

KEY FEATURES OF THE INVESTMENT 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 Investment Bond 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 INVESTMENT BOND SUITABLE FOR?

Individuals who have a lump sum of between £1,000 & £50,000 to invest for a minimum of five years, potentially to achieve a better return than a bank or building society by taking a little more risk. It does not provide a regular income or allow partial withdrawals of capital.

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.
- If you are a higher rate tax payer, additional tax may be payable on the investment gain.

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, with annual bonuses continuing 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, or an earlier death, the society guarantees that you will get back a minimum sum assured of 103% 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 0.5% 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?

Under current legislation, which may change in the future, if you are a basic rate taxpayer when you receive the proceeds of your policy you should not be subject to further taxation. However, if you are a higher rate taxpayer when you receive the proceeds you may be liable for additional tax on your investment gain at the difference between the higher and basic rates of tax.

If you surrender the Bond after you have attained the age of 65 then any age-related personal allowance you receive could be reduced because, under current tax rules, investment gain will be treated as income.

CAN THE BOND BE HELD IN JOINT NAMES?

Yes, it is possible to hold the Bond in joint names. In the event of the early death of one of the policyholders, it will be transferred to the sole name of the survivor.

HOW WILL IT WORK FOR ME?

Accompanying this leaflet you will find an illustration which shows how the Investment Bond 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.

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 fund 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.

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 Investment 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.

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, 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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