

Your guide to

# Prudential Onshore Portfolio Bond

Your questions answered





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We would like everyone to find it easy to deal with us. Please let us know if you need information about our plans and services in a different format.

All our literature is available in audio, large print or braille versions. If you'd like one of these please contact us using the details on the last page.

# An overview of your Prudential Onshore Portfolio Bond

## Risks

### What you need to be aware of

Investing money can be rewarding, but it's not without risk. We've highlighted the key risks you should consider before investing in this product.

- The value of your investment can go down as well as up so you might get back less than you put in.
- If you take more money from the bond than the amount your investment has grown by, the value of your investment will be less than you've put in.
- Each of the investment choices available for the Prudential Onshore Portfolio Bond has its own specific risks that will affect the value of your bond. Some also have features which mean there are restrictions on taking money out or moving money between investments. You should discuss these with your financial adviser.
- 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 some or all of your money. Where a request is made to fully cash in the bond and there is a delay in selling an asset, we will only pay the cash in value of the bond once the final asset has been sold. This approach is taken to prevent part payment in these circumstances being viewed as a partial cash in of the bond for tax purposes. You can find more information in the Contract Conditions, which you can get from your financial adviser.
- If the value of the bond assets falls below a minimum level we reserve the right to cancel the bond and pay you the value of the remaining investments less any charges. Further details can be found in the **Contract Conditions** and **Statement of Charges**.

The Prudential Onshore Portfolio Bond is an investment bond provided by Prudential International, which enables you to invest in a wide range of investments with the potential for growth. It allows you to take tax-efficient withdrawals, while providing an element of life cover.

The Prudential Onshore Portfolio Bond is a single premium whole of life, insurance product and is available through a number of investment wrap platforms. The platform is used by your financial adviser to manage your investments within the bond. Some platforms can allow you to view the values of your investments. Please speak to your financial adviser for more information about your chosen platform.

## The aims of your bond

### What this bond is designed to do

- Grow the value of your investment
- Allow you to withdraw your money tax efficiently
- Give access to a wide range of investments to match your investment objectives and attitude to risk
- Provide a small amount of death benefit.

## Your commitment

### What we ask you to do

- Your initial investment into the bond must be at least £15,000. The minimum top-up investment is £2,500
- You will look to invest over the medium to long term, at least 5-10 years
- Together with your financial adviser you need to choose investments to suit your needs and keep them under regular review.

We've based this information on our understanding of current law and HM Revenue and Customs practice. Your individual circumstances and future changes in law and tax practice could affect the amount you pay.

# What does the Prudential Onshore Portfolio Bond offer?

The Prudential Onshore Portfolio Bond offers the following:

**Tax-efficient withdrawals:** with tax-deferred annual withdrawals up to 5% of the amount you have invested in your bond without having an immediate tax liability. Please see page 5 for more details.

**Easy access to your money:** with regular and one-off withdrawals, to suit your needs. Any withdrawal taken will reduce the value of your bond. This includes any charges that have been arranged to be paid from the bond, whether these are ad hoc or regular adviser charges.

**Inheritance tax planning options:** with a wide range of trust options available from Prudential for use with the Prudential Onshore Portfolio Bond. Please see page 6 for more details.

**Multiple Lives Assured:** The bond can have up to 10 lives assured. The bond will end when the life assured dies, or in the case of a joint life bond, when the death of a life assured triggers the payment of the death benefit (depending on whether the first or last death basis was chosen at outset).

The death benefit will be paid out to the surviving owner(s), the estate of the deceased owner or, if the bond is under trust, to the remaining trustees, as appropriate. If the owner dies but they are not the life assured, the bond will not end and ownership of the bond will pass to the owner's estate, unless the bond was owned jointly or is under trust; in which case it will pass to the surviving owner(s) or to the remaining trustees, as appropriate. Please see page 6 for more details.

**Diversity and choice:** with an extensive choice of investment options with a range of asset classes such as Unit Trusts and Open Ended Investment Companies (OEIC Funds) available through your selected platform. Please see page 7 for more details.

**Ease of use:** integration with your chosen platform allowing your financial adviser to manage your bond alongside all of your other platform assets. Most platforms provide an instant summary of the combined value of your asset holdings invested and trading activity carried out by your financial adviser. Please see page 7 for more details.

