

Key Features of the Flexible Protection Bond

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If you would like a Braille, large print or audio version of this Key Features, please contact us at:

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

› About this booklet

- › This Key Features booklet provides a summary of the key features of the Flexible Protection Bond. Prudential International provides you with this information to help you to decide whether our Flexible Protection Bond is right for you.
- › You should read this booklet carefully, together with your personal illustration, so that you understand what you are buying and then keep both documents safe for future reference.
- › If you still have questions about the Flexible Protection Bond after reading this booklet, your Financial Adviser should be able to help.

› About the Flexible Protection Bond

The Flexible Protection Bond is a life assurance policy which aims to pay a lump sum on death. It offers a wide range of unit-linked funds in which you can choose to invest.

You can use the bond to cover the lives of one or two people. The life cover provided is not guaranteed, but depends on there being sufficient money in the bond to pay the relevant charges. Each bond will be reviewed on its tenth anniversary and every five years thereafter to check if there is enough money in it to maintain the life cover.

You start your bond with a single payment. You can also make additional payments. These are called top-ups. You can make regular and one-off withdrawals, and you can cash in your bond at any time.

› Its aim

- › The aim of the Flexible Protection Bond is to pay a lump sum on death.

› Your investment

- › You need to invest a single payment of at least £15,000. The minimum top-up is £5,000.
- › There is no set investment term for your bond. However, if you cash in your bond, fully or partially, within five years of making any payment into it there will be an Early Cash-in Charge.
- › The bond is set up as a group of individual policies (20 as standard) that are all identical. You can cash in each policy separately, which may help you withdraw money in a tax-efficient way.

› Risks

- › The life cover is not guaranteed. If the value of the bond is not enough to continue meeting the charges, the cover will cease and the bond will end.
- › You may have to make a further payment or reduce your life cover in the future. We explain this in "Is the amount of life cover guaranteed?" on page 5.
- › The life cover may be reduced if you withdraw money from your bond. You can find more information in the Contract Conditions.
- › 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. You may not 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 "What if I want to cancel my bond?" on page 9.
- › In exceptional circumstances, there may be a delay to a transaction (such as a full or partial cash-in) 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.
- › Fluctuations in exchange rates could affect the value of your investment or withdrawals.

› Questions and Answers

Who can take out a Flexible Protection Bond?

If you are 18 or over you can take out a Flexible Protection Bond. You can take it out on your own, or jointly with another person.

Whose lives can I cover?

You can cover the lives of one or two people with your bond. You can be one of the people covered, but you don't have to be. The person or people covered are known as the life or lives assured.

How much life cover can I choose?

You can choose for the life cover to be:

- › a fixed amount or the cash-in value of your bond at the time of the claim, if that's higher, or
- › a selected percentage (minimum 110%, maximum 150%) of the cash-in value of your bond at the time of the claim.

We show which of these options you have chosen in your personal illustration.

The amount of life cover is not guaranteed and may be reduced following a review. We explain this in "Is the amount of life cover guaranteed?" below.

When will the life cover be paid?

If you cover one life only, the life cover pays out when that person dies.

If you cover two lives, you need to choose one of the following options when you take out your bond. You can choose for the life cover to be paid:

- › when one of the two people has died, or
- › when both people have died.

Once the life cover is paid out, the bond will come to an end.

Who is the life cover paid to?

If you are the only bond owner, we will pay it to you if you are still alive and to your estate if not.

If you own the bond jointly, and you are both lives assured, we will pay it to the survivor, if it is payable on the first death, or to the survivor's estate, if it is payable on the second death.

If you own the bond jointly and only one of you is a life assured, we will pay it to the other person.

If you own the bond jointly and neither of you is a life assured, we will pay it to both of you.

If the bond is in trust, we pay the money to the trustees.

How do you charge for the life cover?

We make a charge each month. This is based on a number of factors, including your age, smoking habits and health and the current cash-in value of the bond. The charge will vary each month.

Is the amount of life cover guaranteed?

No. In practice, the amount of cover may last for a longer or shorter time than expected, if actual investment returns and future charges for providing life cover do not match the assumptions that are used in your illustration or for reviews of your bond.

We'll review your bond ten years after it starts, and every five years after that. After each review, we'll write to let you know whether the value of your bond is enough to continue meeting the charges for your chosen amount of life cover.

If it isn't, we'll show the additional single payment you would need to make to keep your cover at your chosen level until the next review. This is based on the assumptions we make, particularly on future investment returns and life cover charges.

If you don't want to make any additional payment, you'll have the following options:

- › Reduce the life cover to an amount that could be maintained until the next review, based on the value of your bond and the assumptions made.
- › Take no further action. If you take no further action, the life cover may end earlier than you wish. We'll show the amount of the cover and when we expect it to end, based on our assumptions, in the letter we send you.

Making a further payment or reducing your cover at one review does not guarantee that you will not have to take action at any subsequent review.

