

Please ask for details of our other products, which include:

- Tax Exempt Savings (Monthly annual or lump sum versions)
- Regular Savings
- Life Assurance
- Stocks and Shares ISA
- Sickness and Accident Insurance
- Funeral Expenses
- Investment Bond
- Income Bond
- Child Trust Fund

## About Us

Sheffield Mutual Friendly Society has been improving the financial wellbeing of its members since 1892. Whilst we remain passionate about our heritage and mutual status, our products and services have been developed to include a simple range of trusted savings, investment and protection plans - with a particular emphasis on tax-efficient savings and investment policies.

Being an independent mutual organisation we have no shareholders to satisfy. This means that our success can be shared with our members through attractive investment returns and good service. Whilst past performance is not an indicator of future performance, our aim is to deliver greater potential returns to members throughout the life of their policy.

The Society is:

- A member of the Association of Financial Mutuals
- Authorised and regulated by the Financial Services Authority
- A member of the Financial Services Compensation Scheme

For further information about the Society and our policies, please contact us.



Sheffield Mutual Friendly Society

3 Maple Park · Maple Court · Wentworth Business Park · Tankersley · Barnsley · South Yorkshire · S75 3DP

Tel: 01226 741000 · Fax: 01226 741222 · Url: [www.sheffieldmutual.com](http://www.sheffieldmutual.com) · Email: [enquiries@sheffieldmutual.com](mailto:enquiries@sheffieldmutual.com)

Authorised and regulated by the Financial Services Authority.

## PENSION BOND



Your Future is  
Our Business



# Pension Bond

## Why should I invest with Sheffield Mutual?

The Society has been providing savings, investments and protection policies to its members since 1892 and as we are owned by members not shareholders, any surplus funds are used for their benefit.

## What is the Pension Bond?

The Bond is a single premium investment that has no fixed term but is designed to be held for a minimum period of five years. The amount payable when it is withdrawn will be the Sum Assured plus bonuses which are added during the life of the Policy. The final value will depend upon investment performance but bonuses are declared annually by the Society's Committee of Management acting on Actuarial advice. Bonus is not guaranteed to be paid at the same level each year.

## Where does the Society invest its with-profits fund?

The Society invests in a range of different assets with the aim of providing a higher return in the medium to longer term (5-10 years+) than that achievable in a Bank or Building Society account. We will look to achieve this by maintaining a spread of Investment Assets that will provide low to medium risk making it an option for individuals with a more cautious approach to investing their money.

Examples of the types of assets we invest in are:-

- The shares of UK companies though we may also have a very small exposure to some overseas companies to provide diversity. These provide income from dividends with the possibility of capital growth.
- We also adopt an ethical approach to our share purchases by not including companies who are involved in armaments, tobacco and pornography.
- Investments such as Government Gilts or Corporate Bonds which provide fixed interest.
- Property - The Society owns several properties which provide income from rentals and potential capital growth.
- Fixed interest returns from a small portfolio of Commercial Mortgages.
- Cash.

The proportion held in each of these can vary depending upon market conditions but you can obtain a guide of the spread by contacting the Society's office.

## How does the bonus work?

We invest our funds as described in the previous section and receive a return on those investments which can vary from year to year. At the end of March or early April we review the returns achieved during the previous calendar year in consultation with our Actuary, and the Committee of Management declares a bonus rate for each policy type for that period. Obviously the rate varies depending upon overall investment returns and is not therefore guaranteed to be paid at the same rate in future years. However, once bonuses have been added to the policy, they will not be taken away.

Bonuses are calculated at the appropriate rate based on the sum assured not the amount of premium paid and on encashment and subject to the conditions outlined below, you will receive the initial sum assured plus bonuses added during the life of the policy.

The Society also tries to 'smooth' returns over the life of the policy by retaining some of the investment return in good years to maintain bonus rates in poorer years. However, to ensure members receive their fair share of returns on their policy over its lifetime, there may be an additional terminal bonus paid on encashment. Payment of this type of bonus depends entirely on investment performance and the rate at which annual bonuses have been added. It is not guaranteed, i.e., if paid, the rate may vary from year to year.

