

Policy Rules

Prudence Inheritance Bond
RT10068 09/2020

Policy Rules for Prudence Inheritance Bond

1. Introduction

1.1 Definitions

In the Rules the expressions set out below have the following meanings:

- **“Adviser Charge”** means any payment You ask Us to make to Your Financial Adviser for advice they give You (see Rule 7).
- **“Adviser Charge Instruction”** is a written instruction We will accept from You to pay an Adviser Charge to Your Financial Adviser. The instruction must be correctly completed and sent to Us at Our Correspondence Address.
- **“Agreement”** means the agreement between You and Us that governs the Policies, as set out in these Rules and the schedules, as described in Rule 1.3.
- **“Annual Management Charge”** or **“AMC”** means the charge described in Rules 2.6 and 8.7.
- **“Applicable Law or Regulation”** means any laws, regulations, guidance, voluntary codes or statements that apply from time to time in relation to the activities that We perform.
- **“Application Form”** means the form on which You applied for, and gave Us information to base, the Policies in the Bond.
- **“Bid Price”** means the price at which We allocate or cancel units in any Fund (see Rules 2.4 and 2.5).
- **“Bond”** means Your Prudence Inheritance Bond.
- **“Bond Documents”** means these Rules and the two schedules We issue with them, which together form the Whole Life Policy and Endowment Policy in Your Bond.
- **“Cash-In”** or **“Cashing-In”** means the cancellation of units in response to a request by You.
- **“Correspondence Address”** is the address where You should send all correspondence to Us. Our address is Prudential, Lancing BN15 8GB.
- **“Date Invested”** is shown on the schedules as the date Your Premium was credited to each Policy.
- **“Distributions”** are the amounts We take out of the Income Fund (the natural income generated from the Bond) and credit to the Endowment Policy as units in the Cash Fund (see Rule 2.7). Any Ongoing Adviser Charges will be deducted from the Distributions.
- **“Distribution Date”** is the date at which We pay the Distributions and will be every 1 March, 1 June, 1 September and 1 December.
- **“Distribution Payment”** is a transaction where a cash benefit is provided by partially Cashing-In the Endowment Policy immediately after a Distribution, the amount of the benefit being provided by cancelling from the Policy some or all of the Cash Fund units arising from that Distribution (see Rule 5.3).
- **“Endowment Policy”** is the Policy which is designed to provide You with regular payments in the form of Distributions.
- **“Externally-Linked Redirection Funds”** are any unit-linked Redirection Funds that are not managed within M&G plc. We will allow units from these Funds to be allocated within the Endowment Policy if You wish to keep the value of the Distributions within the Policy. Unless otherwise stated, **“Redirection Fund”** means either an Externally-Linked Redirection Fund or Prudential Redirection Fund.
- **“Financial Adviser”** means the Financial Adviser firm that You have specified in writing to Us as Your servicing adviser who provides You with financial advice and such other services in relation to Your Bond as agreed between You and Your Financial Adviser, provided that the Financial Adviser Terms of Business are complied with at all times.
- **“Financial Adviser Terms of Business”** means the Terms of Business in force from time to time between Prudential Distribution Limited and a Financial Adviser.
- **“Funds”** are the Prudence Inheritance Bond Capital Fund (the **“Capital Fund”**), the Prudence Inheritance Bond Income Fund (the **“Income Fund”**) and any of Our other Externally-Linked Redirection Funds or Prudential Redirection Funds from which We will allow units to be allocated to the Endowment Policy, including the Cash Fund.

- **“Index”** is the general index of retail prices (for all items) published by the Government Executive Agency known as the Office for National Statistics. If this Index is no longer published or if, in Our opinion, it becomes no longer suitable, We will substitute another index which measures inflation.
- **“Initial Number of Capital Fund units allocated to the Whole Life Policy”** is shown on the schedule for the Whole Life Policy.
- **“Initial Number of Income Fund units allocated to the Endowment Policy”** is shown on the schedule for the Endowment Policy.
- **“Investor”** means the individual(s) who applied for the Bond and named as such on the schedules accompanying these Rules.
- **“Life Assured”** or **“Lives Assured”**, means the individual(s) on whose death(s) the payment on death will become due (see Rules 3.1 and 4.3 for further details).
- **“Maturity Date”** is the date which We may make a payment under the Endowment Policy, as described in Rule 4.2.
- **“M&G plc”** means M&G plc and its subsidiaries as defined in the Companies Act 2006.
- **“Ongoing Adviser Charge”** means an Adviser Charge You instruct Us to deduct from the Distributions and pay Your Financial Adviser at regular intervals, as described in Rule 7.3.
- **“Partial Withdrawals”** are where We Cash-In only some of the Redirection Units (see Rule 5.5).
- **“Policies”** means:
 - a **“Whole Life Policy”** providing a cash lump sum benefit on death; and;
 - an **“Endowment Policy”** designed primarily to provide cash benefits while the Life Assured or at least one of the Lives Assured is alive.
- **“Policy Anniversary”** is the Date Invested as shown on the schedules, or any anniversary of that date.
- **“Policy Year”** is any year starting on a Policy Anniversary.
- **“Policyholder”** means the Investor, or the legal owner(s) of, the Policies, or their executor(s), other legal representative(s) or assignee(s), as appropriate.
- **“Price Charge”** is a method We may use to take an Annual Management Charge (see Rule 2.6).
- **“Prudential Funds”** are any unit-linked Funds that are managed by Us or another company within M&G plc. This includes:
 - the Prudence Inheritance Bond Capital Fund;
 - the Prudence Inheritance Bond Income Fund; and
 - any **“Prudential Redirection Funds”** (including the Cash Fund) from which We will allow units to be allocated to the Endowment Policy if You wish to keep the value of the Distributions within the Policy. Unless otherwise stated, **“Redirection Fund”** means either a Prudential Redirection Fund or Externally-Linked Redirection Fund.
- **“Purchase Basis”** is a method of calculating the Bid Price of any Fund as described in Rule 2.4.
- **“Reasonable Notice”** means that We must tell You before We make a change and We must give You a reasonable amount of time, given all of the circumstances, to take any action or make any decisions which are needed, or which You may wish to take, on account of the proposed change. When giving Reasonable Notice, We will take account of all of the circumstances of the change; for example, the length of notice that We can give may be influenced by legislative or regulatory requirements, or by an external body such as an external fund manager.
- **“Redirection Units”** are units in Redirection Funds.
- **“Regular Withdrawals”** are a series of Partial Withdrawals (see Rule 5.6) where We cancel from the Endowment Policy some or all of the Redirection Units.
- **“Rules”** means this document in which We set out full details of how We will operate the Policies within the Bond and **“Policy Rules”** will have the same meaning.
- **“Sale Basis”** is a method of calculating the Bid Price of any Fund as described in Rule 2.4.

