

Adviser guide to commission

Prudential International products

Single payment bonds

Not for use in the United Kingdom or for Jersey tax resident retail clients.

International Prudence Bond

The standard level of initial commission is 6% of the payment, with no renewal commission.

Initial commission can be given up in favour of renewal commission, for example, 0.1% renewal commission can be taken in place of 0.60% initial commission. Possible combinations, based on standard initial commission terms, are shown in the table opposite. In all cases, no renewal commission is payable in year 1. Payment of renewal commission will start in year 2 and is payable quarterly in arrears with the first payment 15 months after the start of the bond based on the value of the bond, and at each quarterly anniversary thereafter

Portfolio Account available for top-up investments only

Our Portfolio Account allows you to shape the charging structure to suit your clients' needs. The standard rate of initial commission is 6%. The four charging options are listed in the tables that follow.

Establishment Charge Option

The table below shows what the Establishment Charge would be for different levels of initial commission give-up across different premium tiers. It assumes that initial commission is not given up to enhance allocation rates.

For each 1% initial commission taken, an establishment charge of 0.25% is taken as a percentage of the initial investment. This charge is taken over five years.

Initial commission	6%	5%	4%	3%	2%	1%	0%
£50,000 – £99,999 investment	2.10	1.85	1.60	1.35	1.10	0.85	0.60
£100,000 – £299,999 investment	2.00	1.75	1.50	1.25	1.00	0.75	0.50
£300,000 plus investment	1.80	1.55	1.30	1.05	0.80	0.55	0.30

Initial Charge Option

The initial allocation rate depends on the initial investment and initial commission selected. The table shows how much the allocation rate of 100% will reduce by. Initial commission give-up will increase the allocation rate.

Initial commission	6%	5%	4%	3%	2%	1%	0%
£50,000 – £99,999 investment	8.50	7.50	6.50	5.50	4.50	3.50	2.50
£100,000 – £299,999 investment	7.75	6.75	5.75	4.75	3.75	2.75	1.75
£300,000 plus investment	7.00	6.00	5.00	4.00	3.00	2.00	1.00

Renewal commission may be taken. This will lead to an additional ongoing fund based charge which will be the same as the renewal commission rate.

Initial commission %	Renewal commission %
6.00	0.00
5.70	0.05
5.40	0.10
5.10	0.15
4.80	0.20
4.50	0.25
4.20	0.30
3.90	0.35
3.60	0.40
3.30	0.45
3.00	0.50

Initial commission can be rebated in tranches of 0.25% to increase the allocation rate. This will be on a 1:1 basis, ie for every 0.25% commission given up the allocation rate will be increased by 0.25%.

Ongoing Charge Option – Establishment version

A plan with 0% initial commission will have an Establishment Charge of 0.00. The Establishment Charge does not depend on the size of the premium. This charge is taken over five years.

Initial commission	6%	5%	4%	3%	2%	1%	0%
Establishment charge	1.38	1.15	0.92	0.69	0.46	0.23	0.00

An ongoing fee applies throughout the term of the policy which does depend on the premium size. This is unaffected by initial commission levels.

Ongoing Charge Option – Initial version

A plan with 0% initial commission will have an initial charge of 0.00. The initial charge does not depend on the size of the premium. The table below shows how much the allocation rate of 100% will reduce by.

Initial commission	6%	5%	4%	3%	2%	1%	0%
% allocation is reduced by	6.00	5.00	4.00	3.00	2.00	1.00	0.00

Portfolio Bond (non-cash structures) available for top-up investments only

The standard rates of commission payment are:

- Initial – 5% of the payment.
- NO renewal commission.