## Are there any guarantees?

Providing the Bond runs for at least five years the Society guarantees that you will get back a minimum of 101% of the initial premium. Bonuses when declared are added to the Sum Assured. In the event of adverse investment conditions the Society reserves the right to apply a Market Value Reduction (MVR) to the Sum Assured and any bonus already added. However the Society guarantees that the application of the MVR after five years will not reduce the proceeds below 101% of the initial premium. An MVR will not be applied in the event of the policy becoming a claim as a result of the death of the policyholder.



## How much can I invest?

The minimum investment is £1,000 with a maximum in any one financial year (January to December) of £50,000 per individual

## How long does the money have to remain invested?

The recommended minimum investment period is five years after which you can either withdraw your investment or leave it to earn future bonus until such time as you need it. If you surrender your Bond within five years of commencement then a surrender penalty will apply.

## Can I make any withdrawals before the end of five years?

Yes, it is possible to surrender your Bond but as this is a medium to long term investment early surrender may result in you receiving less than you originally invested. It is not advisable to invest in this Bond if you know at the outset that you will require the money within five years.

## Who can invest in a Pension Bond?

The Bond is designed for use by Trustees of occupational or personal pension schemes including self invested personal pension schemes (SIPP's)

## Is there any tax liability?

Pension Bond Investment within the Society is held in a fund which is free from capital gains tax and with the exception of the tax credit on dividend income, income tax. Benefits when they are taken are subject to normal pension rules and your Advisor will provide you with details about your own situation. This information is based on our understanding of current legislation though Taxation and Pension legislation may change in the future.

## Are there any charges?

The Society makes a charge of 5% of the initial premium in year 1 and subsequently 0.6% of the fund each year. These charges are to cover the costs of setting up the policy and ongoing management. The charges are deducted from the overall fund and taken into account when we calculate the level of bonuses we are able to pay.

## How do I invest in my Bond?

Simply decide how much you would like to invest. You should then study the 'Key Features' literature and illustration, and your pension trustee or scheme administrator should then complete and sign the application form and return it along with a cheque for the initial premium to 'Sheffield Mutual Friendly Society, 3 Maple Park, Maple Court, Wentworth Business Park, Tankersley, Barnsley, South Yorkshire, S75 3DP.

## Need any further help or information?

Our friendly and knowledgeable staff would be pleased to provide you with factual information about the Society's products and services, so you can make your own choice about how to proceed. No advice or recommendations will be given and if you are in any doubt as to the suitability of a product, you should seek advice from an Independent Financial Adviser.

## Do I need to provide any additional information?

Yes. In order to comply with Money Laundering regulations we will require confirmation of your identification and address. We will therefore ask to see documents such as a passport or driving license and utility bills or bank statements before issuing a policy. If such documents are not available, we may be able to confirm your identity and address using an electronic verification system.



## KEY FEATURES OF THE PENSION BOND

### WHAT IS THE PURPOSE OF THIS LEAFLET?

The Financial Services Authority is the independent financial services regulator. It requires us, Sheffield Mutual Friendly Society, to give you this important information to help you to decide whether our Pension Bond is right for you. You should read this document carefully, along with the illustration and product brochure, so that you understand what you are buying and then keep it safe for future reference.

### WHO IS THE PENSION BOND SUITABLE FOR?

The Pension Bond is designed for use by Trustees of Occupational or Personal Pension Schemes including self invested personal pension schemes (SIPP's), who are looking for an investment which has the potential for better growth than a deposit based account but without risk to the capital at the 'individual's' retirement date. The maximum annual investment allowed into one or more Pension Bonds is £50,000.

### ITS AIMS

- To increase the capital value of your investment over a period of time by the payment of a guaranteed sum assured and the addition of an annual bonus subject to investment performance.
- To provide access to a range of different assets e.g., equities, property, fixed interest and cash through a single with-profits fund to give the prospect of better returns than a bank or building society.

### YOUR COMMITMENT

- You agree to invest a single premium.
- The Bond is designed to run for a minimum period of five years and does not allow partial withdrawals. Early surrender within five years could result in you receiving back less than you originally invested.

### RISK FACTORS

- Investment performance can vary and the return may be less than that shown in the illustration.
- If the policy is encashed at a time of adverse investment conditions the value may be reduced to take account of these (see section headed Market Value Reduction).
- Your circumstances may change forcing you to encash the policy at a time when a penalty applies.
- Inflation may reduce what you could buy in the future.

## QUESTIONS AND ANSWERS

### DO I HAVE TO INVEST FOR ANY SPECIFIC PERIOD?

The Bond is designed to run for a minimum of five years after which it can be left until you need to withdraw it, and bonus will continue to be added. Withdrawal before five years will result in a surrender penalty being applied.

### ARE THERE ANY GUARANTEES?

Once the Bond has run for five years the society guarantees that you will get back a minimum sum assured of 101% of the initial investment.

### ARE THERE ANY CHARGES?

The Society makes a charge of 5% of the initial premium in year 1 to cover the costs of setting up the policy and subsequently 0.6% of the fund each year for ongoing management. The charges are deducted from the overall fund and taken into account when we calculate the level of bonuses we are able to pay.

### CAN I MAKE WITHDRAWALS FROM MY BOND?

No, partial withdrawals are not allowed though there is the facility to withdraw the full investment. However, if this is within the first five years an early surrender penalty will be applied which could result in you receiving back less than you originally invested.

## IS THERE ANY TAX LIABILITY?

Pension bond investments are held in a fund which is free from capital gains tax and with the exception of the tax credit on dividend income, income tax. Benefits when they are taken are subject to normal pension rules and your adviser will provide you with details about your own situation. This is based on our understanding of current legislation which may change in the future.

## HOW WILL IT WORK FOR ME?

Accompanying the key features you will find an illustration which shows how the Pension Bond might benefit you and you should also read this as it contains other important information. If you require a specific illustration please contact us.

## WHAT IS A MARKET VALUE REDUCTION (MVR)?

In times of adverse investment conditions the value of bonuses already added to the policy may be greater than your actual share of the funds value at the time when you withdraw or surrender. In this case an MVR (adjustment) will be made to the value of the policy to ensure remaining policyholders are not disadvantaged, and that you receive a fair share. For further information, please refer to the product brochure.

## OTHER INFORMATION

### CANCELLATION RIGHTS

After your proposal is accepted you will receive a notice of your right to cancel. You will then have 30 days in which to change your mind.

### PREMIUMS

The Pension Bond is a single premium investment and you cannot add to it, though you can hold more than one bond subject to the annual investment limit of £50,000.

### BONUSES

Bonuses calculated on the basis of the profits of the fund are added to your policy. The bonus rate is decided by Sheffield Mutual Friendly Society acting on the advice of the actuary and is not guaranteed. For further information, please refer to the product brochure.

### LAW

In legal disputes the Law of England and Wales will apply.

### LEGISLATION

All or any of the benefits, the premiums, or the policy conditions may be adjusted as deemed appropriate.

- If there is any change in Law or Taxation affecting the policy
- If any levy is imposed on the Society under Statute or statutory authority
- As a consequence of any amendment to General Laws

Notice would be given of any such adjustments.

### QUERIES AND COMPLAINTS

For further information or if you wish to complain about any aspect of the service you have received, please contact the Society's Chief Executive at the address shown below. If a complaint is not dealt with to your satisfaction you can then complain to the Financial Services Ombudsman, South Quay Plaza, 183 Marsh Wall, London E14 9SR, or telephone 020 7964 1000. Making a complaint will not prejudice your right to take legal proceedings.

### COMPENSATION

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Further information about compensation scheme arrangements is available from the FSCS by visiting [www.fscs.org.uk](http://www.fscs.org.uk), or by calling 0207 892 7300 or 0800 678 1100.

### THE SHEFFIELD MUTUAL FRIENDLY SOCIETY

Was founded in 1892. Total assets exceed £25 million and there are over 20,000 members.

This leaflet is a brief guide to the Key Features of the product.

Full details are contained in the policy document which is the legally binding contract between you and SHEFFIELD MUTUAL FRIENDLY SOCIETY.

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Url: [www.sheffieldmutual.com](http://www.sheffieldmutual.com) · Email: [enquiries@sheffieldmutual.com](mailto:enquiries@sheffieldmutual.com).