- **“Set-up Adviser Charge”** means an Adviser Charge You ask Us to deduct from Your Payment to pay Your Financial Adviser on Your behalf before We invest the balance into Your Bond as Your Premium.
- **“Table of Limits and Charges”** is the table to be found in Rule 8.6.
- **“Unit Charge”** is a method We may use to take an Annual Management Charge (see Rule 2.6).
- **“We”, “Our”, “Us”** and **“Prudential”** mean The Prudential Assurance Company Limited.
- **“Withdrawal”** is a transaction where a cash benefit is provided by Cashing-In part of the Endowment Policy by the cancellation from the Policy of some or all of the Redirection Units in the Policy.
- **“You”** and **“Your”** means the Policyholder
- **“Your Payment”** is the payment which You make to Us to set up the Bond. Where You instruct Us, We will deduct a Set-up Adviser Charge from Your Payment and pay the equivalent amount to Your Financial Adviser. We will then credit the balance of Your Payment to the Bond as Your Premium.
- **“Your Premium”** is the amount We will use to set up Your Bond.

1.2 General Description

A Prudence Inheritance Bond is a single premium life assurance arrangement issued by Us. The Bond is made up of two Policies. The two Policies are separate contracts between Us and the Investor or Investors.

We have set up two Funds in connection with Prudence Inheritance Bonds, the Prudence Inheritance Bond Capital Fund and the Prudence Inheritance Bond Income Fund. The Prudence Inheritance Bond Capital Fund consists of investments and the Prudence Inheritance Bond Income Fund receives the income which those investments generate (see Rule 2.3). The benefits available from each Policy will be linked to the value of the units allocated from these Funds to the Policies. The initial number of units allocated from each Fund is shown on the schedules.

A Distribution will be credited at the end of each 3 month period to the Endowment Policy. The amount of each Distribution is dependent on how much income has accumulated in the Prudence Inheritance Bond Income Fund during that 3 month period (see Rule 2.7).

If You want to take out a Bond, Your Financial Adviser must send Us an Application Form on Your behalf. Your Financial Adviser should have explained this Agreement to You before the Date Invested.

We will not advise You about the suitability of Your Bond. We will not be responsible for any advice given to You by Your Financial Adviser or for any investment decisions which You make.

1.3 Rules and Schedules

The Bond Documents set out the Agreement between You and Us that governs the Policies in Your Bond.

The Bond Documents confirm that You have two Policies with Us. Each Policy may be dealt with separately and the Rules will apply separately to each Policy.

Each Policy was set up on the basis of Your Application Form which Your Financial Adviser sent to Us and which We have accepted. You have paid the Whole Life and Endowment premiums stated on the schedules and We will pay the benefits described in the Rules to You or to whoever is entitled to them.

The Rules are written in such a way that they read correctly if You, the Investor or Investors, are not the Life Assured or Lives Assured, but for many Policies You will also be the Life Assured or Lives Assured.

The Rules are written using masculine words such as **“he”** or **“his”**. When the person to whom they refer is female, the feminine word, such as **“she”** or **“her”**, should be substituted.

1.4 Limits and Charges

In the Rules We will refer to charges which We can take to recover Our costs. Also, We will refer to limits below which We do not allow certain transactions because Our costs will be too large in relation to the charges which We will receive from these transactions. In order to take account of inflation and other factors which have affected Our costs, from time to time We may increase some of these limits and charges. Full details of these limits and charges and of how We may increase them are in Rules 8.6 and 8.7 and in the Table of Limits and Charges.

1.5 Cancellation

If You change Your mind You can cancel Your Bond within 30 days of receiving Your Bond Documents.

To cancel, You must give notice to Us by completing and returning the cancellation notice to Our Correspondence Address or by such other means as detailed in the Key Features Document from time to time.

On cancellation, We will repay to You the amount of Your Premium, reduced for any downward market movements in the value of units since the Premium was credited to the Bond and for any Distributions or Withdrawals paid from the Endowment Policy.

We cannot repay You any Set-up Adviser Charge or any Ongoing Adviser Charge deducted from Your Bond as these will have already been paid on Your behalf to Your Financial Adviser. This means that You will need to claim these from Your Financial Adviser if You are entitled to do so.

After the 30 day cancellation period We will not return any cancellation money to You as the Bond has no Cash In value.

2. The Funds

2.1 General

We, and the external companies We appoint, look after a number of investment Funds which We will use to calculate benefits under Our unit-linked policies. In particular, We, or another company within M&G plc, will look after the Prudence Inheritance Bond Capital Fund and the Prudence Inheritance Bond Income Fund.

If We wish, We can divide any Fund into parts. For example, We may divide a Fund into parts so that if different series of a contract are issued, each series can be in a different part and We can apply different Fund charges to each part. Each part will be divided into units. The units in the different parts may be of different types. Each unit in the same part of a Fund will have the same value.

We will calculate the benefits payable from Your Policies based on the number of units remaining allocated to Your Policies in the Capital Fund, the Income Fund, the Cash Fund and any other Redirection Funds selected by You. We, or another company within M&G plc, own all the assets of the Prudential Funds in our own right and not as trustee for Policyholders. All the assets of the funds underlying the Externally-Linked Redirection Funds are

owned by the relevant external company. Any contracts involving external companies are with Us. There is no contractual relationship between the external companies and You.

Further costs incurred by the Funds

In addition to Our charges, 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 on these further costs, please look at the current Prudence Inheritance Bond Fund Guide at pru.co.uk/pdf/INVS11288.pdf.

New Funds

We can at any time introduce new Redirection Funds. Any new Redirection Funds may be subject to different terms. We do not give notice when We introduce new Redirection Funds. You can find information about the current Redirection Funds in Our Funds literature, which is available on request.

Closing, merging, winding-up and withdrawing Redirection Funds

We can also:

- (a) close any one or more of the Redirection Funds to future monies (including Redirection of Distributions under Rule 5.2 and switches under Rule 6.2); and/or
- (b) merge or wind-up any one or more of the Redirection Funds.

We can also rename any of Our Funds at any time. If We do, We will give You Reasonable Notice of the change.

Notice to Policyholders and replacement Redirection Fund

We will exercise Our power to close, merge, wind-up or withdraw a Redirection Fund only for important legal or commercial reasons. We will act fairly and reasonably in the way that We do so, having regard to Our duty to protect Your interests and the interests of other policyholders.

If We exercise this power, We will give You Reasonable Notice, taking into account all of the circumstances if at that time there are any units of the affected Redirection Fund held under the Endowment Policy.

We will seek Your instructions for any amounts that need to be disinvested from the relevant Redirection Fund. If We do not receive instructions within the time-scale specified in the notice, We will switch the units in the relevant Redirection Fund either:

- (a) to units of the Redirection Fund that We consider to have the closest investment objectives to the closed, merged, wound-up or withdrawn Fund; or failing that
- (b) to the Prudential Cash Fund. Investments in the Prudential Cash Fund may comprise assets other than those which are purely interest-bearing cash deposits. We will provide You with current information about the Prudential Cash Fund at the time. Otherwise, information about this Fund is available on request.

2.2 Fund Valuation

Prudential Funds

We will value the assets of the Prudential Funds at least once each month.

We, or another company within M&G plc, will take into account the values of all assets within a Prudential Fund, including uninvested cash and any amounts owed to or by the Funds.