Commission rate	5%	4%	3%	2%	1%	0%
Establishment Charge, years 1 to 5, % of premium	1.80	1.50	1.20	0.90	0.60	0.30
Early Cash-In Charge (%) year 1	8.00	7.50	6.00	4.50	3.00	1.50
Early Cash-In Charge (%) year 2	7.20	6.00	4.80	3.60	2.40	1.20
Early Cash-In Charge (%) year 3	5.40	4.50	3.60	2.70	1.80	0.90
Early Cash-In Charge (%) year 4	3.60	3.00	2.40	1.80	1.20	0.60
Early Cash-In Charge (%) year 5	1.80	1.50	1.20	0.90	0.60	0.30

The standard commission rate is 5%. Initial commission can be given up to increase the allocation rate (however, not at the same time as giving up commission to reduce charges).

Where the option to add renewal commission is taken, a renewal charge is made (based on the fund value). The renewal charge will equal the level of renewal commission and starts from the first bond valuation date after the start date.

Single payment bonds – continued

Portfolio Bond (cash structure) available for top-up investments only

Standard commission: A renewal commission rate of 0.25% per annum of the value of the bond fund. Renewal commission can be given up to reduce fund based charges. This would reduce the fund based charge by 0.01% for each 0.01% renewal commission given up.

Alternatively, renewal commission can be given up to purchase initial commission but then the bond would be subject to an Early Cash-In Charge. The following table gives the range of initial commission available and the associated Cash-In Charges.

Renewal commission give up	Permitted levels of initial commission (% premium)	Renewal commission taken	Early Cash-In Charge (% of premium)				
			Year 1	Year 2	Year 3	Year 4	Year 5
0.00%	0.00%	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%
0.05%	0.25%	0.20%	0.25%	0.20%	0.15%	0.10%	0.05%
0.05%	0.20%	0.20%	0.20%	0.15%	0.10%	0.05%	0.00%
0.05%	0.15%	0.20%	0.15%	0.10%	0.05%	0.00%	0.00%
0.05%	0.10%	0.20%	0.10%	0.05%	0.00%	0.00%	0.00%
0.10%	0.50%	0.15%	0.50%	0.40%	0.30%	0.20%	0.10%
0.10%	0.40%	0.15%	0.40%	0.30%	0.20%	0.10%	0.00%
0.10%	0.30%	0.15%	0.30%	0.20%	0.10%	0.00%	0.00%
0.10%	0.20%	0.15%	0.20%	0.10%	0.00%	0.00%	0.00%
0.15%	0.75%	0.10%	0.75%	0.60%	0.45%	0.30%	0.15%
0.15%	0.60%	0.10%	0.60%	0.45%	0.30%	0.15%	0.00%
0.15%	0.45%	0.10%	0.45%	0.30%	0.15%	0.00%	0.00%
0.15%	0.30%	0.10%	0.30%	0.15%	0.00%	0.00%	0.00%
0.20%	1.00%	0.05%	1.00%	0.80%	0.60%	0.40%	0.20%
0.20%	0.80%	0.05%	0.80%	0.60%	0.40%	0.20%	0.00%
0.20%	0.60%	0.05%	0.60%	0.40%	0.20%	0.00%	0.00%
0.20%	0.40%	0.05%	0.40%	0.20%	0.00%	0.00%	0.00%
0.25%	1.25%	0.00%	1.25%	1.00%	0.75%	0.50%	0.25%
0.25%	1.00%	0.00%	1.00%	0.75%	0.50%	0.25%	0.00%
0.25%	0.75%	0.00%	0.75%	0.50%	0.25%	0.00%	0.00%
0.25%	0.50%	0.00%	0.50%	0.25%	0.00%	0.00%	0.00%

Regular Payment Protection Plan

No commission will be paid on new premiums.

Flexible Life Plan

Initial commission (non-indemnity) Initial commission is a fixed rate of each payment paid during the initial commission period. That period depends on the type and “effective premium term” of the policy, as shown in the following tables. References in these tables to “per year” include parts of a year. Where necessary, the initial commission period is rounded to the nearest month. An exact 0.5 of a month is rounded up.

For the Flexible Life Plan the following terms apply:

Effective Payment Term (EPT)

Payment term or (85-x) years, whichever is less. (“x” is the age next birthday at entry, the older life for first death policies, or the younger life for second death policies). Where x is more than 80, it is taken as 80.

