

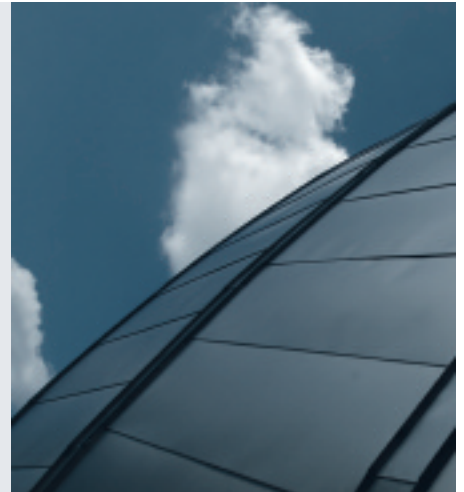
# A guide to the International Prudence Bond

Your questions answered

## ➤ Introducing International Prudence Bond

When it comes to choosing an investment, you want something that will suit your needs not just now, but into the future. Over time, your aims change: you may become more adventurous or more cautious or you may switch your objective from capital growth to wanting an income.

At all times, though, two essentials are the potential for good returns and to minimise any tax liability. International Prudence Bond is designed as a medium to long-term investment that meets these two objectives and has the flexibility for you to tailor it to your needs.



### What International Prudence Bond offers

- Wide choice of funds: from Prudential and selected leading fund managers, covering a range of risk levels
- Annual Growth Reward: a loyalty bonus from year one, creating extra value for growth investors
- Easy access to your money: regular and one-off withdrawals, to suit your needs\*
- Guarantee options: allowing you pick a term to suit your circumstances
- Cost-effective portfolio management: 20 free switches each year to help you manage your investments actively at lower cost
- Tax-efficiency: your investment grows largely free of tax (other than withholding tax)
- Choice of currencies: you can put money in and take it out in any of 10 currencies†

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

The above is based on our understanding, as at April 2011, of current UK taxation, legislation and UK 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.

\* Any withdrawal taken will reduce the value of your bond. If the withdrawals are more than any overall growth achieved the value of your bond will reduce below the level of original capital invested. One-off withdrawals may be subject to an Early Cash-in Charge and, for a PAC With-Profits Fund, a Market Value Reduction.

† Changes in the rates of exchange between currencies may cause the value of your investment or income to go down or up.

## › Your investment choices

International Prudence Bond offers you a variety of funds, from more cautious options to more adventurous ones. You can choose up to ten at a time, to suit your needs and preferences. Just as importantly, you can change your selection, to adapt to any changes in your circumstances or lifestyle.

### **Multi-asset funds**

At the core of your investment choices are a select range of the Prudential Group's "multi-asset" funds. These are funds that invest across a number of different asset types such as shares, property, fixed interest securities and cash.

### **PAC With-Profits Funds**

The PAC With-Profits Funds are a particular type of multi-asset fund that is designed to smooth out some of the volatility of investment markets. We add a regular bonus to your investment throughout each year and may also add a final bonus, although this can vary and is not guaranteed. Prudential has proven expertise in managing With-Profits investments, so you can be sure your investment is in good hands.

There are three funds available, denominated in Sterling, Euro and US Dollars, so you can choose which best suits your needs. You can find more information in "Your guide to investing in With-Profits", which you can get from your Financial Adviser.

### **The PruFund Range of Funds**

These are also designed to help smooth volatility, but work differently to the With-Profits Funds. In this case, your investment grows by an "Expected Growth Rate" which we review and announce each quarter. There is also a smoothing formula which takes account of short-term market movements.

This smoothing gives you a measure of cushioning against more extreme market movements, while the regular Expected Growth Rate announcements mean you know how your investment is expected to perform in future as well as how it has done so far.

Within the PruFund range there are two types of Protected Funds, Growth and Cautious, which offer a range of guarantee choices. These allow you to protect the value of your investment at a particular point in time, as well as choosing your preferred investment objective. There is an additional charge for the guarantee – the current options and charges are shown in "The PruFund Range of Funds: Guarantee options".

The PruFund Range of Funds are denominated in Sterling, Euro and US Dollars, so you can select the currency that best matches your circumstances. You can find more information in "Your guide to investing in the PruFund Range of Funds", which your Financial Adviser can give you.

### **The Dynamic Portfolios**

The multi-asset range includes five Dynamic Portfolios. Each of these is a "fund of funds", which means that it invests in a collection of funds that are themselves run by some of the foremost investment managers in the country.

The Dynamic Portfolios combine the expertise of Prudential's Portfolio Management Group, which has considerable experience of asset allocation, and Old Broad Street Research, a Morningstar company which is a leading investment fund researcher.

The portfolios are risk-graded, representing different profiles from defensive to adventurous. These can help you plan for particular investment objectives. Your Financial Adviser can give you more information.

### **Additional fund choices**

The Prudential multi-asset fund range is complemented by a number of other funds, from both Prudential and other leading fund managers who have been chosen for their expertise in particular investment sectors.

This means you can choose from a variety of investment styles, as well as different markets and risk profiles. You can find details of all the funds, along with their investment objectives and other detailed information, in "Your International Prudence Bond funds guide".

