

Can the Society provide me with advice?

Yes, if you would like one of our financial advisers to see you, either at home or other convenient location, **please write to us at 3 Maple Park, Maple Court, Wentworth Business Park, Tankersley, Barnsley, South Yorkshire, S75 3DP or by telephone: 01226 741000 or via email on enquiries@sheffieldmutual.com**

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.

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

- Tax Exempt Savings (Monthly annual or lump sum versions)
- Regular Savings
- Income Bond
- Pension Bond
- Life Assurance
- Stocks and Shares ISA
- Sickness and Accident Insurance
- 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 · Email: enquiries@sheffieldmutual.com

Authorised and regulated by the Financial Services Authority.

INVESTMENT BOND



Your Future is Our Business



Investment Bond

Why should I invest with Sheffield Mutual?

The Society has been providing savings, investment 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 Investment Bond?

The bond is a single premium investment that has no fixed term but is designed to be held for a minimum of 5 years. Providing there is no Market Value Reduction (MVR) the amount payable when it is withdrawn after 5 years will be the guaranteed 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. Bonuses are not guaranteed.



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 and not the amount of premium paid. On encashment after 5 years 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 Bond runs for at least five years the Society guarantees that you will get back a minimum Sum Assured of 103% 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 103% 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 in an Investment Bond?

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 Bond?

The Bond is available to all ages, though for children under the age of 11 a parent or guardian will be required to complete the proposal form. In addition a parent or guardian's signature will be required to withdraw or surrender a bond where a child is under the age of 16 at the time of the request.

Can I have an income from a Bond?

No, this Bond does not provide any income during the term.

What happens if I die before the end of the term?

The Bond provides a Sum Assured of 103% of the initial investment. In the event of death the Society will pay out the Sum Assured plus any bonuses that have been added to your policy.

Can I invest in joint names?

Yes, the bond can be held in joint names.

Is there any tax liability?

The money which you save is invested in a fund on which the Society pays tax. Providing the policy runs for at least five years and you are a basic rate taxpayer in the year in which you receive the proceeds of your policy, you should not be subject to further taxation. However, if you are a higher rate tax payer in the year in which you receive the proceeds, you may be liable to additional tax on your investment gain at the difference between the higher and basic rates of tax. This information is based on our understanding of current taxation legislation which may change in the future.

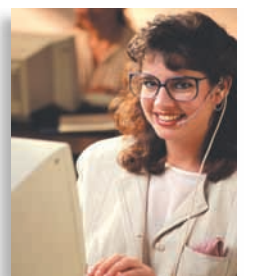
If you surrender the Bond after you have attained the age of 65 then any age-related personal allowance you receive could be reduced because, under current tax rules, investment gain will be treated as income.

Are there any charges?

The Society makes a charge of 5% of the initial premium in year 1 and subsequently 0.5% 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 providing you do not need any advice complete and sign the application form and client agreement and return them 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.



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.

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 · Email: enquiries@sheffieldmutual.com.

SECTION A - Details of Applicant(s)

Applicant 1

1. Title:

2. Forename(s):

3. Surname:

4. Sex:

5. Date of Birth:

6. N.I. Number:

7. Address:

8. Telephone (Home):

9. Mobile:

10. E-mail Address:

11. Occupation:

Applicant 2

1. Title:

2. Forename(s):

3. Surname:

4. Sex:

5. Date of Birth:

6. N.I. Number:

7. Address:

8. Telephone (Home):

9. Mobile:

10. E-mail Address:

11. Occupation:

Please complete section B if the Policyholder is under 11 and/or is not the Premium Payer

SECTION B - Details of Proposer/ Premium Payer (if different to the Policyholder)

1. Is the Policyholder under 11? (If so you must sign as Proposer in section B overleaf.)

Yes No

2. Will premiums be paid by someone other than the Policyholder?

Full Name:

Address:

Relationship to Policyholder:

Postcode:

SECTION C - Policy Details

1. Term (years):

2. Sum Assured (the figure on illustration):£

3. Investment amount:£

SECTION D - General Information

1. Is the Policyholder (section A) already a member of this Society?
If YES, please give details If NO, Where did you hear about us ?

