



Key Features of the International Prudence Bond (Spain)

Please read this document along with your personal illustration (if you have one) before you decide to buy this plan. It's important you understand how International Prudence Bond (Spain) works, the benefits and associated risks.

Welcome

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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 would like one of these please contact us using the details on the last page.

This Key Features booklet is our equivalent of what is commonly known in Spain as an "Informative Note" and it provides a summary of the key features of the International Prudence Bond. Prudential International provides you with this information to help you to decide whether our International Prudence Bond is right for you. You should read this document carefully so that you understand what you are buying, then keep it safe for future reference.

About the International Prudence Bond (Spain)

The International Prudence Bond is a unit-linked whole of life assurance contract that offers a range of investment funds. It is underwritten by Prudential International Assurance plc, a life assurance company operating in Ireland under registration number 209956 with its registered office at Montague House, Adelaide Road, Dublin 2, Ireland.

You start your bond with a single investment. You can also make additional investments. These are called top-ups. You can make regular and one-off withdrawals, and you can cash in your bond at any time.

Important Information

Access to the Prudential PAC Sterling, PAC Euro and PAC US Dollar With-Profits Funds is no longer available to new customers investing in International Prudence Bond (IPB) on or after 11/09/2017.

However, if you are an existing customer pre 11/09/2017, you will still be able to top up or switch into the Prudential With-Profits PAC Sterling, PAC Euro and PAC US Dollar Funds.

It is important to note we are not closing the Prudential With-Profits Fund. The underlying fund and ongoing management of the fund will remain the same and access will continue to be available to the With-Profits Fund through the PruFund range of funds.

If you are in any doubt about this product please speak to your Financial Adviser.

Reference to With-Profits within this document is only applicable to policyholders pre 11/09/17.

Its aims

What this plan is designed to do

The International Prudence Bond allows access to a range of unit-linked investment funds with the aim to give you potential capital growth increasing the value of the money you invest over the medium to long term. It also offers option of taking regular or one off withdrawals.

Your investment

What we ask you to do

You need to make a single investment of at least €25,000, £20,000 or US\$35,000 when you take out your bond. The minimum top-up is €20,000, £15,000 or US\$25,000.

There is no set investment term for your bond, 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

What you need to be aware of

- The value of your plan can go down as well as up and may even fall below the amount you invested. What you get back is not guaranteed.
- If you cancel your bond or 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 7.
- 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.

Other documents you should consider reading

This document gives you key information about the International Prudence Bond (Spain). If you want more detail on specific points, please read the following documents. We have highlighted when they are relevant throughout this document.

They are all available from your adviser, on our website at www.prudential-international.com or direct from us. Our contact details are on the last page.

- **The Terms and Conditions**
Gives you the full terms and conditions of the contract.

Questions & Answers

About your bond

Who can take out an International Prudence Bond?

If you are 18 or over and are tax resident in Spain you can take out an International Prudence Bond. You can take it out on your own, or jointly with another person.

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 five funds at any one time.

There are three types of funds available:

- the PAC (Prudential Assurance Company) With-Profits Range of 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";
- M&G Property Fund.

For more information about all the funds you can choose from, please read our **"Funds Guide: Your International Prudence Bond Funds Guide"**.

There are fund restrictions that apply to top-up investments. If a PruFund Protected Fund is not selected as part of your original investment then any additional payment will be invested in the same funds and in the same proportion as selected at outset. If a PruFund Protected Fund is selected as part of your original investment, then the proportion originally invested in a PruFund Protected Fund will automatically be invested in the other funds selected at outset on a proportionate basis.

If a PruFund Protected Fund is the only fund selected at outset then your top-up application will not be accepted, however, you can apply for a new bond, subject to the limits set out below.

There are limits on how much you can invest across the PAC With-Profits Range of Funds and the PruFund Range of Funds. The maximum you can invest across these funds (in one or more bonds) is €1,500,000, £1,000,000 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 €1,500,000 into these funds, it will count as the maximum for both of you. This limit includes any top-up investments into these funds.

Can I switch money between funds?

No. You cannot switch between different funds at any time.

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 €112.50, £75 or US\$112.50.

Prudential International does not currently charge for payments made by telegraphic transfer but may do so in the future. In addition, banks including the recipient bank may levy further charges.

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 6.

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 €112.50, £75 or US\$112.50,
- 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:

- 5% of the full value of your bond when you start taking regular withdrawals, or
- 5% of the total amount you've invested in your bond.

Withdrawals and top-ups

If you top-up your investment it must be invested in exactly the same mix of fund as your original investment. You will not be able to choose a different fund mix for your top-up.

If you've topped up your bond and you make a withdrawal, we take your withdrawal from each investment proportionately.