The values of Stock Exchange securities will be based on quoted prices. The values of land and buildings will be based on valuations prepared and certified by valuers, whom We, or Our fund managers, will appoint, but We will make suitable adjustments to take into account the period since these valuations.

Externally-Linked Redirection Funds

Each Externally-Linked Redirection Fund is linked to an underlying fund operated by the relevant external company. Each external company values its own underlying funds and then provides Us with a unit price or prices (rounded in accordance with its own practices), which We use in valuing the corresponding Externally-Linked Redirection Fund.

General

Assets may be valued in different ways and the decision of the relevant company, whether Us (or another company within M&G plc) or an external company, on all valuation issues is final.

2.3 Operation of Capital Fund and Income Fund

The Income Fund will receive the income generated by the assets in the Capital Fund.

On purchase or sale of an asset in the Capital Fund, any identifiable accrued investment income associated with that asset will be purchased or sold simultaneously by the Income Fund.

2.4 Redirection Unit Prices

Prudential Redirection Funds

The price at which We allocate Redirection Units to, or cancel Redirection Units from, the Endowment Policy will be based on the value of the assets in that part of the Redirection Fund from which We are allocating units to policies such as the Endowment Policy. We decide the value of each Prudential Redirection Fund by choosing a figure between its maximum and minimum values. The price We use will be called the Bid Price.

We may calculate the Bid Price on:

- a Purchase Basis. Where more Redirection Units are being allocated to the Redirection Fund than cancelled from it, the purchase price of the assets will be more relevant than the sale price; or
- a Sale Basis. Where more Redirection Units are being cancelled than allocated, the sale price of the assets will be more relevant than the purchase price as We will be selling more assets than We are buying; or
- a figure in between the Purchase Basis or Sale Basis. We would choose a figure in between the Purchase Basis or Sale Basis for Redirection Units in any Fund where the difference in the value of units being allocated and cancelled in that Fund is insufficient for Us to use either the Purchase Basis or Sale basis.

If We are calculating the Bid Price on a Purchase Basis, We do so as follows:

- We start from the value at which the assets could be bought.
- We add what would be the cost of buying the assets.
- We may make an adjustment for accrued investment income.
- We deduct that part of the Annual Management Charge which is to be deducted from the unit prices (as described in Rule 2.6).
- We deduct an amount to cover taxes, levies and charges (as listed in Rule 2.8).
- We divide the result by the number of units in that part of the Redirection Fund.
- We may round the figure up but by no more than 1%.

If We are calculating the Bid Price on a Sale Basis, We do so as follows:

- We start from the value at which the assets could be sold.
- We deduct what would be the cost of selling the assets.
- We may make an adjustment for accrued investment income.
- We deduct that part of the Annual Management Charge which is to be deducted from the unit prices (as described in Rule 2.6).
- We deduct an amount to cover taxes, levies and charges (as listed in Rule 2.8).
- We divide the result by the number of units in that part of the Redirection Fund.
- We may round the figure down but by no more than 1%.

Externally-Linked Redirection Funds

As stated in Rule 2.2, external companies value their own underlying funds and provide Us with a unit price or prices. Where the external company provides Us with:

- prices based on both sale and purchase valuations of their underlying fund, We may choose the price on which to base the value of the corresponding Externally-Linked Redirection Fund. The main factor We consider is whether more Units are being allocated to the Fund than are being cancelled from it, as described above for Prudential Redirection Funds.
- a single price for their underlying fund, We will base the value of the corresponding Externally-Linked Redirection Fund on that price.

2.5 Capital Fund and Income Fund Unit Prices

The prices at which We cancel units in the Capital Fund or Income Fund are called the Bid Prices. We will calculate them in the same way as Prudential Redirection Funds in Rule 2.4.

2.6 Annual Management Charge

We will take an AMC from the unit-linked Funds. The maximum AMC is shown in the Table of Limits and Charges (see Rule 8.6). The AMC for each Fund may be taken as a Price Charge, a Unit Charge or a combination of these two charges.

- The Price Charge will be made each time We calculate the unit prices.

- The Unit Charge will be made at regular intervals by cancelling units allocated to Your Policy from the Fund. The interval may be each month, each quarter, or some other frequency.

We will calculate the Price Charge on each valuation date as follows:

- We will use the annual level of the Price Charge, which is a percentage of the Fund.
- We will calculate that percentage of the value of the Fund before the Price Charge is taken.
- We will multiply by the number of days since the Fund was last valued and divide the result by 365.
- We will deduct the Price Charge from the unit prices (see Rule 2.4 above).

For example, on a Fund valued daily We deduct a percentage equal to 1/365th of the AMC applicable to the particular Fund each day, from the value of the Fund.

We will calculate the Unit Charge at regular intervals as follows:

- At the end of each interval We will calculate the average Fund during the interval.
- At the end of each interval We will calculate the financial effect on the bid value of the Fund of taking a Price Charge on the average Fund during the interval. We do this calculation twice, using two different levels of Price Charge:
 - (a) assuming that all the AMC is taken as a Price Charge;
 - (b) using the actual level of Price Charge.
- We will deduct the second figure from the first figure to obtain the Unit Charge.
- We will take the Unit Charge by cancelling units equal in value, at Bid Price, to the amount of the charge.

For each Fund We will decide which method to use to collect the AMC. We will only alter the method if it becomes operationally beneficial for Us to do so. We will only make such a change if it will not increase the effect of the charge We would otherwise make at that time.

If the assets of one Fund include units in another Fund, We will ensure that We do not charge You twice.

We may increase the level of AMC, as described in Rules 8.6 and 8.7.

2.7 Distributions

Distributions will be made by withdrawing assets from the Income Fund. On the last working day of the month before each Distribution Date the amount of the Distribution will be calculated using the last Income Fund unit Bid Price available. The amount of the Distribution will be used to allocate Cash Fund units to the Endowment Policy at the last Cash Fund unit Bid Price available. The first Distribution Date when We will allocate these units is shown on the schedule. These Cash Fund units will be available for redirection or for payment (see Rule 5).

2.8 Fund Transactions

We, or the external companies, invest each Fund in the way set out in published descriptions of that Fund. Our Funds literature (which is available on request) gives more information on the investment Funds and the external companies. We, or the external companies, may invest each Fund in any assets We or they consider suitable. The investment objectives of the Funds can be changed at any time. We will give You Reasonable Notice, taking into account all the circumstances of the change, if We make a material change to the investment objectives of a Fund in which units are then held under the Policies.

We may use assets of a Prudential Fund as security when We borrow money for that Fund.

Units may be created in a Fund only if assets equal in value to the value of these units are added to the assets of the Fund. Assets in a Fund may be sold and the proceeds reinvested in other assets, which will be added to the Fund. Assets may be taken from a Fund in order to pay for those items which are listed later in this Rule.

In no other circumstances will assets be taken from a Fund unless units equal in value to these assets are cancelled.

We may allocate assets of a Prudential Fund to be held as a reserve in respect of future tax on unrealised capital gains and will adjust this reserve as required to reflect the anticipated realisation of these gains. This reserve will not be treated as part of the Fund for the purpose of valuing the Fund.

