

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

- Capital Plan
- Regular Savings
- Investment Bond
- Income Bond
- Pension Bond
- Stocks and Shares ISA
- Stocks and Shares Junior ISA
- Life Assurance
- Funeral Expenses
- 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.

# TAX EXEMPT SAVINGS PLAN

for Adults and Children



Your Future is  
Our Business



# Tax Exempt Savings Plan

## Why should I save with the Sheffield Mutual?

The Society has been providing savings 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. In addition, as a Friendly Society we are able to offer special plans that allow you to invest in tax exempt funds\*, with the exception of tax credits on dividend income which can no longer be reclaimed, and receive tax free money on maturity\*.

## 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 or at all in future years. However, once bonuses have been added to the policy, providing the policy runs to maturity, 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 maturity 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 maturity. 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 plan runs to its planned maturity date, the Society will, depending on the amount you wish to save and for how long, guarantee a minimum sum assured. The final value will depend upon investment performance but bonuses are declared by the Society's Committee of Management acting on actuarial advice, each year, and these are added to your guaranteed sum assured. Once added these bonuses cannot be taken away. There may also be a further terminal bonus on maturity but this is subject to investment returns during the period and is not guaranteed.

## How much can I save in a Tax Exempt plan?

The Government restricts the amount that an individual can save in a tax-exempt plan because of the tax concessions available. Under current legislation the maximum individual investment is £25 per month or £270 annually. The minimum you can save in the Sheffield Mutual plan is as little as £5 per month or £50 annually. If you would like to save more than £25 per month, please ask us for details of our Regular Savings Plan or Stocks & Shares ISA.

## Who can save in this Tax Exempt plan?

Anyone can start a plan or have several plans within the overall maximum levels of £25 per month or £270 annually. The maximum figure includes any tax-exempt savings plan held with another Friendly Society.

## Can I have a plan for a child?

Yes, even though a child may not have his/her own income an adult may pay the subscription on his/her behalf. This is an ideal way to build up a lump sum perhaps as an 18th birthday gift or to help with school or University fees. By using our special family application form, Mum, Dad and up to three children can each apply for a Tax Exempt Plan.

## Can I select the term of my savings plan?

Yes, you may choose the period over which you would like to save with a minimum term of 10 years and a maximum of 25 years.

## Can I make early withdrawals?

You cannot make any withdrawals but if your circumstances change, you can surrender your policy. However, the plan is designed for medium to long term investment and the surrender value may be less than the amount you have paid in. You may also be liable for additional tax on any investment gain. The amount of the gain may result in a reduction of the amount of any old age relief or child tax credit being received.

## What happens if I die before the maturity date?

In the event of death before the end of the term, the Society will refund all premiums paid plus interest up to the date of death. Interest is calculated using the Bank of England base rates that have applied during the term of the policy + 1% though this could be changed in the future by the Society. Notice of any change will be given.

## Is life cover included?

No, this plan does not include any life cover. However, we do offer plans which have the benefit of life cover, and we will be pleased to supply information to you.

## Are there any charges?

Yes, the Society takes a management contribution of 50% of premiums paid in year 1 and in the second and subsequent years 6% of the annual premium amount. These are to cover the cost of expenses incurred in setting up the policy and maintaining it thereafter. 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 start my plan?

Simply decide how much you would like to save, for how long, and whether you would like to save monthly or annually. You should then study the 'Key Features' literature and, providing you do not need any advice, complete and return the appropriate application form, client agreement, non-advised sale letter and direct debit authority and return them to Sheffield Mutual Friendly Society, 3 Maple Park, Maple Court, Wentworth Business Park, Tankersley, Barnsley, South Yorkshire, S75 3DP along with a cheque for the initial premium.

## 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?

In order to comply with regulations, the Society will require confirmation of your identification and address. We will therefore ask to see documents such as a passport or driving licence 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.



\*All references to taxation are based on the Society's understanding of current tax legislation and practice, which may change in the future.

## KEY FEATURES OF THE TAX EXEMPT SAVINGS PLAN

### 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 Tax Exempt Savings Plan is right for you. You should read this document carefully along with the illustration and general product leaflet, so that you understand what you are buying and then keep it safe for future reference.

### WHO IS THE TAX EXEMPT SAVINGS PLAN SUITABLE FOR?

Individuals who are looking to build a lump sum by saving a regular amount either monthly or annually for a period of 10 to 25 years and do not require additional life cover.

### ITS AIMS

- To give you the opportunity to build a guaranteed lump sum by paying regular monthly or annual premiums.
- To add additional bonuses to the guaranteed sum, though these are not guaranteed and depend on the investment performance of the fund.
- To provide access to a range of different assets e.g., equities, property, fixed interest and cash through a single with-profits fund.
- Subject to legislation, which may change in the future, to provide a tax free cash sum on maturity.
- To give a return of premiums paid plus interest in the event of death before the end of the term. The current interest rate is Bank of England base rate + 1% though this could be changed in the future by the Society.

### YOUR COMMITMENT

- You agree to pay a regular premium, which cannot be varied, on the due dates throughout the selected term.
- If you stop paying your premiums, or encash your policy, a surrender value may be payable but this may be less than you have paid in particularly during the early years. This can be seen in the illustration in the section headed "The Early Years".
- You cannot withdraw cash from the policy other than by closing it and taking the available surrender value, if any.

### RISK FACTORS

- Your circumstances may change and you may no longer be able to afford the regular premiums.
- Legislation may change to affect the Tax Exempt status of the fund.
- Apart from the guaranteed sum assured, the payment of an additional bonus is not guaranteed as it depends on the performance of the society's investment fund.
- Inflation may reduce what you could buy in the future.

## QUESTIONS AND ANSWERS

### CAN I CHOOSE THE TERM OF MY SAVINGS PLAN?

Yes, you can choose the term over which you would like to save with a minimum of 10 years and a maximum of 25.

### ARE THERE ANY GUARANTEES?

Providing the plan runs to its intended maturity date the society will, depending on the amount you wish to save and for how long, guarantee a minimum sum assured. The final policy value will depend upon investment performance but bonuses are declared each year and are added to your guaranteed sum assured. Once added these cannot be taken away so that on maturity your policy value will be the guaranteed sum assured plus bonuses accrued.

### ARE THERE ANY CHARGES?

Yes, the Society takes a management contribution of 50% of premiums paid in year 1 and in the second and subsequent years 6% of the annual premium amount. These are to cover the cost of expenses incurred in setting up the policy and maintaining it thereafter. The charges are deducted from the overall fund and taken into account when we calculate the level of bonuses we are able to pay.

## WHAT HAPPENS IF I STOP PAYING PREMIUMS?

The Tax Exempt Savings Plan is designed as a medium to long term savings plan and if you stop making payments, depending upon how long the policy has been running, there may be a surrender value. However, particularly in the early years, this may not be as much as you have paid in. The Society also reserves the right to surrender the policy if premiums are more than three months in arrears.

## CAN I MAKE WITHDRAWALS?

No, you cannot make any withdrawals other than by surrendering the policy.

## IS THERE A TAX LIABILITY?

Under current legislation, which may change in the future, premiums are invested in a tax exempt fund (with the exception of the tax credit on dividends) and providing the policy runs to maturity the proceeds are tax free. However, if you surrender before the end of the term you may be liable to taxation on any investment gain.

## WHAT ABOUT PROTECTION FOR MY DEPENDENTS?

There is no life cover on this policy and in the event of death before the end of the term premiums paid plus interest will be refunded. If you require life cover see our Tax Exempt Savings Plan with Life Assurance.

## HOW WILL IT WORK FOR ME?

Accompanying this leaflet you will find an illustration which shows how the Tax Exempt Savings Plan might benefit you and you should read this with the key features as it contains other important information. If you require a specific illustration please contact us.

## 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

Premiums are paid monthly or annually. Missed premiums could mean that your policy may lapse with no value.

### 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.

### 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.

#### Sheffield Mutual Friendly Society

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