PAC With-Profits Range of Funds

If you withdraw money from the PAC With-Profits Range of Funds, we may apply a Market Value Reduction (MVR).

If you have cancelled a previous regular withdrawal request, we may allow you to re-start these withdrawals at our absolute discretion and reserve the right to refuse any re-start of regular withdrawals. We need to reserve this discretion to assist with our overall management of the PAC With-Profits Fund.

For more information on MVRs, please read "What's a Market value Reduction?" on page 7.

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 "What's a Market value Reduction?" on page 7.

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, and
- the charges that have been taken from your investment.

PAC With-Profits Range of Funds

If you've invested in any of the funds within the PAC With-Profits Range of 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 which applies on the selected anniversary of your bond. 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 Spanish tax residents. You can also find more about tax in our brochure, "**Tax Information for Spanish Policyholders**". If you would like a copy of this, please ask your Financial Adviser.

Spanish capital gains tax

From 1 January 2016, all gains on payments made from your bond will be taxed at a flat rate of 19% which will be withheld by us and paid directly to the Spanish tax authorities. You will have no further personal income tax liability on the first €6,000 gain made by you on your bond each tax year. However, you will be subject to an additional 2% personal income tax liability on gains greater than €6,000 made by you from your bond each tax year up to €50,000 and an additional 4% personal income tax liability on gains greater than €50,000.

If you subsequently inform us that you are tax resident in another country, then we are obliged to withhold tax on gains made from your bond at the rate of 19% if you are resident in the EU or 24% if you are resident outside of the EU. A credit can usually be claimed against this tax liability where there is a double taxation treaty in force between Spain and your new country of tax residence. We will apply the provisions of the relevant double taxation treaty to any payments we make to you from your bond subject to you providing us with a certificate which proves your new country of tax residency.

For example, currently under the terms of the double tax agreement between Spain and the UK, we would not apply any Spanish withholding tax to your bond if you had left Spain and become a UK tax resident at the time of encashment.

Spanish gift and inheritance tax

You are able to nominate beneficiaries to receive benefits from your bond. A nomination can be made in your application or subsequently in writing to our Administration Centre. Unless you make an irrevocable nomination you may cancel or replace your nomination either by notifying us at any time in writing or through a will (which shall also be notified to us in writing). Regardless of which manner you choose to nominate a beneficiary, we will pay the death benefit to the individual identified in the most recent nomination we receive in writing to our Administration Centre.

If you nominate your bond in favour of a beneficiary, then the beneficiary may be liable to Spanish gift and inheritance tax on the death benefit. We require documentary evidence demonstrating that the beneficiary has discharged any Spanish gift and inheritance tax prior to paying any death benefit to the beneficiary.

Spanish inheritance tax is complex and not solely determined at a national level but is subject to regional variations within Spain. Accordingly we strongly advise that you seek professional advice prior to nominating a beneficiary in Spain.

Irish Exit Tax

If you become resident in Ireland, we will 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 are 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.

What are the charges?

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

Establishment Charge	For each investment you make into the bond, we will take an establishment charge of 1.2% each year for the first five years following the investment. In each case, this will be taken quarterly in advance and is 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 ".										
Early Cash-in Charge	<p>If you cash in all or part of your bond within five years of making an investment we will deduct an Early Cash-in Charge as follows.</p> <table><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>These charges also apply to any top-ups.</p> <p>In each case, 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%										
PruFund Protected Funds - Guarantee Charges (€, £, \$)	<p>The PruFund Protected Funds have an annual guarantee charge that is taken monthly in arrears by cancelling units.</p> <p>For more information please read our brochure "Prufund range of funds: guarantee options".</p>										

Our charges may change in the future and may be higher than they are now. Please check with your Financial Adviser for the latest charges that apply. Further information can be found in the Contract Conditions.

Charges for guarantees - With-Profits Funds

There is a charge to pay for all the guarantees the With-Profits Fund supports. We guarantee not to apply a Market Value Reduction (MVR) when payments are made because of death. Our current MVR practice, which is not guaranteed, may include additional circumstances when an MVR is not applied. For more information, please read "What's a Market Value Reduction?" on this page.

The total deduction for guarantee charges over the lifetime of your bond is not currently more than 2% of any payment made from the fund. Our charges may vary in the future and may be higher than they are now. Charges may vary if, for example, the long term mix or type of assets held within the With-Profits Fund is changed.

You won't see this charge on your annual statement because we take it by making a small adjustment to regular and final bonuses

What's a Market Value Reduction?

If you take money out of the With-Profits Funds, we may adjust the value of your fund if the value of the underlying assets is less than the value of your bond including all bonuses.

This adjustment is known as a Market Value Reduction (MVR). It is designed to protect investors who are not taking their money out and its application means that you get a return based on the earnings of the With-Profits Fund over the period your payments have been invested.

We apply the MVR to your bond's value including regular and final bonuses. Please read "**Your guide to investing in With-Profits**" – IPBB10133 for more information on bonuses. A MVR will reduce the amount payable on full, partial or regular withdrawals and if investment returns have been very poor, you may get back less than you have invested in your bond.

We guarantee not to apply a MVR on any payments made due to death.

Our current practice on applying a MVR

We may apply a Market Value Reduction to withdrawals on all investments.

We reserve the right to change our current practice on Market Value Reductions at any time, without prior notice, and this would apply to existing bonds and any new bonds or top-ups.

Examples of reasons for a change would include significant changes in the investment market or because the number of people moving out of the fund increases substantially.

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 bond within 30 days of receiving your documents. These include a Cancellation Notice and we will also send you a Cancellation Notice for any top-ups you make.

To cancel your bond or 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, 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 Range of Funds or PruFund Range of Funds, you'll get back all the money you invested in those funds. If you've invested in the M&G Property Fund, you may not get all your money back if the fund has fallen in value. In that case, we will refund the amount of your payment adjusted for the fall in the unit price of this fund. This means that you may get back less than you invested.

Questions & Answers

Your life cover

What is the life cover?

Your bond comes with a small amount of life cover. You can cover the lives of up to ten people.

If you cover one life only, we'll pay out a lump sum when that person dies.

If you cover more than one person, you can choose for us to pay the lump sum:

- when the first person covered dies, or
- when the last person covered dies.

The life cover will end if you cash in your bond.

Whose lives can I cover?

Anyone covered must be aged between 14 years and 89 years. You can be one of the people covered, but you don't have to be.

How much will the life cover pay out?

Where you choose to cover more than one person, the amount we will pay on death is based on the age of:

- the oldest person covered if the life cover is payable when the first person dies; or
- the youngest person covered if the life cover is payable when the last person dies.

The life cover will pay out either:

- 101% of the full value of the units relating to the investment – if the relevant person (i.e. the oldest or youngest as above) was 75 or under when you made the investment, or
- 100.1% of the cash-in value of the bond – if the relevant person was 76 or over when you took out the bond.

If you top up your bond, we will base the life cover for the top-up on the age of the people covered at the time that you make the top-up.

Where the life cover is based on the cash-in value of the bond, an Early Cash-in Charge will apply if the life cover is paid within five years of any investment into the bond. The charge will be as shown under "What are the charges?" on page 6.

How does the life cover affect my bond?

Your bond ends when we pay the life cover.

Other information

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**

You may also write to the Complaints Department of the Spanish General Directorate of Insurance and Pension Funds (Dirección General de Seguros y Fondos de Pensiones) at the following address:

**Dirección General de Seguros y Fondos de Pensiones
Servicio de Reclamaciones
Paseo de la Castellana 44
28046 Madrid**

Making a complaint to the Financial Services Ombudsman's Bureau or to the Complaints Department of the Spanish General Directorate of Insurance and Pension Funds will not prejudice your right to take judicial proceedings before the courts of Spain. The competent courts shall be those of the person covered by the bond's residence.

Communicating with you

We will communicate with you in English by letter, by phone or by email.

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**.

Tax

This is not intended to be a comprehensive guide to the Spanish tax system and should not be relied upon to determine your tax liabilities in Spain. Tax payable will depend on your individual circumstances and we recommend that you seek professional tax advice prior to making any financial decisions. All of these are liable to change without notice. The impact of taxation and any tax relief depends on individual circumstances.

Law

The laws of Spain 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. Under Spanish Law, we are obliged to let you know that as it is foreseen on article 81 of the Legislative Royal Decree 6/2004, dated 29 October, approving the Consolidated Act on Regulation and Supervision of Private Insurance, please note that, in accordance with the European Union Directives, Spanish regulation is not applicable to the eventual winding-up of the Company.

Terms and conditions

This Key Features Document summarises our International Prudence Bond. 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**.

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 duly authorised to operate in Spain on Freedom of Services basis and is registered on the Spanish General Directorate of Insurance and Pension Funds (Dirección General de Seguros y Fondos de Pensiones) under registry number L0342.

How to contact us

If you want to contact us before you invest, you can write or phone:



Write to: **Operations Department Prudential International Montague House Adelaide Road Dublin 2 Ireland**



Phone: **+ 353 1 476 5000** Monday to Friday 9am – 5pm (we are not open on public holidays).
We may record or monitor calls to improve our service. An answer phone is in operation outside office hours.

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.



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 Conduct Authority for UK business. Details on the extent of our regulation by the Financial Conduct Authority are available from us on request.