All income and capital gains from the assets of a Prudential Fund will be added to that Fund. In the case of the Capital Fund all capital gains from the assets of that Fund will be added to that Fund.

The income from the assets of the Capital Fund will be added to the Income Fund (see Rule 2.3).

We can take money or assets from a Fund to pay for any of the following:

- Part or all of the Annual Management Charge (as described in Rule 2.6);
- In the case of the Income Fund, to make the Distributions;
- Interest on any money which We borrow for the Fund, including interest on money borrowed from any other Fund;
- Taxes, duties and any outlays incurred in looking after the Fund;
- If a Fund is linked to a unit trust or an Open-Ended Investment Company (OEIC), to take account of the expenses of maintaining and operating that unit trust or OEIC;
- To take account of the expenses of maintaining and operating a Fund (for example, custodian fees or property management costs);
- To take account of a charge called a **“dilution levy”**. This type of charge covers the cost of either buying assets (where more people are investing than disinvesting) or selling assets (where more people are disinvesting than investing). A dilution levy is not designed to make a profit, but to cover expenses;
- Any taxes and other charges on the income from the assets of the Fund or on any capital gains made with the assets of the Fund;
- A suitable part of any tax or other charge which Prudential has to pay, such as any levy under the Financial Services Compensation Scheme or its successors.

2.9 Prudential's liability

Our liability under any Fund that We make available under Your Bond cannot exceed the value of the units allocated to Your Bond as derived from the assets underpinning that Fund, whether these assets be real assets, an interest in another fund or an interest in a reinsurance policy effected by Us to reinsure Our liability under a Fund.

In particular, for an Externally-Linked Redirection fund or a Redirection fund that invests solely in funds operated by another company within M&G plc (a “**Group Redirection Fund**”), Our liability is limited to the value of the Units of that Externally-Linked Redirection Fund or Group Redirection Fund allocated to Your Bond, as derived from the assets underpinning that Externally-Linked Redirection Fund or Group Redirection Fund. So, for example, if that external company or the other company from within M&G plc were to become insolvent, and as a result the value of the units of the relevant Externally-Linked Redirection Fund or Group Redirection Fund allocated to Your Bond were significantly reduced, if We are due to make a payment on death, the value We pay under Rule 4.3 will only include the reduced value of the Redirection Units.

3. Benefits – the Whole Life Policy

3.1 Payment on Death

On the death of the Life Assured or on the second death if there are two Lives Assured, We will pay to whoever is entitled to the Whole Life Policy the value of the Capital Fund units in the Policy at the date of death.

We will calculate the value using the Bid Price applying to the date of death. All Capital Fund units will be cancelled from the Policy and the Policy will come to an end.

3.2 Cashing-In

The Whole Life Policy will not have a Cash-In value.

4. Benefits – the Endowment Policy

4.1 Maturity Date

If only one person is named as the Life Assured on the schedule, the Maturity Date will be the Policy Anniversary following the Life Assured's 105th birthday.

If two people are named as Lives Assured on the schedule, the Maturity Date will be the earlier of:

- the Policy Anniversary following the younger Life Assured's 105th birthday, and
- the Policy Anniversary following the older Life Assured's 105th birthday if the younger Life Assured has died before the older Life Assured.

However, if the older Life Assured has already passed his 105th birthday when the younger Life Assured dies, the Maturity Date will be the Policy Anniversary following the date of death of the younger Life Assured.

4.2 Payment at Maturity Date

On survival of the Life Assured, or of at least one of two Lives Assured, to the Maturity Date, We will pay to You or to whoever is entitled to the Endowment Policy:

- an amount equal to the value of the Capital Fund units in the Whole Life Policy, plus
- the value of the Income Fund units in the Endowment Policy, plus
- the value of any Redirection Units in the Endowment Policy.

We will calculate the values using the Bid Prices applying to the Maturity Date. All units will be cancelled from the Endowment Policy and the Endowment Policy will come to an end. Any further Distributions from the Income Fund units will accrue to Us. Any Ongoing Adviser Charges will stop.

4.3 Payment on Death

On the death, before the Maturity Date, of the Life Assured or on the second death if there are two Lives Assured,

We will pay to whoever is entitled to the Endowment Policy:

- £100, plus
- the value of the Income Fund units in the Endowment Policy, plus
- the value of any Redirection Units in the Endowment Policy.

We will calculate the values using the Bid Prices applying to the date of death. If any Distributions are paid between the date of death and notification they will be deducted from the death benefit payable. All units will be cancelled from the Policy and the Policy will come to an end.

5. Distributions and Withdrawals – the Endowment Policy only

5.1 Distributions

In terms of Rule 2.7, Distributions will be made from the Income Fund and used to allocate Cash Fund units to the Endowment Policy at each Distribution Date.

Any Ongoing Adviser Charges will be deducted from the Distributions (see Rule 7.3.3).

5.2 Redirection of Distributions

You may leave the units in the Cash Fund or You may instruct Us to purchase units in any Redirection Fund or Funds. The number of new Redirection Units will be calculated so that their value, at Bid Price, is the same as the Distribution amount. Any Ongoing Adviser Charges will be deducted from the Redirected Units.

We will refuse to allow redirection into a Redirection Fund if this would mean that You had Redirection Units at any one time in more than 3 Redirection Funds.

5.3 Distribution Payments

As an alternative to leaving the units in the Cash Fund, You may tell Us that You wish Distribution Payments to be made. If You do so, We will first deduct any Ongoing Adviser Charge from the Cash Fund units allocated at each Distribution Date.

Where You have told Us You wish Distribution Payments quarterly, We will cancel the remaining units and the value will be paid to You as a Distribution Payment.

Where You have told Us You wish monthly Distribution Payments, We will then cancel one third only of the remaining Cash Fund units allocated at that Distribution Date and a further one third on each of the first days of the next two months. We will pay You the value of the cancelled units, at Bid Price, applying to these three dates as the Distribution Payments.

Distribution Payments will be made by direct credit to a bank account named by You.

5.4 Limitation of Distribution Payments

If You tell Us that You wish to limit the amount of each Distribution Payment to a percentage of the Endowment premium, We will calculate a “**Limited Distribution Payment**” as follows:

- We will multiply the Endowment premium by 5 and divide by 100.
- We will deduct the annual monetary amount of the Ongoing Adviser Charges You have requested.
- We will divide by the number of Distribution Payments in each Policy Year.

If the Distribution Payment (Rule 5.3) is less than, or is equal to, the Limited Distribution Payment, We will pay You the Distribution Payment.

If the Distribution Payment is greater than the Limited Distribution Payment, We will pay You the Limited Distribution Payment and cancel Cash Fund units to that value. The balance of each Distribution Payment will remain in the Cash Fund or will be redirected (see Rule 5.2).

5.5 Partial Withdrawals

You may only take a Partial Withdrawal by Cashing-In some or all of the Redirection Units held under the Endowment Policy at the time. You must complete Our Partial Withdrawal request form and send it to Us at Our Correspondence Address. We will then pay You the value of sufficient Redirection Units allocated to the Endowment Policy, so as to give You the amount of cash which You have requested. The number of units will be calculated using the Bid Price applying to the date when We receive the form at Our Correspondence Address. These units will be cancelled from the Endowment Policy.