# What are the benefits of using an investment platform?

Please speak to your financial adviser for more information about the assets available on your chosen platform.

An investment platform, also known as a Wrap Platform, is an administration service for your investments. Investing via a platform can help simplify the management of your investment portfolio. There are a number of investment platforms available in the UK offering access to a wide range of investment assets.

Platforms are used for investing for a number of reasons such as:

- Access to a wide range of assets.
- Online access to your bond's current valuation.
- The ability to switch funds quickly.
- The ability to rebalance portfolios back in line with your risk profile.
- More efficient switching between different types of investments – no tax implication to you as your investments are wrapped within the onshore bond.
- Ease of administration – with your investment details in one place, it is easier to see all of your investments managed through the platform.



# How can the Prudential Onshore Portfolio Bond help with your tax planning?

Onshore bonds are widely used by many clients working with financial advisers, you can use the Prudential Onshore Portfolio Bond to help make the most of the tax allowances available to you. You might need to pay tax depending on your circumstances and the options you choose. Tax rules can also change in the future.

## How your investment within the Prudential Onshore Portfolio Bond is taxed

### Tax within the bond

The investment return of assets held in the Prudential Onshore Portfolio Bond is subject to tax. The actual rate of tax applied to your bond will depend on:

- the assets you choose, and
- the nature of those assets.

The tax liability is calculated for each bond depending on the underlying investments held. The tax can be seen each month on your bond via your chosen platform. For more information please ask your financial adviser.

### Personal Tax

On an onshore bond there is no personal liability to:

- capital gains tax (assuming ownership of a bond is not transferred in return for money or money's worth), or
- basic rate income tax. For UK life assurance bonds, the investor is given a basic rate income tax credit of 20% as the life office has paid tax on the assets underlying the policy. This applies even though the overall tax on the underlying assets is often less than 20%.

## 5% yearly withdrawal allowance

One-off lump sum withdrawals can be made by partially cashing in all the policies in the bond, fully cashing in some of the bond policies or a combination of those two methods.

If you wish to partially cash in all the policies, then in each policy year you can withdraw up to 5% of the amount you have invested in your bond without having an immediate tax liability. If you don't use this 5% allowance in any one year it is carried forward to the next. The allowance will come to an end when you have withdrawn 100% of the amount you have invested.

Any ongoing and/or ad hoc adviser charges taken from your bond will also count against this 5% allowance. If withdrawals and any ongoing/ad hoc adviser charges exceed the allowance at any time you may have to pay income tax on the excess amount, known as a "gain".

## Cashing in

Alternatively you can cash in individual policies in the bond. If you cash in an individual policy, you may have to pay tax on the amount of investment gain made under that policy. Broadly, if the total value taken from a policy (including all previous withdrawals and adviser charges paid from it) is greater than the investment paid into the policy and any previous gains made under it, you may have to pay income tax on the excess amount.

## Reducing your tax liability

You may be able to reduce your liability if you cash in your bond and any of the gain from it falls into the higher rate income tax band.

The rules may vary from the above if you are taking withdrawals rather than cashing in. For more information please ask your financial adviser.

## Flexibility on cashing in your bond

The bond is set up as a group of identical policies. With each policy treated separately this provides greater flexibility from a tax planning perspective when it comes to cashing in your bond.

## Changing bond assets

Buying and selling assets within a bond has fewer tax considerations compared to switching funds or assets bought directly within a platform.

## Estate planning

Trusts are a key tool in estate planning. Bonds can be transferred to (and by) trustees without triggering an income tax (or capital gains tax) charge. The administration of a trust is also important. Using a bond as the investment vehicle may simplify administration and keep costs low.

If the value of your estate when you die is likely to be more than the nil rate band (£325,000 for 2023/24), the amount in excess of this band will be subject to inheritance tax. By placing your Prudential Onshore Portfolio Bond into a trust, you can help reduce any potential inheritance tax liability.

Prudential has a range of Trusts that can be used with the Prudential Onshore Portfolio Bond for inheritance tax planning:

- Gift Trust;
- Loan Trust;
- Discounted Gift Trust;
- Probate Trust.

You can also have up to 10 lives assured which means the investment can be passed on through several generations.

