

Prudential Onshore Portfolio Bond – Off Wrap Contract (OWC)

Fast Facts

1. Adviser Charging

The Prudential Onshore Portfolio Bond facilitates three types of Adviser Charging:

- Set-up Adviser Charge.
- Ongoing Adviser Charge.
- Ad hoc Adviser Charge.

2. Set-up Adviser Charge

Set-up Adviser Charges (if selected) are deducted from the initial payment before the balance is invested in the Bond.

The maximum adviser charge that can be 5% of the initial investment. The aggregate of all Set-up Adviser Charges and ad hoc Adviser Charges cannot exceed £30,000 in any 12 month period.

The initial payment less Set-up Adviser Charges will then be the Bond premium used to purchase Assets.

The Set-up Adviser Charge will only be paid once the Bond is issued. Any Set-up Adviser Charge paid on an initial payment does not automatically apply to a Top-Up.

3. Ongoing Adviser Charges

Any Ongoing Adviser Charge taken from the Bond will be treated as a withdrawal from the Bond and will also be treated as such from a chargeable event perspective. Only one type of Ongoing Adviser Charge can be selected at a time, with a maximum of 1% of fund value.

4. Ad hoc Adviser Charge

Any ad hoc Adviser Charge taken from the Bond will be treated as a one off withdrawal from the Bond and will also be treated as such from a chargeable event perspective. Any level of ad hoc Adviser Charge can be selected, subject to the maximum level of 2% of the fund value in a 12 month period.

Charges

Bond Charges

Ongoing Product Charge – an Ongoing Product Charge of 0.50% each year, taken as a percentage of the asset account value.

Discretionary Fund Manager Charge – applies where a Discretionary Fund Manager (DFM) is appointed by Prudential International, UK Branch, as selected by the policyholder(s). The charge will be deducted from the Bond to cover the fees paid by Prudential International, UK Branch to the DFM.

Dealing Charges – we may apply a Dealing Charge where we link or cancel Instruments to or from the Bond. We may also apply Dealing Charges where changes are made to a Model Portfolio linked to the Bond. These charges may be deducted from the value of the Instruments that are being linked to or cancelled from the Bond.

Expenses – where expenses are incurred, an amount is deducted every month to cover the expenses of Prudential International, UK branch, such as taxes, duties, levies or charges relating to the Assets linked to a Bond. This amount is calculated monthly.

Instrument charges

Ongoing Charges – for an Asset held in the form of units or shares, this relates to ongoing charges deducted by the investment management organisation of that Asset. Please note that the term used to refer to this charge may be different in the policyholders(s) Personal Illustration (for example it may be referred to as the “Annual Management Charge”).

Initial Charge – this charge applies to an Asset held in the form of units or shares where the Asset has different buying and selling prices.

6. Minimum Payment

£15,000 on new business (before any Set-up Adviser Charges are subtracted).

7. Minimum Additional Payment

£2,500 on additional payments (before any Set-up Adviser Charges are subtracted).

8. Minimum Investment into each fund

This will depend on the terms agreed with the fund manager.

Your clients investment can go down as well as up and they may get back less than they invested.

9. Segmentation

The Bond is set up as a group of identical policies. The maximum number of policies is 1,200 with a minimum value of £500 per policy at outset. If your client does not select a number of policies we will take the value of the premium divided by £500 (rounded down) as the number of policies in the Bond.

10. Eligibility

- Any owner must be at least 18 attained.
- The maximum number of owners is 10.
- The maximum age for ownership for life assured business is under age 90.
- Must be a UK resident.

11. Life Assured

- There must be at least one life assured.
- In cases where there is more than one life assured, the Bond may be set up on either a joint life first death or a joint life last death basis.
- The minimum age at entry for any life assured is 3 months.
- The maximum life assured age at entry for single life and joint life first death cases is under age 90. Where the case is established on a joint life last death basis at least one life assured must be under age 90 when the Bond is taken out.
- Insurable Interest must exist between the policyholder(s) and the lives assured.

12. Asset Choice

Prudential Onshore Portfolio Bond may access*:

- Unit Trusts.
- OEIC Funds.
- SICAVs (Sociétés d'Investissement à Capital Variable)*.
- UCITS (Undertakings in Collective Investments in Transferable Securities).

* 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.

- Any Investment into the Bond will be allocated to the Cash Account (see Section 16 overleaf) where the adviser or Discretionary Fund Manager can reallocate to purchase the chosen Assets.

* subject to standard due diligence on the suitability of the fund.

13. Discretionary Fund Manager (DFM)

- A DFM is appointed by Prudential International, UK Branch, as selected by the policyholder(s).
- Any DFM fees incurred by Prudential International, UK Branch in relation to a Bond are deducted as part of the Bond charges and so will not count towards the 5% tax deferred allowance.

14. Minimum Value

If the total value of Assets held under a Bond, less any negative balance in the cash account (see Section 16 overleaf), falls below the Minimum Value limit in force at that time, currently £1,000, the policyholder will be asked to make an additional investment into the Bond. If the additional investment is not made within one calendar month, Prudential International, UK Branch, reserves the right to cancel the Bond and pay out the cash in value (after deducting any relevant outstanding Bond charges, negative balance and adviser charges). This level of this limit may change each year.

15. Withdrawals

Regular withdrawals, of a specified amount or as a percentage of the premium, are taken from the cash account and can be made every:

- month;
- 2 months;
- 3 months;
- 4 months;
- 6 months; or
- 12 months.

A one-off withdrawal can be requested as a specific amount and is taken from the cash account.

Withdrawals can be up to 5% of the invested amount without having an immediate tax bill. Please note that the adviser charge will count towards the clients 5% tax deferred allowance.

Any withdrawal will only be allowed if the value of the Bond after the withdrawal would at least equal the minimum value mentioned in section 14. The minimum amount for any type of withdrawal is £100. However this rule does not apply when fully cashing in some of the Bond policies.

When regular withdrawals start or change, the amount requested during any 12 month period cannot exceed 10% of the investment including additional investments.

16. The Cash Account

This is where any cash balances are held in the Bond. The Cash Account is used to buy assets for the Bond, receive cash distributed from assets and meet any Bond charges (See Section 5), any regular or one-off withdrawals and any adviser charges.

Your client can decide to allocate as much or as little of the Investment to the Cash Account as they choose subject to the minimums listed below:

Your client must hold a minimum cash balance in the Cash Account of 2% of the value of all Assets linked to the Bond, subject to a minimum of £100 and a maximum of £2,000.

On the last working day of each month we will review the amount of cash in the Cash Account. If, at this time, the balance held in the Cash Account is below 1% of the value of the assets linked to the Bond (except where the balance is £2,000 or greater), we will cancel sufficient Instruments from the Bond to restore the minimum cash balance.

In addition if the Cash Account value is less than the total of the above listed deductions due at any time, the Cash Account will have a 'negative balance' equal to the amount by which the deductions exceed the Cash Account value.

If the Cash Account value falls into a negative balance, we will be entitled to cancel Instruments from the Bond and credit the equivalent value in cash to the Cash Account.

The value of the Instruments that we will cancel will be equal to the total of:

- the outstanding negative balance; and
- up to 2% of the asset account value (the gross value of assets in the Bond before deduction of charges and less any negative balance); and
- the next three months of expected regular withdrawals, based on the current instruction, where applicable.

17. Trusts

The following Prudential trusts will be available under the Prudential Onshore Portfolio Bond:

- Discounted Gift Trust (available on both a Discretionary and an Absolute basis).
- Loan (available on both a Discretionary and an Absolute basis). Probate Trust (available on a Discretionary basis).
- Gift (available on both a Discretionary and an Absolute basis). Existing Trusts can also be used with the contract.