If Redirection Units are allocated to the Endowment Policy in more than one Redirection Fund, the Partial Withdrawal will be taken from the units in each Fund in proportion to the value, at Bid Price, of these units.

We can refuse Your request for a Partial Withdrawal if the value of the Redirection Units to be cashed is less than the Minimum Partial Withdrawal. This Limit is shown in the Table of Limits and Charges (see Rule 8.6). We may increase the Minimum Partial Withdrawal, as described in Rule 8.6.

5.6 Regular Withdrawals

Provided Distribution Payments are not being made, You may tell Us to arrange that Partial Withdrawals of a fixed cash amount are made on a regular basis, either every month, 3 months, 4 months, 6 months or year. You must complete Our Regular Withdrawal request form and send it to Us, at Our Correspondence Address. We will use the Bid Price applying to the date of each Partial Withdrawal. The minimum amount of Regular Withdrawals which We will allow is the Minimum Regular Withdrawal shown in the Table of Limits and Charges (see Rule 8.6). We may increase the Minimum Regular Withdrawal, as described in Rule 8.6. In all other respects, the normal conditions for Partial Withdrawal (see Rule 5.5) will apply.

Payment of Regular Withdrawals will be made on the first day of the month chosen by You and the first day of the appropriate months thereafter by direct credit to a bank account named by You.

5.7 Changes in Type of Distribution Payments and Regular Withdrawals

Before the start of the Endowment Policy, You may tell Us, in the Bond Application Form, Your decision as to whether You wish Distributions to be redirected or paid and as to whether You wish Us to limit these payments. You may change Your decision at any time by filling in Our Request for Distributions or Regular Withdrawal Request form and sending it to Us, at Our Correspondence Address. Any change will take effect from the next Distribution Date, providing We receive Your instruction at least 20 working days before the next Distribution Date.

5.8 Cashing-In

The Endowment Policy cannot be fully cashed-in but can be partially cashed-in, as described in Rules 5.5 or 5.6.

6. Switching Between Redirection Funds – Endowment Policy only

6.1 General

You may ask Us to switch Redirection Units between Redirection Funds. We will cancel some or all of the units, as instructed by You, in one or more Redirection Funds and replace them with units in any other Redirection Fund or Funds chosen by You from the Redirection Funds then available.

6.2 Conditions of Switching

The conditions of switching are as follows:

- You should complete Our switch request form and send it to Us, at Our Correspondence Address.
- The number of new Redirection Units will be calculated so that their value, at Bid Price, is the same as the value, at Bid Price, of the Redirection Units which You are cancelling. The Bid Price which We will use will be the Bid Price applying to the date when We receive the form at Our Correspondence Address.
- We will refuse to switch Redirection Units if this would mean that the Endowment Policy had Redirection Units at any one time in more than 3 Redirection Funds.
- We will refuse to switch units into, or out of, the Capital Fund or the Income Fund.

7. Adviser Charges

7.1 General

You and Your Financial Adviser agree how much You will pay the Financial Adviser for advice they give You. The payments that You agree to make to the Financial Adviser can, if required by You, be funded through one or more charges known as Adviser Charges.

There are two types of Adviser Charge:

- Set-up Adviser Charge; and
- Ongoing Adviser Charge.

We will not deduct Adviser Charges or make payment to any Financial Adviser unless We are instructed by You to do so.

7.2 Set-up Adviser Charges

You may ask Us to deduct a Set-up Adviser Charge and pay it to Your Adviser at the time Your Bond is taken out. The Set-up Adviser Charge will be deducted from Your Payment before Your Premium is invested.

You may ask for the value of the Set-up Adviser Charge to be based on:

- (a) a specified monetary amount; or
- (b) a percentage of Your Payment.

7.3 Ongoing Adviser Charges

7.3.1 General

You can ask Us at any time to start Ongoing Adviser Charges. An Ongoing Adviser Charge is an Adviser Charge deducted from the quarterly Distributions and paid to Your Financial Adviser.

You may ask for the value of Ongoing Adviser Charge deductions to be based on:

- (a) a specified monetary amount; or
- (b) a percentage of the Endowment premium.

Ongoing Adviser Charges are treated as withdrawals for tax purposes.

We will only accept a new or revised instruction for the deduction of Ongoing Adviser Charges if the limits referred to in Rule 7.3.12 are met.

As Ongoing Adviser Charges will be deducted from the quarterly Distributions, We can only pay Ongoing Adviser Charges in respect of advice given to You. Ongoing Adviser Charges cannot be used to pay for advice given to the trustees of the Whole Life Policy.

7.3.2 Administration

You must provide written instructions about deducting Adviser Charges in the Application Form or by sending Us an appropriate Adviser Charge Instruction (see Rule 7.3.6).

We will confirm to You in writing as soon as reasonably practicable when Your request to set up Ongoing Adviser Charges has been completed. You may at any time ask for information regarding Your request from Us at Our Correspondence Address

7.3.3 Deducting Units for Ongoing Adviser Charges

Ongoing Adviser Charges will be taken from the quarterly Distributions.

If You are taking Distribution Payments (see Rule 5.3), the Ongoing Adviser Charge will be deducted from the Cash Fund before the income is paid to You.

If the Distributions are redirected to Redirection Funds (see Rule 5.2), Ongoing Adviser Charges will be deducted from the Redirected Units. If more than one fund is selected for redirection, the Ongoing Adviser Charges will be taken from those Funds in the same proportion as the redirection instruction.

Rule 5.4 describes how the Ongoing Adviser Charge will be allowed for if You are taking Limited Distribution Payments.

7.3.3.1 Rounding

When Ongoing Adviser Charges are expressed as specified monetary amounts, We make deductions to the nearest whole penny.

When Ongoing Adviser Charges are expressed as a percentage of the Endowment premium, We round Our calculations to two decimal places and make deductions to the nearest whole penny.

7.3.4 Effective Start Date of Ongoing Adviser Charges

If Ongoing Adviser Charges are first set up as part of the initial Bond application, the effective start date of Ongoing Adviser Charges is the first Distribution Date, as shown on the schedule.

For Ongoing Adviser Charges subsequently set up, the effective start date will be as described in Rule 7.3.11.

7.3.5 Changes to Ongoing Adviser Charges

At any time You can instruct Us to:

- increase or reduce either the specified monetary or percentage amount of Ongoing Adviser Charges;
- stop paying Ongoing Adviser Charges; and
- change the Financial Adviser to whom Ongoing Adviser Charges are payable (see also Rules 7.3.8 and 7.3.9).

Your Financial Adviser can instruct Us at any time to stop or reduce Ongoing Adviser Charges.

Note: Except where Rule 7.3.7 (Change to Value Added Tax) applies, only You can instruct Us to increase the Ongoing Adviser Charges.

The effective date of change for changes to Adviser Charges is determined as detailed in Rule 7.3.11.

7.3.6 Instructions to Prudential

Your instructions to start, restart or increase Ongoing Adviser Charges must be made in writing and sent to Us at Our Correspondence Address by post.

