexible life assurance.

Family protection

At the moment, you may feel that you and your family enjoy a comfortable standard of living. However, what would happen if you died and your income stopped? Your family could face severe financial difficulties.

The Flexible Protection Bond can provide a lump sum that could help to replace lost income for your family in the event of your death. This helps to give you peace of mind, knowing your family will have some protection when you die.

The Flexible Protection Bond can also be used as part of your estate planning, to pass assets to your children or grandchildren by placing them in trust.

A one-stop solution

Traditionally, life assurance is purchased through regular monthly payments.

This may not be suitable for everyone, for instance, those who are at or approaching retirement or who want to avoid ongoing commitments.

The Flexible Protection Bond is different. It provides a tailor-made solution from a one-off payment.

Tax-efficiency

Your investment benefits from tax advantages gained as a direct result of Prudential International's base in Dublin. The funds in which your money is invested benefit from "gross roll-up" – no tax is paid on them as they grow, apart from a small element of withholding tax which is applied at source to dividends on some assets within the fund.

This provides a potential boost to performance over and above the life funds of UK-based companies, which pay tax year on year.

You can normally defer any UK tax liability that you may have on any investment growth until you take money out of your bond or the benefit is paid on your death. This may be at a time when your tax liability is less – for example, if you have moved into a lower tax bracket.

This brochure is based on our understanding, as at September 2011, of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.

The value of an investment may fluctuate and is therefore not guaranteed. You may not get back the full amount of your investment.

› How does it work?

Flexible Protection Bond allows you to choose either the amount of life cover you want or the payment you want to make. You also have a choice of investment funds.

Choosing your payment or cover

You can choose:

- › the amount of life cover you want – and we will tell you how much that will cost, or
- › the payment you want to make – and we will tell you how much cover that will pay for.

In either case, the minimum payment into the bond is £15,000 or the currency equivalent.

The amount of cover for any given payment will depend on a number of factors, including:

- › your age,
- › your occupation,
- › your health,
- › whether or not you smoke, and
- › the rate of investment growth you choose in your illustration.

Choosing and managing your investments

Your single payment is invested in the funds selected by you and your financial adviser, which are managed by some of the UK's leading investment managers.

Over time, you may want change these selections. The Flexible Protection Bond allows you to switch easily between funds, subject to holding a maximum of 10 funds in your bond at any one time.

You can make up to 20 fund switches free of charge in any rolling 12-month period. If you want to make more switches than this, we reserve the right to make a charge.

Your financial adviser can give you further details on the funds available.

The review process

At the outset, we base the amount of cover, or the amount you need to pay for the level of cover you choose, on a number of factors, including assumptions about future investment performance and charges. Over time, these factors and assumptions may change, so we will review your bond after 10 years and every five years thereafter (and possibly at other times if we consider it necessary).

At any review, we may suggest that you either make a further single payment to maintain your cover or reduce the level of your cover. This may happen if charges increase, investment performance is lower than expected or our future expectations of performance are reduced. You don't have to follow our suggestion but, if you don't, your cover may stop or your bond may not remain in force for as long as you want it to.

How benefits are paid

The value of your bond is affected by the investment performance of the funds you have chosen and this value will be used to pay any valid claim. All charges are deducted from your bond value. These are shown on your Personal Illustration, along with the sum payable should you die.

Depending on the type of life cover you choose for the bond, if you should die within the first five years of any investment into the bond, we may deduct an Early Cash-In Charge. If you withdraw money within the first five years of any investment an Early Cash-In Charge may apply.

Please see Important notes on page 7 for some more information on withdrawals.

› Can I increase my cover in future?

As time goes by, your needs and circumstances may change. Flexible Protection Bond allows you to change your cover to match.



Any time

You can increase the level of your cover at any time by making an additional payment (from a minimum of £5,000). You may want to do this to reflect changing circumstances or to allow for the effects of inflation.

On special events

You can also increase your level of cover substantially on certain special events:

- › marriage or civil partnership – when you may want to extend the bond to cover your spouse or partner,
- › the birth of a child, or
- › the adoption of a child.

This option is not subject to any additional health checks.

The amount of cover can be increased by a maximum of 50% or £50,000, whichever is the lower. You may have to make an additional payment to provide your increased cover.

Any increase must be requested within three months of the effective date of the relevant special event. You can make up to three increases under this option.

For inheritance tax

You may want to use Flexible Protection Bond to provide money to help meet a potential inheritance tax (IHT) liability. In this case, if new legislation means your potential liability increases, you have an option to increase your cover, without providing any further evidence of your health.

This could happen, for example, if IHT thresholds or rates are altered or if the rules change in a more fundamental way.

The maximum increase is the lower of the increase in your expected liability and five times the original amount of cover. You may have to make an additional payment and we may ask for evidence of the change in your potential liability.

For income tax

An income tax charge may arise if the cash-in value of your bond is greater than the total of your investment at the time of a claim for the death benefit. To help you plan for this, on every fifth anniversary we will calculate the amount by which the bond's cash-in value exceeds your investment.

We will then estimate the income tax liability that would be due on death, based on the top rate of tax at that time. If you wish, you can choose to increase your cover by the amount of the estimated tax liability, less any previous increases under the option. You will need to make an additional investment for this.

For further information on any of these options please consult with your financial adviser.

› Who are Prudential International?

Prudential International is part of the highly respected Prudential Group, one of the UK's foremost financial services organisations. So you can feel comfortable that your money is in good hands.

Strength in depth

The Prudential Group is one of the largest financial services providers in the UK. It has over 25* million customers worldwide, in Europe, the United States and Asia, for whom it manages £340 billion*.

Prudential International benefits from the financial and investment strength of the Group. This enables us to provide flexible and effective investments for our customers.

* as at 31 December 2010

Secure Dublin base

Operating from Dublin, Prudential International is subject to European law, having to comply with all European directives and regulations and to meet European solvency margins.

We are licensed by the Irish Government to operate from Dublin and regulated by the Central Bank of Ireland. Part of the requirements is to have an Appointed Actuary who is responsible to the Financial Regulator for protecting policyholders' reasonable interests, evaluating the company's liabilities and certifying its solvency at all times. These are stringent regulations and should provide reassurance on the professional nature of Dublin-based insurers.

Protection for customers

If you are habitually resident in the UK when you take out your bond, it will be covered by the Financial Services Compensation Scheme. This applies to bonds starting on or after 1 December 2001 and would protect you in the event that Prudential International was unable to meet its liabilities.

You can find further information in your Key Features document or ask your financial adviser.

› What else do I need to know?

Important notes

You should bear these points in mind.

- › Once the bond has paid a death claim, it has no further value.
- › If the bond is written under trust you may not be able to make a withdrawal for your own benefit.
- › Any withdrawal you do make will reduce the value of the bond and may also reduce the level of cover on your bond. If you take out all of your money, your bond and the life cover provided under the bond will end.
- › If you die or take all or part of the money out of your bond within the first five years of any investment, we may deduct an Early Cash-in Charge.

How to contact us

It's easy to keep in touch once your bond has been set up. For any questions about your bond, or to request copies of literature or forms (for example, if you want to switch funds), call: **+ 353 1 476 5000**.

If you are calling from the UK, please telephone **00 353 1 476 5000**. Lines are open 9am to 5pm Monday to Friday. Please note that calls may be monitored or recorded for quality and security purposes.

You can also write to:

Operations Department
Prudential International Assurance plc
Montague House
Adelaide Road
Dublin 2
Ireland





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 Services Authority for UK business. Details on the extent of our regulation by the Financial Services Authority are available from us on request.