### **Managing your investments**

Over time, your needs and preferences may change and you may want to alter your fund choices to match. You can do this at any time, either through your Financial Adviser or by writing to us. To help you keep your portfolio up to date without incurring great expense, International Prudence Bond provides 20 free switches in any 12-month period.

There are some special rules that apply to switches in or out of the PAC With-Profits Funds and the PruFund Range of Funds. You can find more information on these in "Your guide to investing in With-Profits" and "Your guide to investing in the PruFund Range of Funds".

### **Currency choices**

The investment selection includes funds denominated in Sterling, Euro and US Dollars. This gives you an opportunity to match your investments to your circumstances. For example, it may help you to reduce or even possibly avoid exchange rate differences between your investments and the currency in which you eventually take your money out.



## › What else does it offer?

International Prudence Bond has additional features and options to help make your investment effective for you.

### **Annual Growth Reward**

If you are planning to leave your investment for potential growth, International Prudence Bond offers a special boost, the Annual Growth Reward. From the end of the first year onwards, we will add a bonus of 0.1% of the value of your bond in each year that you don't take any lump sum or regular withdrawals. Over the longer term, this could build up to be a significant benefit.

Eligibility for the Reward is decided on a year by year basis. So if you need to make a one-off withdrawal one year, it won't affect you qualifying for the Reward in other years where you don't take any money out.

### **Currency choices**

You can invest and take withdrawals in any of ten different currencies. This could be useful if you move to another country, either temporarily or permanently, as it may help to avoid exchange rate complications.

### **UK inheritance tax planning**

Prudential International has a range of trusts that can be used with International Prudence Bond for inheritance tax planning: Gift Trust, Loan Trust, Discounted Gift Trust and Excluded Property Trust.

Your Financial Adviser will be able to tell you more about these and whether they would suit your circumstances.

### **Capital redemption option**

Rather than writing the bond on a life assurance basis, where it would end on the death of the chosen life assured, you can choose the capital redemption option.

In this case, the bond has a fixed term of 99 years, although you can cash it in at any time. If it is continued for the full term, it will pay a guaranteed minimum amount at maturity.

The capital redemption option can be particularly attractive for trusts, allowing the trustees to choose when to cash it in or instead to keep it going through successive generations.

## › How can I access my money?

It's easy to access your money at any time, whether you want to make a one-off withdrawal or have regular payments. There may be a tax liability – please ask your Financial Adviser for more information.

### **Taking out lump sums**

You can take a lump sum out of your bond whenever you like, just as long as:

- › you take at least £75, €112.50 or US\$112.50, and
- › you leave at least £500, €750 or US\$750 invested in each fund.

There are some special conditions that apply to withdrawals from the PAC With-Profits Funds and the PruFund Range of Funds. You can find more information on these in "Your guide to investing in With-Profits" and "Your guide to investing in the PruFund Range of Funds".

### **Taking regular withdrawals**

At the outset, or at any time after that, you can choose to take regular withdrawals from your bond. This may be every month, three months, six months or twelve months.

The amount you take can be:

- › a fixed sum, subject to the minimum amounts shown above,
- › a percentage of your original investment, or
- › a percentage of the value of your bond.

There is a maximum amount you can take each year, which is either 5% of your total investment or 5% of the value of your bond at the time you start taking withdrawals, whichever is more. You must also leave at least £500, €750 or US\$750 invested in each fund.

As before, there are special rules for the PAC With-Profits Funds and the PruFund Range of Funds. Please refer to your Key Features document for more information.

### **Adding to your investment**

If you wish, you can add to your investment at any time, from a minimum of £15,000, €20,000 or US\$25,000. You can put this into the funds you already hold (with the exception of any PruFund Protected Fund) or a new selection, as long as you have no more than ten funds in total and subject to special terms for the PAC With-Profits Funds and the PruFund Range of Funds. Please refer to your key Features document for more information.

## › About Prudential International

Prudential International is part of the Prudential Group, which has over 25 million customers worldwide (as at 30 June 2010).

Prudential is one of the most recognised names in financial services. Prudential International benefits from the financial and investment strength of the Group, enabling us to provide flexible and effective products for our customers

### **Our home in Dublin**

Prudential International is based in Dublin, which provides tax advantages as well as a strict legal and regulatory environment.

We are 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 are authorised by the Financial Regulator.

For UK business, we are subject to limited regulation by the Financial Services Authority. Details on the extent of our regulation by the Financial Services Authority are available from us on request.

### **Capital redemption option**

Rather than writing the bond on a life assurance basis, where it would end on the death of the chosen life assured, you can choose the capital redemption option.

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### **Our service to you**

We take care of all the administration and other paperwork for your bond and we aim to maintain a high standard of service at all times, including:

- › making sure all our literature is clear and easy to understand;
- › carrying out your requests quickly and efficiently; and
- › responding promptly to any queries you may have.

So that you can keep track of your investment, we provide annual valuations, showing all your funds in one statement.

### **Contacting 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 change funds), call:

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

[www.prudential-international.com](http://www.prudential-international.com)

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.