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**.

Can I increase the amount of life cover?

You can increase the life cover by topping up your bond, subject to our agreement. The minimum top-up payment is £5,000. We may need more information about the health of the people covered before we can increase the life cover.

If you choose to have life cover that is a percentage of the cash-in value of your bond, you cannot increase the percentage, although any additional payment into the bond may add to the eventual cash-in value, depending on investment performance.

Increases without further medical information

If you choose a fixed amount of life cover, you can increase the amount without giving us further medical information when the following events happen:

- marriage or civil partnership
- birth of a child
- adoption of a child

You need to request the increase in life cover within three months of any of these events happening and to supply us with the relevant marriage, civil partnership, birth or adoption certificate.

You also have the option to increase your life cover, without giving us further information about the health of the people covered, if certain income tax or inheritance tax liabilities increase.

If you choose to increase the amount of your life cover, the amount we take from your bond to pay for the cover will also increase.

There are limits to the amount of any increase. For more information, please speak to your Financial Adviser or refer to the Contract Conditions.

Can I reduce the amount of life cover?

You can reduce the amount of life cover at any time, subject to any minimum amount of cover that may apply.

You can also reduce the cover by cashing in individual policies. You can find more information about this in the Contract Conditions.

When will the life cover stop?

The life cover will stop if:

- you cash in your bond,
- the life cover is paid, or
- there isn't enough money in your bond to maintain the life cover.

How much do I pay into my bond to start with?

If you choose a fixed amount of life cover, you can either:

- tell us how much life cover you want, and we'll calculate the payment you need to make to start with that amount of cover, or
- tell us how much you want to invest, and we'll tell you how much life cover this will give you.

If you choose for the life cover to be a percentage of the cash-in value of your bond, your payment will be however much you want to invest, subject to the minimum.

In all cases, the minimum initial payment is £15,000.

As well as the size of your initial payment, the amount of your life cover will depend on several other things, including:

- the type of life cover you choose: whether it is for one or two people and whether it will be paid out after one has died or both have died,
- the age, smoking habits and health of the person or people covered,
- the expected investment performance, and
- whether you choose to take regular withdrawals.

You can make your initial payment in Sterling, Euro or US Dollars. We may accept other currencies on request.

Where can I invest my money?

You and your adviser choose which funds you would like to invest your money in, from our fund range. You can invest in up to ten funds at any one time. For more information about the funds you can choose from, please read our "Funds Guide: Your International Unit-linked Funds Guide".

If you're a UK resident, you might not be able to invest in deposit funds that are in currencies other than Sterling. For more information, please speak to your Financial Adviser.

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.

Can I switch money between funds?

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

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 "What are the charges?" on page 8.

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.

We can pay regular withdrawals at the following intervals:

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

The amount you can take as regular withdrawals depends on several things, including:

- the initial single payment you made,
- the investment performance,
- any additional one-off withdrawals you make, and
- the level of charges applied to the 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.

The money you take out of your bond will reduce its value and may reduce the amount of life cover. You can find more information about this in the Contract Conditions.

We will apply an Early Cash-in Charge if you fully or partially cash in your bond within five years of making any investment. We will also make an Early Cash-in Charge if, during those five years, you make withdrawals that exceed certain limits. These limits are explained in the Contract Conditions.

For more information on Early Cash-in Charges, please see "What are the charges?" on page 8.

We will pay any money you take from your bond into your chosen bank account.

If the bond is written in trust you may not be able to make a withdrawal for your own benefit. For more information on trusts, please speak to your Financial Adviser.

How much will I get if I cash in my bond?

The amount you will get will depend on:

- › how much you've invested,
- › how long you've invested for,
- › any withdrawals you've made,
- › how your investments have performed, and
- › the charges that have been taken from your investment.

You can find more information about how much you might get in your personal illustration, which is based on example growth rates and your chosen payment or amount of life cover.

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.

Below is a brief description for UK tax residents.

UK capital gains tax

You won't have to pay any capital gains tax.

UK income tax

If you're 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 allowance comes to an end once you have withdrawn 100% of the amount you 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 individual policies within it,
- › you transfer legal ownership of your bond for money or for something worth money, or
- › your bond ends because a life assured 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 "top-slicing" relief.

A gain on your bond may affect any entitlement to personal allowances and certain tax credits.

UK inheritance tax

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

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.

Tax rules for trusts

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. For more information, please speak to your Financial Adviser.

What are the charges?

We charge you for setting up, managing and administering your bond and providing the life cover.

Establishment Charge	For each payment you make into the bond, we will take an Establishment Charge for the first five years following the payment. In each case, this will be taken monthly, based on the value of the relevant payment at the time we take each charge. The percentage charge is shown on your personal illustration.										
Administration Fee	We take a monthly fee for administering your bond, which is currently (for 2012) £3.85.										
Fund charges	All of the funds have an Annual Management Charge and some have an additional expense. These are set out in "Funds Guide: Your International Unit-linked Funds Guide".										
Providing life cover	Your personal illustration will take into account the charge for providing life cover at the outset and assumed increases in the charge over time.										
Switch Charge	You can switch up to 20 times in any 12-month period without charge. After that, we will charge you. The charge is currently (for 2012) £15.45 for each switch.										
Early Cash-in Charge	<p>If you cash in your bond, or individual policies within it, within five years of making an investment we will deduct an Early Cash-in Charge as follows.</p> <table border="0"> <tr> <td>1st year</td> <td>9.00%</td> </tr> <tr> <td>2nd year</td> <td>9.00%</td> </tr> <tr> <td>3rd year</td> <td>6.75%</td> </tr> <tr> <td>4th year</td> <td>4.50%</td> </tr> <tr> <td>5th year</td> <td>2.25%</td> </tr> </table> <p>The same scale of charges applies to any top-up payments. In each case, the percentage is based on the current value of the relevant payment.</p> <p>We will also make an Early Cash-in Charge if you take a withdrawal above the limits referred to in "Can I withdraw money from my bond?" on page 7. In this case, the above percentages apply to the excess amount.</p>	1st year	9.00%	2nd year	9.00%	3rd year	6.75%	4th year	4.50%	5th year	2.25%
1st year	9.00%										
2nd year	9.00%										
3rd year	6.75%										
4th year	4.50%										
5th year	2.25%										

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.

Your personal illustration will show how charges affect your bond and also shows details of how much we will pay to your Financial Adviser.

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. 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 Flexible Protection Bond, we will accept cancellation within 30 days by either of the owners, whether they're acting alone or jointly.

If you cancel your Flexible Protection Bond or top-up, you may not get all your money back. We will refund the amount of your payment adjusted for any fall in the unit prices of the funds you've invested in. This means that if the unit prices have fallen, you may get back less than you invested.

› Other information

How to contact us

You can contact us by:

Telephone: + 353 1 476 5000

The opening hours are 9am to 5pm Monday to Friday. Calls may be monitored or recorded for quality and security purposes.

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

You'll also find more information at www.pru.co.uk/international

How we will communicate with you

We'll communicate with you in English by letter, by phone or by email.

Your client category and why it matters

We are required to categorise our clients based on their involvement in and familiarity with financial services. This helps to make sure we send the right information to the right people. For example, information for an individual customer should assume less knowledge than information for a financial services company.

You are categorised as a "retail client". This means that we make sure the information we give you is clear, balanced and indicates any relevant risks. Your category does not affect your right to lodge a complaint with the Financial Services Ombudsman Bureau.

If you have any questions about your client category, please call our Customer Services Department on **+353 1 476 5000**.

How to make a complaint

If you have a complaint about your Flexible Protection Bond, please contact your Financial Adviser first, as they may be able to resolve it quickly for you.

If we do anything that you're unhappy about, we'll always try to put it right.

Please send your complaint to:

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

If you'd rather phone, you can call us on **+353 1 476 5000**.

We hope that we will be able to handle your complaint in a way that satisfies you. But if we can't, you can speak to the independent Financial Services Ombudsman Bureau. You can contact the Service at:

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

Telephone: **+353 1 662 0899**

Making a complaint to the Financial Services Ombudsman Bureau will not affect your right to take legal action.

Conflict of interest

We want to make sure that we uphold our reputation for conducting business with integrity. That's why 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 Services Department on **+353 1 476 5000**.

Tax

The information in this booklet is based on our understanding as at January 2012 of current taxation, legislation and HM Revenue & Customs practice. All of these are liable to change without notice. The impact of taxation and any tax relief depends on individual circumstances.

Law

The law of England will apply to your Flexible Protection Bond. You can find full details of your contract with us in the Policy Documents, which include the Contract Conditions, Contract Schedule and the Statement of Charges.

Terms and conditions

This Key Features summarises our Flexible Protection Bond. It doesn't include all the definitions, exclusions, terms and conditions. You can find our full terms and conditions in the Contract Conditions. If you would like a copy of this, please phone us on **+353 1 476 5000**.

Compensation

Certain UK residents may be entitled to compensation from the Financial Services Compensation Scheme if Prudential International Assurance becomes insolvent. This depends on whether you are an eligible client, the type of business and the circumstances of the claim.

For more information, contact:

**The Financial Services
Compensation Scheme
7th floor, Lloyds Chambers
Portoken Street
London
E1 8BN**

Telephone: **0207 741 4100** or
Freephone: **0800 678 1100**

www.fscs.org.uk

It is important to note that the compensation scheme detailed above applies to the potential insolvency of Prudential International and not the underlying investments held within your bond. This scheme, therefore, does not protect you against losses from poor fund performance or the insolvency of a fund or its management company.

Regulator

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 Services Authority (FSA) for UK business. The address of the FSA is:

**The Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS**

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



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.