Please speak to your financial adviser about the options available to help you reduce any potential inheritance tax liabilities.

We've based the information in this section on our understanding of current law and HM Revenue and Customs practice. Your individual circumstances and future changes in law and tax practice could affect the amount you pay.

# Which investment options are available?

The Prudential Onshore Portfolio Bond lets you choose from an extensive range of assets available on platforms, from the more cautious to the adventurous, so that your financial adviser can tailor your investment to meet your needs and risk preferences.

One of the advantages of using a platform is the wide range of fund and asset choice available. As the Prudential Onshore Portfolio Bond is available on platforms, you can access a wide range of assets and continue to manage them on your chosen platform. Typically, these include assets such as:

- Unit Trusts;
- OEICs (Open Ended Investment Companies) Funds;
- SICAVs (Sociétés d'Investissement à Capital Variable)\*
- UCITS (Undertakings in Collective Investments in Transferable Securities).

For more information on the types of investments you can hold, please refer to 'Some terms explained' section.

Please speak to your financial adviser for more information about the assets available on your chosen platform.

\* SICAVs are European collective investments that are similar to OEICs. UCITS is a generic term for funds that meet certain regulatory requirements and can be sold in any European Union country.

## Are there any other ways to manage my investment portfolio?

Your financial adviser may, through your platform, offer access to a managed portfolio of assets (also known as a "model portfolio"). These managed portfolios may be managed by a Discretionary Fund Manager (DFM) who will, on an ongoing basis, choose the investments within the managed portfolio. This will allow you to access their investment expertise in a cost-effective manner.

Your financial adviser can give more information on your options and the charges that apply for this service.

# Important information about your Prudential Onshore Portfolio Bond

## Accessing your money

Should you want to take money out of your bond, either on a regular basis or as a one-off lump sum, it is easy to arrange. It may trigger a tax liability – please ask your financial adviser for more information.

Taking lump sums and regular withdrawals is only allowed if the bond value after the withdrawal meets our current minimum value limit of £1,000.

For more detailed information about the Prudential Onshore Portfolio Bond please see the “Key Features of the Prudential Onshore Portfolio Bond” available from your financial adviser.

A withdrawal of any type (one-off lump sum or regular) must be at least the current minimum of £100.

## Taking out lump sums

You can cash in part of your bond at any time however some investments available on the platform may have a minimum term and may incur a penalty if sold before then.

## Taking regular withdrawals

You can choose to have regular payments from your bond every month, two months, three months, four months, six months or every year. We can set this up for you when you first take out your bond or at any time after that.

Equally, you can stop regular withdrawals at any time or vary the amount, to meet any changes in your circumstances.

Regular withdrawals in any 12-month period cannot exceed 10% of the total premiums invested in the bond. This limit applies at the start of each instruction and when a change is made to an existing instruction.

## Residual Income Payments

There may be residual income paid to your bond after it has been surrendered. 12 weeks after your bond has been surrendered, we will capture any additional income paid and pass that onto you in a further payment net of any outstanding bond and adviser charges.

## Adding to your investment

You can add to your investment at any time, from a minimum payment of £2,500.

## Paying your financial adviser through your Prudential Onshore Portfolio Bond

You and your financial adviser will agree the charge for giving you financial advice. There are three types of adviser charges:

- Set-up Adviser Charge
- Ongoing Adviser Charge
- Adhoc Adviser Charge.

If you wish, you can ask us to pay some or all of these charges on your behalf from the payment you send us and/or from your bond.

If we pay any adviser charges from your bond on your behalf and you are also taking regular withdrawals or one-off withdrawals by partially cashing in all the policies in your bond, these will be added together and counted against the tax-deferred allowance.

For more information on adviser charges, please see the “Key Features of the Prudential Onshore Portfolio Bond” available from your Adviser.

As explained on the next page in the section “Charges”, we deduct a charge from the bond to cover the fees we pay to a Discretionary Fund Manager (DFM), if one is appointed for a bond. This means a DFM’s fees will not count towards the 5% tax-deferred allowance.

Please refer to Page 7 for details on DFMs in the section “Are there any other ways to manage my investment portfolio?”.