2. Does the policyholder (section A) have a contract with another Friendly Society? (Please state YES or NO)

If YES, please give details:

Society:

Single premium policy:

Term:

Date Commenced:

3. Has the policyholder (section A) had an existing policy held with any Life Assurance Company or Friendly Society discontinued for the purpose of entering into this new agreement?

SECTION E - Note Carefully

Failure to disclose all material facts could render your contract void. Material facts are those which an insurer would regard as likely to influence the assessment and acceptance of a proposal for insurance. If you are in doubt as to whether certain facts are material, such facts should be disclosed.

SECTION F - Declaration

To be completed by the Proposed Policyholder (Section A) or in the event of the Proposal being made on behalf of a child aged 1-11 (next birthday), to be completed by the Proposer (Section B).

I declare that all the statements made in this proposal (and any notes) are to the best of my knowledge and belief the truth, and that I have not knowingly withheld any material information. I agree that such statements and this declaration shall be the basis of the contract between me and the Sheffield Mutual Friendly Society and that any policy issued on the basis of this Proposal shall be subject to the rules of the Society, from time to time in force, to which I will abide and conform.

I further declare (applicable only to proposals for a child aged 1-11 next birthday) that the Endowment hereby proposed is being taken up by me on behalf of and for the full benefit of the child and I will abide and conform to the rules of the Society from time to time in force.

I further understand that I may cancel the policy by giving notice in writing and returning the policy documents within 30 days of the policy issue date and that I will be entitled to the full refund of any investment made less, (at the discretion of the Management Committee), any charge for management.

You agree that the information we hold about you can be held on computer and / or paper files and that it may be disclosed to third parties for the purpose of processing your application, our Regulators and our Compliance Consultants. It will not be disclosed to any other parties without your express permission in writing. It is necessary for us to verify your identity. We will do this by obtaining evidence from various data sources including Credit Reference and Fraud Prevention agencies and the Electoral Roll. The agencies will record details of the search, whether or not your application proceeds. If we are unable to confirm your identity from these sources we will write to you asking you to supply us with adequate proof of identity. For joint accounts, this applies to all account holders. The only exception to this may be if you have an existing Policy with us either held solely or jointly.

You also agree that we may use the information we hold to contact you from time to time and advise you of other products or services offered by the Society which we feel may be of interest to you. If you do not wish to receive this please tick the following box.

Signature of Policyholder (section A) _____ Date: _____

Signature of Proposer (section B) _____ Date: _____

SECTION G - For Financial Adviser / Introducer use only

Please note:- if your client doesn't sign this section we may not be able to give you any information about this policy in the future.

Name of Advisor:

Telephone:

Email:

Enclosures:

Money Laundering Verification

Certified Copy of Birth Certificate (if p/holder under 11)

Cheque for Initial payment

Company name and address or stamp:

I agree to Sheffield Mutual providing information about this policy to the above named company at their request.

Signed
Policyholder/Proposer _____

Where do you want the documentation to go to? (Please tick): Client IFA Original to Client & Copy to IFA

SECTION H - For Office use only

Introducer Code:

Policy Number:

A COPY OF THE POLICY CONDITIONS ARE AVAILABLE ON REQUEST FROM THE SOCIETY

Published by:

SHEFFIELD MUTUAL FRIENDLY SOCIETY, 3 MAPLE PARK, MAPLE COURT, WENTWORTH BUSINESS PARK, TANKERSLEY, BARNSELY, SOUTH YORKSHIRE, S75 3DP,

TEL: 01226 741000, FAX: 01226 741222

AUTHORISED AND REGULATED BY THE FINANCIAL SERVICES AUTHORITY

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