

Key Features of the International Prudence Bond (Capital Redemption Option – top-up payments)

Only applicable for bonds taken out before 9 May 2011

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› About this booklet

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

› About the International Prudence Bond (Capital Redemption Option – top-up payments)

The International Prudence Bond (Capital Redemption Option) is an investment bond, with a fixed term of 99 years, that offers a range of unit-linked investment funds.

You can make top-up investments at any time. You can make regular and one-off withdrawals, and you can cash in your bond at any time.

The bond will pay a guaranteed maturity value at the end of the term of 99 years if it has not been cashed in before then.

Please note that the International Prudence Bond (Capital Redemption Option) is not available to UK incorporated companies.

› Its aim

- › The International Prudence Bond (Capital Redemption Option) 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 investment

- › You can top up your bond at any time with at least £15,000, €22,500 or US\$22,500.
- › The maximum term of the bond is 99 years. Subject to that, you can invest for as long as you like, although it is designed to be held over a medium to long-term period. If you decide to cash it in, wholly or partly, an Early Cash-in Charge will apply in the first five years following any investment into the bond.

› Risks

- › 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 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 8.
- › 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.
- › Fluctuations in exchange rates could affect the value of your investment or withdrawals.

› Questions and Answers

Where can I invest my money?

You and your 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 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 International Prudence Bond funds guide".

There are limits on how much you can invest across the PAC With-Profits Funds and the PruFund Range of Funds. This limit includes any top-up investments into these 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.

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 "What are the charges?" on page 7.

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

PAC With-Profits Funds

If you switch money out of PAC With-Profits 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 PAC With-Profits Funds.

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 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 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 "What are the charges?" on page 7.

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 on page 5,
- › 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:

- › 7.5% of the full value of your bond when you start taking regular withdrawals, or
- › 7.5% 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 Funds

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

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 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.

Your personal illustration shows how much you could get, based on example growth rates and your chosen investment.

If you don't cash in the bond before the maturity date (99 years from your original investment), we will pay out the greater of:

- › the bond value at the maturity date, and
- › the Guaranteed Maturity Value (GMV).

When the bond starts, the GMV is 101% of your initial investment. It will increase by 101% of any additional investments you make into your bond and, similarly, decrease by 101% of the value of units that are cancelled to provide any withdrawals you make.

We provide a guarantee that, as long as the bond is in force on the maturity date, the maturity benefit will not be less than £100, €150 or US \$150.

Annual Growth Reward

Starting at the end of year 6, an Annual Growth Reward of 0.2% of the value of your bond will be added each year that you make no withdrawals.

PAC With-Profits Funds

If you've invested in any of the PAC With-Profits 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 on the fifth anniversary of the bond, which 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.

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

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 initial investment 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 on maturity.

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.

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

UK inheritance tax

If you're a UK resident 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.

What are the charges?

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

Establishment Charge	For each top-up 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.										
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 Prudence Bond Funds Guide".										
Switch charge	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 2012) charge £15.45, €23.20 or US \$23.20 for each switch.										
Early Cash-in Charge	<p>If you cash in all or part of your bond within five years of making a top-up we will deduct an Early Cash-in Charge as follows.</p> <table style="margin-left: 20px;"> <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>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%										

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, based on example growth rates and your chosen investment, and also shows 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 top-up within 30 days of receiving your documents. These include a Cancellation Notice.

To cancel your 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 (Capital Redemption Option), 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 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.

› 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 will 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 Irish Financial Services Ombudsman Bureau.

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

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**.

How to make a complaint

If you have a complaint about your International Prudence 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.

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 International Prudence Bond. The details of the legally binding contract between you and Prudential International are contained in the Policy Documents, which include the Contract Conditions, Contract Schedule and Statement of Charges.

Terms and conditions

This Key Features summarises our International Prudence Bond (Capital Redemption Option). 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.