Your, or Your Financial Adviser's, instructions to stop or reduce Ongoing Adviser Charges may be made:

- by telephone; or
- in writing, sent to Us by post, fax or e-mail.

Your Financial Adviser can instruct Us to stop or reduce Ongoing Adviser Charges without Us having to obtain Your consent. Where We act upon such an instruction from Your Financial Adviser it will not be Our responsibility to tell You about the changes made. This responsibility lies with Your Financial Adviser.

7.3.7 Change to Value Added Tax

Ongoing Adviser Charges may be subject to UK Value Added Tax ("VAT"), for which Your Financial Adviser must account to the UK HM Revenue and Customs.

You will have given Your consent in the Application Form in relation to Your Bond, or in a subsequent Adviser Charge Instruction, that where applicable, Ongoing Adviser Charges can be changed if the level of VAT applicable within the Ongoing Adviser Charge changes, without the need for Us to obtain Your further consent or instruction.

It should be noted that in this particular circumstance, Your Financial Adviser can instruct Us to make an increase as well as a reduction to the Ongoing Adviser Charges. Your Financial Adviser should ensure that such an instruction is only given where the agreement between You and Your Financial Adviser states that the agreed level of Ongoing Adviser Charges will change in line with changes in the level of VAT.

We will only make such a change in the case of Ongoing Adviser Charges which are a specified monetary amount and if so instructed by Your Financial Adviser.

Your Financial Adviser's instruction must be in writing and sent to Us by post. It must be received by Us within timescales that will be agreed between Us and Your Financial Adviser.

On receipt of the instruction, We will tell Your Financial Adviser how long We will take to make the change. We will only accept an instruction if the limits referred to in Rule 7.3.12 are met.

Where We act upon an instruction from Your Financial Adviser under this Rule, it will not be Our responsibility to tell You about the changes made. This responsibility lies with Your Financial Adviser.

7.3.8 Change to Financial Adviser

You can only specify one Financial Adviser at any one point in time in relation to Your Bond.

All instructions about changes of Financial Adviser must be made in writing and sent to Us at Our Correspondence Address by post.

7.3.9 Change to Financial Adviser – notification from You

You must give Us a new instruction if You change Your Financial Adviser and require future Ongoing Adviser Charges to be payable to Your new Financial Adviser in accordance with Our Financial Adviser Terms of Business. Unless You give Us new instructions regarding future Ongoing Adviser Charges, We will stop deducting any Ongoing Adviser Charges from Your Bond.

All instructions about changes of Financial Adviser must be made in writing and sent to Us at Our Correspondence Address by post.

Note: As stated in Rule 7.3.8 You can only specify one Financial Adviser at any given time.

Once a change to a Financial Adviser has been effected, all future Adviser Charges will be payable to that Financial Adviser. No further Adviser Charges will be payable to the previous Financial Adviser.

7.3.10 Change to Financial Adviser – notification from the Financial Adviser

If Your current Financial Adviser arranges for part or all of the services that You agreed with them to be provided by another adviser firm, the change of Financial Adviser must be notified to Us in writing by both the current and the new Financial Advisers. In the Application Form, You authorise Us in this circumstance to change Your Adviser Charge instructions to pay Adviser Charges at the existing agreed level to the new adviser firm, without obtaining Your further agreement.

Where We act upon an instruction from the Financial Adviser(s) under this Rule, it will not be Our responsibility to tell You about the changes made. This responsibility lies with the Financial Adviser(s).

Note: The Financial Adviser cannot give Us instructions under this Rule to increase the Adviser Charges. We can only act upon instructions to make such changes where these instructions have been given by You. The Financial Adviser can however instruct Us to stop or reduce Adviser Charges as described in Rule 7.3.5.

7.3.11 Effective date of change to Adviser Charges or Financial Adviser

Any changes to Ongoing Adviser Charges, as described in Rules 7.3.5 and 7.3.9, will be made from the next Distribution Date, providing We receive Your, or Your Financial Adviser's, instruction at least 20 working days before the next Distribution Date.

If We receive the instruction within 20 working days of the next Distribution Date, any Ongoing Adviser Charges will be deducted and paid in accordance with the current instruction. The instruction will be effective from the following Distribution Date.

Ongoing Adviser Charges will not be apportioned between Distribution Dates.

We cannot backdate or postpone the effective date of change.

For changes under Rule 7.3.10, We will tell Your new Financial Adviser how long We will take to make the change.

7.3.12 Limits for Adviser Charge deductions

We apply limits to the level of Adviser Charges that We allow You to take from Your Bond.

We will not accept an instruction for Ongoing Adviser Charge deductions which would exceed Our limits. If We receive a request to increase an Ongoing Adviser Charge which would exceed Our limits, We will continue to deduct the existing level of Ongoing Adviser Charge. We will confirm this to the enquirer.

Your Financial Adviser will be able to give You details of the limits on request.

7.3.13 Insufficient Distributions to meet the Ongoing Adviser Charge

In the event that a quarterly Distribution is not a sufficient amount to meet the Ongoing Adviser Charge We will not make any deduction for the Ongoing Adviser Charge. We will notify You that We have not been able to deduct the Ongoing Adviser Charge and therefore have not paid Your Financial Adviser.

You will need to complete a new instruction if You wish to reinstate Ongoing Adviser Charges. In this case a new 'effective start date' will apply (see Rule 7.3.11). Deductions cannot be backdated to cover the period between stopping and restarting and partial payments cannot be made.

7.3.14 Date when Ongoing Adviser Charges stop

Ongoing Adviser Charges will continue to be deducted and paid to Your Financial Adviser until the earlier of the following:

- (a) in the event that You or Your Financial Adviser instruct Us to stop deducting Ongoing Adviser Charges under Rule 7.3.5;
- (b) the date after We are notified of the death of a Life Assured for which the death benefit will then become payable. Any Ongoing Adviser Charges paid after the date of death will be claimed back from the Financial Adviser. See Rules 3.1 and 4.3 for more details;
- (c) the date the Endowment Policy matures. See Rule 4.1 for more details.

We can also stop deducting Ongoing Adviser Charges if, in accordance with Our Financial Adviser Terms of Business, the Financial Adviser ceases to exist or if the Financial Adviser ceases to be authorised by the relevant regulator.

In any of the above cases, the last deduction will be made on the last Distribution Date before We receive the relevant notification.

The effective date for any changes will be determined in the way described in Rule 7.3.11.

8. General

8.1 Entitlement

We will make the payments described in these Rules to You if You are the person who is entitled to them. We will take instructions from You on the operation of the Policies only if You are the person who is entitled to give these instructions. If the ownership of a Policy has changed, We will make the payment to and take instructions from whoever is entitled to the Policy. When the Rules and schedules refer to "You", this should be read as including anyone else who is entitled to the Policies.

8.2 Proof of Age, Death or Survival

We may require proof (if not already produced) of the age of the Life Assured (or the ages of both Lives Assured if there are two Lives Assured named on the schedules).