## What about tax?

### Income Tax

You may have to pay Income Tax on any withdrawals you make from your bond. Each policy year you can withdraw up to 5% of the amount you have invested in your bond without having an immediate tax bill. You may do this by taking regular withdrawals and/or one-off withdrawals by partially cashing in all the policies in your bond. If you don't use all of this 5% allowance in any policy 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 in any policy year, you may have to pay Income Tax on the excess amount.

The 5% allowance also applies to any additional investment you make, starting in the policy year it's invested in the bond. Any Ongoing Adviser Charges, Ad hoc Adviser Charges, regular withdrawals and one-off withdrawals you ask us to pay by partially cashing in all the policies in your bond, will be counted against the 5% allowance. You may also have to pay Income Tax if:

- you cash in your bond or any policies in it,
- you transfer legal ownership of your bond, or
- your bond ends on the death of a life assured and the death benefit is payable, or
- your bond ends because it matures.

A gain on your bond will be added to your total taxable income for that tax year and you will normally pay tax on the gain at your highest marginal rate, although in some cases you may be able to claim "top-slicing relief". Your Financial Adviser will be able to give you more information about this. Gains from your bond may affect any entitlement to personal Income Tax allowances or certain tax credits.

If you have been non-resident in the UK for tax purposes during the period you have owned the policy, you may be entitled to a reduction in tax payable for any taxable gains made during your non-residency (time apportioned reduction). Further details can be found in the HM Revenue & Customs helpsheet HS321 "Gains on foreign life insurance policies".

### Capital Gains Tax

You won't have to pay this on your plan.

### Inheritance Tax

If you still have this plan when you die, your estate might need to pay Inheritance Tax. Special tax considerations apply to plans written under trust. Your adviser can give you more information about this.

### 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 contact your Financial Adviser.

### Tax rules for corporate investors

UK Corporate investors cannot benefit from the 5% annual tax-deferred allowance. For more information, please contact your Financial Adviser.

Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances.

Before you make a decision you might want to speak to a financial adviser. They can help you understand the tax rules and how they might affect you.

For more information visit [www.pru.co.uk/tax](http://www.pru.co.uk/tax) or the HMRC website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

# Charges

We charge you for looking after your plan. These charges are already taken into account when we work out its value.

Your personal illustration shows how the charges and costs will affect your bond based on the amount you invest and example growth rates. It will also show any Adviser Charges you have asked us to pay on your behalf.

The charges and costs described below could change in the future. If this happens, we will let you know.

## Bond charges

We make an Ongoing Product Charge for administering your bond, taken as a percentage of the value of the assets you hold within the bond. In addition we charge for:

**Platform charges** – these charges reflect our costs in obtaining services from the Platform. The level of the charges will be as set out in the **Platform Terms and Conditions**. In the **Contract Conditions**, this is referred to as the ‘administration and operation charge’.

**Expenses** – Where expenses such as dealing costs, taxes, duties, levies or charges are incurred, an amount is deducted every month to cover them. This includes a deduction to cover tax we pay to HM Revenue & Customs on the growth and income of assets held within your bond. It is calculated monthly and when assets are sold, based on the value of assets held in the bond and it is applied monthly.

**Discretionary Fund Manager (DFM) charges** – If you’ve appointed a Discretionary Fund Manager, we’ll deduct an amount from your bond to cover their fees we pay.

## Asset charges and costs

The majority of investments available have an Annual Management Charge. In addition, there may be further costs incurred, which can vary over time. Where these are applicable they are paid for by the relevant fund and will impact on its overall performance. For more information, please look at the current **Statement of Charges** for this product, which you can get from your financial adviser. There may also be an ‘Initial Charge’ – this applies to an asset held as units or shares where the asset has different buying and selling prices.

Your financial adviser can give you more information on the charges associated with this bond.

Please note: We review our bond and asset charges every year and they might change in the future. If you’d like more information on these please have a look at the **Statement of Charges** and the **Contract Conditions**, which you can get from your financial adviser.

# How will I know how my bond is doing?

## Will I receive Annual Statements?

Yes. We will send you a statement of your asset holdings each year. Also as your Prudential Onshore portfolio Bond is invested via a platform, your financial adviser will be able to access up to date valuations. Please speak to your financial adviser for more information on accessing valuations.