Initial commission period

1.6 months per year for the first 15 years, 1.4 months per year for the next 10 years, 0.5 months per year thereafter. Maximum 48 months (45-year EPT).

Initial commission rate (subject to enhancement where applicable)

25%.

Initial commission (indemnity)

Initial indemnity commission is calculated by discounting the initial non-indemnity commission, which would have been payable during the initial commission period at a rate equivalent to 0.75% per month compound interest. Please refer to the table overleaf.

Lautro commission – regular payment whole of life products

The figures below represent standard Lautro commission scales. Where enhancements to the Lautro scales are granted, the appropriate factor should be applied to these percentages. The calculation of the figures for indemnity commission incorporates a monthly discount rate of 0.75%.

Initial commission payable, expressed as a percentage of the annualised payment.

Enhanced benefits apply if no commission is taken. Details are available on request.

Age at next birthday	Monthly payments				Annual payments			
	EPT*	Earnings period (months)	Total non-indemnity	Indemnity	EPT*	Earnings period (months)	Total non-indemnity	Indemnity
40 or less	45	48	100.00	84.35	46	48	100.00	87.86
41	44	48	100.00	84.35	45	48	100.00	87.86
42	43	47	97.92	82.88	44	48	100.00	87.86
43	42	47	97.92	82.88	43	47	97.92	86.26
44	41	46	95.83	81.40	42	47	97.92	86.26
45	40	46	95.83	81.40	41	46	95.83	84.67
46	39	45	93.75	79.91	40	46	95.83	84.67
47	38	45	93.75	79.91	39	45	93.75	83.08
48	37	44	91.67	78.41	38	45	93.75	83.08
49	36	44	91.67	78.41	37	44	91.67	81.49
50	35	43	89.58	76.90	36	44	91.67	81.49
51	34	43	89.58	76.90	35	43	89.58	79.90
52	33	42	87.50	75.38	34	43	89.58	79.90
53	32	42	87.50	75.38	33	42	87.50	78.30
54	31	41	85.42	73.85	32	42	87.50	78.30
55	30	41	85.42	73.85	31	41	85.42	76.71
56	29	40	83.33	72.30	30	41	85.42	76.71
57	28	40	83.33	72.30	29	40	83.33	75.12
58	27	39	81.25	70.75	28	40	83.33	75.12
59	26	39	81.25	70.75	27	39	81.25	73.53
60	25	38	79.17	69.18	26	39	81.25	73.53
61	24	37	77.08	67.60	25	38	79.17	71.94

62	23	35	72.92	64.40	24	37	77.08	70.34
63	22	34	70.83	62.79	23	35	72.92	67.01
64	21	32	66.67	59.52	22	34	70.83	65.27
65	20	31	64.58	57.86	21	32	66.67	61.79
66	19	30	62.50	56.20	20	31	64.58	60.05
67	18	28	58.33	52.83	19	30	62.50	58.30
68	17	27	56.25	51.13	18	28	58.33	54.82
69	16	25	52.08	47.69	17	27	56.25	53.08
70	15	24	50.00	45.94	16	25	52.08	49.60
71	14	22	45.83	42.42	15	24	50.00	47.86
72	13	21	43.75	40.64	14	22	45.83	44.05
73	12	19	39.58	37.04	13	21	43.75	42.14
74	11	18	37.50	35.22	12	19	39.58	38.33
75	10	16	33.33	31.54	11	18	37.50	36.43
76	9	14	29.17	27.80	10	16	33.33	32.62
77	8	13	27.08	25.91	9	14	29.17	28.81
78	7	11	22.92	22.08	8	13	27.08	26.90
79	6	10	20.83	20.15	7	11	22.92	22.92
80	5	8	16.67	16.24	6	10	20.83	20.83
81					5	8	16.67	16.67

* EPT = Effective Payment Term (years).

Charges and costs may vary in the future. Full written terms and conditions of all products mentioned are available on request from Prudential International.

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