Before We pay any benefits on death, We will require the schedules to be returned to Us, at Our Correspondence Address. We will also require proof of death.

If there are two Lives Assured named on the schedules, when We are making a payment on the death of the second of them to die, We will require proof of the death of both Lives Assured.

Before We pay any benefit at the Maturity Date under the Endowment Policy, We will require proof that the Life Assured (or, if there are two Lives Assured named on the schedules, the Life Assured on whose survival the Maturity Date depends) is alive at the Maturity Date.

8.3 Misstatement of Age

If the age of the Life Assured or of either of the Lives Assured has been misstated on the Application Form, the Maturity Date of the Endowment Policy will be the correct Maturity Date as defined in Rule 4.1, using the correct age or ages. If the correct age or ages exceed 90 or such other maximum that We allowed when the Bond started, the terms of the Policies will be amended in a way which We consider to be just and reasonable.

8.4 Renumbering Your Policies

We can renumber a Policy, if We wish to do so, but We must write to You first and tell You that We are doing this.

8.5 Exceptional Circumstances

8.5.1 Delaying transactions

There may be a delay in buying, selling or switching any Redirection Units from the date We receive Your instruction to:

- redirect Distributions (see Rule 5.2);
- take a Partial Withdrawal or Regular Withdrawals from the Endowment Policy (see Rules 5.5 and 5.6 respectively);
- switch between Redirection Funds (see Rule 6.1).

This will only happen in special circumstances outside of Our control which prevent Us from effecting these transactions immediately, and equally We may need to effect a delay where We believe that otherwise the remaining policyholders would suffer an unfair reduction in the value of their policies, or would suffer some other form of unfair treatment.

Examples include:

- Where We are unable to realise sufficient investments to satisfy demand, or where to do so would mean We have to sell at prices significantly below the value reflected in the then current price;
- Where We are unable to cancel units in an Externally-Linked Redirection Fund due to restrictions imposed by the relevant external company;
- Where the need to make payments quickly could be satisfied by selling a disproportionate amount of one type of asset, leaving too low a proportion of what is left invested in assets of that type.

This is not meant to be an exhaustive list, nor do We mean to limit delays to problems specifically of this type.

For the avoidance of any doubt, We will not use assets or cash from other Prudential Funds, including any shareholder funds, to finance unit cancellation. Such cancellations will instead be delayed until they can be effected on terms which are fair to all policyholders invested in the Fund.

Our right to delay does not apply:

- on death under the Endowment Policy (see Rule 3.1) and the Whole Life Policy (see Rule 4.3);
- on maturity of the Endowment Policy (see Rule 4.2);
- to Distribution Payments under the Endowment Policy (see Rule 5.3); or
- to Ongoing Adviser Charges under the Endowment Policy (see Rule 7.3);

but it overrides all other Rules.

8.5.2 Delay periods

Other than in very exceptional circumstances We would not expect delays to be longer than:

- a) six months in the case of units in any Redirection Fund:
 - which holds investments in buildings or land; or
 - the value of whose investments is dependent on, or is linked to the value of, buildings or land.
- b) one month in the case of units in other Redirection Funds.

However, while We will not delay transactions for longer than reasonably required, We cannot guarantee that We will never delay transactions beyond the timescales set out in a) and b) above.

8.5.3 Notification of delay

We will notify You if a transaction You have requested is affected by a delay under Rule 8.5. Our notice will set out any options open to You. If appropriate, We will ask You for alternative instructions for the transaction when We tell You about the delay.

8.5.4 Processing transactions affected by delays

The alternative instruction sought under Rule 8.5.3 will relate only to the Redirection Funds to which the delay relates.

Where the transaction involves units of more than one Redirection Fund and some units are affected by a delay and others are not, We will carry out any part of the transaction which is unaffected by the delay in accordance with the usual terms and conditions set out in these Policy Rules.

Where there is a delay in buying units in any Redirection Fund, We will treat the request to invest in that Redirection Fund as a request to invest temporarily in the Prudential Cash Fund. In that way We will be able to carry out the entire transaction. Investments in the Prudential Cash Fund may comprise assets other than those which are purely interest bearing cash deposits. We will provide You with current information about the Prudential Cash Fund at the time. Otherwise, information about this Fund is available on request. We then switch the value of the units temporarily allocated in the Prudential Cash Fund to the requested Redirection Fund when the delay has ended, unless You give Us an alternative instruction.

8.5.5 Unit prices

The unit price(s) for the delayed transactions will be those applying at the end of the period of delay, unless We believe that in the particular circumstances that would not be fair to policyholders in general.

8.5.6 Impact of delay on value of Redirection Units

As the percentage of Redirection Units to be sold is determined at the start of the delay period when We receive the request to sell units, the value actually sold at the end of the period may vary from the amount requested and/or expected.

8.5.7 Amendments by Prudential

Our rights to change the terms and conditions in these Rules and also Our Limits and Charges are as set out below:

(a) Subject to (b) below, We can make changes to the Bond and/or to the terms and conditions set out in these Rules providing We give You Reasonable Notice and obtain Your consent. If, having given Reasonable Notice, We do not receive any response from You by the date specified in Our notice, We will be entitled to infer Your consent to the change.

(b) We can add to, amend, modify or set aside any of the terms in these Policy Rules without giving Reasonable Notice and without Your consent in the following circumstances:

- if it becomes impossible or unreasonable to follow them because of a change in legislation, regulations or otherwise;
- if circumstances have changed in a way which could not have reasonably been predicted at the start of the Bond;
- if the addition, amendment, modification or setting aside is reasonable (for example, the change must be justifiable and either be to Your advantage or have little or no adverse financial effect on Your Bond);
- if the basis on which any company from within M&G plc is taxed changes, and then We can only change a Prudence Inheritance Bond in such a way that the balance between You and Us has remained as it was before the change;
- if We do not have Your current address, which will mean that We cannot contact You to provide written notification of a proposed amendment that We would otherwise have given in accordance with the terms of these Rules;
- if We are required to pay a valid claim for tax regarding the Bond and/or the Funds that the Bond is linked to, provided that such payment does not arise as a result of Prudential's failure to comply with any applicable tax law or regulation;
- if a levy or financial restriction or penalty is imposed on the Bond and/or the Funds that the Bond is linked to, by a tax authority, government or supervisory body or other relevant body;
- where there are changes in market rates, indices or tax rates;
- to proportionately reflect any increased costs that We incur or will incur in the administration of Your Policies (see Rule 8.6);
- to make the Bond Documents clearer and correct any inaccuracies; or
- if the effect of continuing to apply any Rule, or part thereof, would be unfair to the Policyholder or to Our policyholders generally.

Except where it is impracticable to do so, or it is prohibited by Applicable Law or Regulation, We will always notify You of any changes that We have made under this Rule. If You are unhappy with any changes, You should contact Us in accordance with Rule 8.8.

(c) Additional Rules regarding changes to the Funds are set out in Rule 2.1.

8.6 Table of Limits and Charges

In the Table of Limits and Charges here, We set out the amounts of the Limits and of the Charges which are referred to in these Rules.

Table of Limits and Charges

Rule	Description	Amount	Effective date
	Limits		
5.5	Minimum Partial Withdrawal	£200.00	1 October 1997
5.6	Minimum Regular Withdrawal	£100.00	1 October 1997
	Charges		
2.6	Maximum Annual Management Charge	1.10% (see Note 1)	15 February 1999

We may increase these Limits and Charges in two ways:

- We may increase any of the Limits and Charges in line with increases in the Index We refer to in Rule 1.1, except the level of Annual Management Charge. We will only increase the Annual Management Charge for any Fund if Our costs have increased by more than increases in the Index.

In some years We may not increase a Limit or Charge. However, when We next increase a Limit or Charge We will take account of inflation since the date when We last set that Limit or Charge. Any increase in line with the Index will be based on the charge or limit at the date shown in the Table. We will not reduce any Limit or Charge where there is an overall reduction in the Index over the period since the date We last set that Limit or Charge. This is because Our Charges relate to the costs We incur in administering policies and during such a period Our costs may not increase but they do not reduce, for example employee costs.

- We may increase the Limits and Charges further if Our costs have increased by more than the Index since the date shown in the Table. We will limit such an increase to the Limits and Charges to be no greater than the difference between the percentage increase in Our costs and the increase in the Index since the date shown in the Table.

Whilst We continue to issue Prudence Inheritance Bonds, the current level of Our Limits and Charges can be found in Our most up to date Key Features document, which is available on request.

Notes:

1. The level of this Charge may be different for different Funds but will not be greater than the amount stated in the Table (see Rule 8.7).
2. Details of how We can vary any of the amounts in the Table are in Rules 8.6 and 8.7.

8.7 Annual Management Charge in New Redirection Funds

We reserve the right to introduce new Redirection Funds which may have higher levels of Annual Management Charges than the Maximum Annual Management Charge quoted in the Table of Limits and Charges. If You decide to redirect or switch units into one of these new Redirection Funds, We will tell You the level of Annual Management Charge which We will take. We may increase this level later as described in Rule 8.6, except that any increase will be based on the Index at the time the new Fund is introduced and not the date shown in the Table.

8.8 Complaints

You should raise any complaint as soon as possible. In the first instance please contact Your Financial Adviser, as they may be able to resolve it quickly for You.

You can write to Us at:

**Prudential
Customer Relations Unit
Lancing BN15 8GB**

If You would rather contact Us by telephone, You can call Us on **0345 640 3000**

In the unlikely event that We are unable to resolve any problem, You can contact the Financial Ombudsman Service (FOS).

The address is:

**Financial Ombudsman Service
Exchange Tower
London E14 9SR**

Telephone: **0800 0 234 567**

Website address: **financial-ombudsman.org.uk**

The Financial Ombudsman Service carries out statutory functions under the Financial Services and Markets Act 2000 and the Consumer Credit Act 2006.

Your legal rights will not be affected if You make a complaint.

To ensure that We can constantly improve Our service to customers We may record or monitor telephone conversations with You for staff training purposes.

8.9 Compensation

The products The Prudential Assurance Company Limited (PACL) offer are covered by the Financial Services Compensation Scheme (FSCS). If We get into financial difficulties, You may be able to make a claim. The FSCS is an independent body set up by the Government to provide compensation for people where their authorised financial services provider gets into financial difficulties and becomes unable, or unlikely to be able, to pay claims against it. This circumstance is referred to as being 'in default'.

Losses, which may result from poor investment performance, are not covered by the FSCS.

Where does FSCS protection apply?

There is full FSCS coverage if PACL is 'in default'.

- Your Bond is protected up to 100% of the value of Your claim.
- Any Funds held under Your Bond, including any Redirection Funds You choose, will be included in the value of Your claim in the event that PACL is declared 'in default'.

All the Funds We offer invest in other funds managed by non-PACL fund managers. FSCS cover does not apply if the non-PACL fund manager were to be 'in default'.

- There is no FSCS cover for Funds investing with non-PACL fund managers if that manager were to be 'in default'.
- See 'How funds invest' in Your Key Features Document for further information on these types of Fund.

You can find out more information on the FSCS at pru.co.uk/fscs, or You can call Us.

Information is also available from the Financial Services Compensation Scheme.

Visit their website: fscs.org.uk

Or write to:

The Financial Services Compensation Scheme,
PO Box 300, Mitcheldean, GL17 1DY

Or call the FSCS: Telephone: 0800 678 1100

Where FSCS coverage does not apply, then other factors can come in

As explained in the 'Where does FSCS protection apply?' section, the FSCS doesn't cover every situation. For example Funds that invest in the funds of non-PACL fund managers (often called 'mirror' funds).

But, where FSCS protection does not apply, there are other factors that could help if the worst happened and a provider was 'in default'. For example, the use of custodians or depositories to provide protection for Fund assets, where there is separate legal ownership of assets and legal entities that aren't liable for any losses of a fund manager. In so doing, the intention is that the underlying fund will not be liable for any losses the underlying fund management company incurs.

PACL would aim to recover any money invested in an underlying fund where the fund manager has been declared 'in default', but PACL would not be liable for any loss incurred from the default of the non-PACL fund manager.

8.10 Change of Address

Please tell Us if You change Your address.

8.11 Notices of Assignment or Assignment

You must send written notice of any Assignment or Assignment, or of any other document which changes the person who is entitled to these Policies, to Us at Our Correspondence Address. Until We receive notice, the change of entitlement will not take effect. We are not responsible for the validity or sufficiency of any assignment.

8.12 Third Party Rights

Other persons entitled to benefits under the Bond have directly enforceable rights against Us in respect of those benefits. Subject to this, nothing in these Policy Rules confers or purports to confer on any third party any benefits or any right to enforce any provision of the Bond pursuant to the Contracts (Rights of Third Parties) Act 1999.

8.13 Our rights and remedies

Our failure to exercise, or a delay in exercising, any right or remedy provided to Us by the Rules in this Agreement does not constitute a waiver of the right or remedy or a waiver of other rights or remedies.

8.14 Severability

If any Rule of this Agreement is held by any competent authority to be invalid or unenforceable in whole or part, the validity of the other Rules and the remainder of the Rule in question shall not be affected thereby.

8.15 Data Protection

How We use Your personal information

For a copy of Our latest Data Protection Notice, please visit pru.co.uk/mydata. This details how and why We use Your personal information (including any sensitive personal information), who We may share it with and Your rights around Your personal information. Alternatively, You can request a hard copy to be sent to You by writing to The Data Protection Officer, Customer Service Centre, Lancing BN15 8GB.

Please note that We collect personal information from You that is necessary for Us to either provide You with the product or service You have requested or to comply with statutory or contractual requirements. Unfortunately if You don't provide all of the information We require this may mean We are unable to provide Our products and services to You.

8.16 Contract of long-term insurance

The benefits arising under the Prudence Inheritance Bond relate to a 'contract of long-term insurance' within the meaning of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

8.17 Law of Policy

Each Policy and this Agreement will be governed and interpreted in accordance with the law of England and Wales. The Courts of England will have exclusive jurisdiction to settle any disputes which result from or are about the Agreement.