## You can rely on us to help after your Plan is set up

Our highly trained and experienced team of customer service professionals strive to deliver excellent customer service and support to our customers.

## Where to find more information

For more detailed information about the Prudential Onshore Portfolio Bond please see the "Key Features of the Prudential Onshore Portfolio Bond" available from your financial adviser.



# To contact us

If you want to contact us before you invest, you can contact us in the following ways:

Write to us: **Prudential International Assurance, PO Box 13395, Chelmsford, CM99 2GH**

Phone: **0800 000 000**

Monday to Friday 8:30am to 6.00pm (we're not open on public holidays). We might record your call to make sure our service is up to standard.

If you're a deaf customer, who is also a British Sign Language (BSL) user, you can contact us using a Video Relay service. The service, provided by SignVideo, connects customers to fully qualified, registered NRCPD interpreters who will relay your conversation with a member of our customer service team.

**[www.pru.co.uk/contact-us/signvideo](http://www.pru.co.uk/contact-us/signvideo)**

There's no cost for using this service to call Prudential International and we're available to help you Monday to Friday, 8am to 6pm.

You'll also find more information at **[www.pru.co.uk/international](http://www.pru.co.uk/international)**

## Keep in touch

It's important that we keep in touch so, if you change your address or any of your contact details, please let us know.

## Some terms explained

**Prudential Onshore Portfolio Bond** – a single premium whole of life, insurance product and is available through a number of investment wrap platforms.

**Life – assured option** – For individuals: one or two applicants, minimum age of 18. Also available for trustees and Corporate investors. Up to 10 lives assured, on a last death basis. The life assured must be aged between three months and 89 attained. For joint lives, at least one life must be aged under 90.

**Capital redemption option** – Available to individuals and Corporate investors. CRO bonds mature on the 99th anniversary of the original investment date. If a bond is still in force at maturity, there is a guaranteed minimum maturity value.

**Chargeable event** – A chargeable event arises on partial withdrawals across a bond which exceed the 5% per annum allowance.

They can also occur:

On the death of the relevant life assured: and

On maturity or cash-in of a policy

**Discretionary Asset Manager** – Manage part or all of your Prudential Onshore Portfolio Bond. Will provide investment management tailored to your personal needs and will monitor your portfolio to ensure it stays in line with your changing requirements.

**Inheritance tax planning (IHT)** – Prudential International has a range of trusts that can be used with the Prudential Onshore Portfolio Bond.

**POPB for IHT planning** – Gift Trust, Loan Trust, Discounted Gift Trust and Excluded Property Trust.

**Investment Wrap Platform** – A wrap platform gives clients access to thousands of funds, multiple asset classes and the ability to add specific funds or investments on request.

**Tax efficiency** – Your investment grows largely free of tax (other than withholding tax).

**Withholding Tax** – a tax deducted at source, levied on interest or dividends paid to a person resident outside that country.

**Unit trusts** – A unit trust is a form of collective investment constituted under a trust deed. A unit trust pools investors' money into a single fund, which is managed by a fund manager.

**OEICs (Open Ended Investment Companies)** – OEICs are professionally managed collective investment schemes that pool your money with other investors.

**SICAVs (Sociétés d'Investissement à Capital Variable)** – A SICAV is an open-ended collective investment fund, much like a unit trust or OEIC.

**UCITS (Undertakings in Collective Investments in Transferable Securities)** – UCITS are investment funds, regulated at a European Union (EU) level. In creating a set of common rules and regulations it allows such funds to a) seek a single authorisation in one EU member state, and b) register for sale and market across EU member states.

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

Prudential International is a marketing name of Prudential International Assurance plc. Prudential International Assurance plc, UK Branch is registered in the UK as a branch of Prudential International Assurance plc and its registered address is 3 Sheldon Square, Paddington, London W2 6PR. Registration No. BR017106. Prudential International Assurance plc is authorised and regulated by the Central Bank of Ireland, deemed authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Prudential International is part of the same corporate group as The Prudential Assurance Company Limited. Both The Prudential Assurance Company Limited and Prudential International are direct and indirect subsidiaries respectively of M&G plc, a company incorporated in the United Kingdom. The Prudential Assurance Company Limited is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom.