

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.

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

- Tax Exempt Savings (Monthly, annual or lump sum versions)
- Tax Exempt Savings Plan with Life Assurance
- Regular Savings
- Funeral Expenses
- Investment Bond
- Income Bond
- Pension Bond
- Child Trust Fund
- Adult Stocks & Shares ISA

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

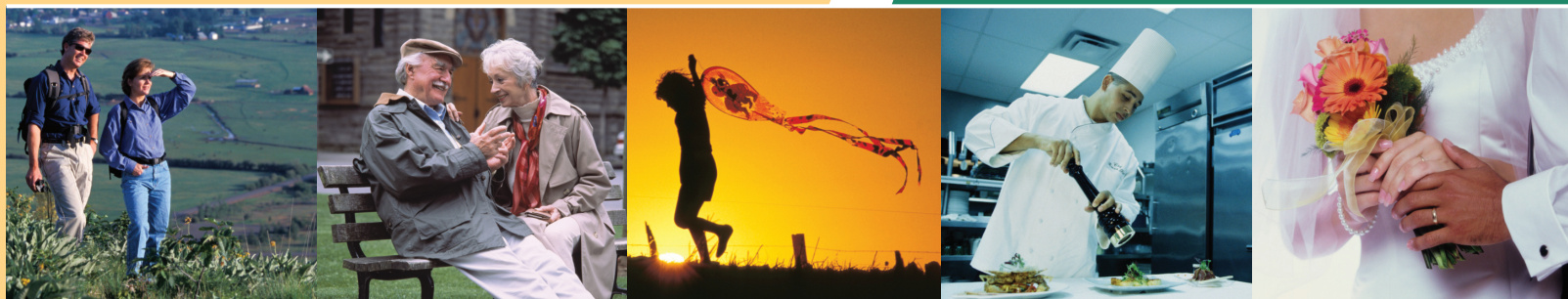
For further information about the Society and our policies, please contact us.



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.

STOCKS & SHARES JUNIOR ISA



Your Future is
Our Business



Sheffield Mutual Stocks & Shares Junior ISA



What is a Junior ISA (JISA)?

JISAs are investments with tax advantages for children, which were made available by the Government with effect from 1 November 2011. There are two types of JISA available – stocks & shares JISAs and cash JISAs. Sheffield mutual offers only a stocks & shares JISA in the form of a with-profits insurance policy, which is designed for medium to long term investments of this kind.

JISAs could be an ideal way to build up a tax free lump sum to give a young person a good financial start in life – perhaps as a deposit for a first home, or as help towards university fees and expenses.

Who can have a JISA?

JISAs can be opened on behalf of children under 18 years of age, providing they do not already hold a Child Trust Fund (CTF). This means that all children born on or after 3 January 2011 will be eligible for the JISA. The child must be resident and ordinarily resident in the UK when the JISA is opened (or a dependent of a Crown servant living overseas).

Although the funds in the JISA belong to the child (the 'Policyholder') at all times, the JISA policy must be opened and operated by a 'Registered Contact' until the child reaches at least 16 years of age. The Registered Contact will be the person with parental responsibility for the child, with the child able to take over as the Registered Contact, if they wish, at age 16.

Can a child have different JISAs?

Every eligible child can hold both a stocks & shares JISA and a cash JISA at any one time with the same or different product providers, providing the overall investment allowance is not exceeded (see below).

What amounts can be saved in a JISA?

The Government sets the investment limits for JISAs and for the tax years 2011-12 and 2012-13, the limit is £3,600 or £300 per month. This amount can be split between a stocks & shares JISA and a cash JISA, providing the overall limit is not exceeded in the tax year (6 April to 5 April). The investment limit will be reviewed each year from 2013-14 in line with the Consumer Prices Index (CPI). The minimum in the Sheffield Mutual JISA is £10 per month or a single premium of £100.

How long is the money invested?

The JISA will mature when the child reaches 18 years of age. At this time the child can withdraw the funds or rollover the investment in to an adult ISA in their own name. Withdrawals are not allowed at any time before age 18.

How do the child's savings grow?

Depending upon the performance of our investments, the Society will declare a bonus rate annually in March and this will be applied to the JISA policy at the end of the tax year. The amount of bonus credited to the policy will depend on the amount invested (known as policy premiums) and, as bonuses are calculated daily on a compound basis and added monthly, the length of time the policy has been running.

The Registered Contact will receive a statement during April each year setting out the amount of bonus and present value of the JISA policy. There is also the possibility of a Terminal Bonus on maturity of the JISA. Bonuses are not guaranteed.

Can I add to the child's investment?

Yes, providing you don't exceed the maximum annual investment allowance you can add to the JISA at any time during the tax year. If you are not subscribing on a monthly basis by direct debit the minimum additional investment is £50. Any person can subscribe to the child's JISA - including parents, grandparents, family members and friends. All subscriptions will be classed as gifts to the child, which means that once premiums have been added to the JISA, under normal circumstances (except on early death or the diagnosis of a terminal illness), the funds cannot be withdrawn until the child reaches the age of 18.

Can I stop making subscriptions?

Yes, you can stop or vary the level of subscriptions at any time. However, the Society retains the right to terminate the policy in circumstances where you have not invested the minimum initial premium of £100 for single premium JISAs or £10 per month for 12 months for regular premium JISAs.

Where are the funds invested?

The stocks & shares JISA is invested in the Society's with-profits fund, which will include property, equities (shares), fixed interest (including UK Government Gilts) and cash, to provide a balanced spread of risk. Unlike investments that are

invested directly in shares or a share tracking index, the capital you invest in the Society's with-profits JISA will not normally fluctuate from day to day. However, should you wish to withdraw or transfer funds from the JISA during adverse investment conditions, the Society may impose a Market Value Reduction, which could result in a loss of capital. Therefore, the amount you receive on repayment is not guaranteed and you should only invest in a stocks & shares JISA if you are prepared to take some risk to increase the potential returns.

Are there any guarantees?

Where a Market Value Reduction has been applied and providing the premiums have been invested for more than five years, the Society guarantees that you will get back a minimum 100% of the premiums in the event of a death or terminal illness claim, or on maturity of the policy at age 18. No guarantee is given in respect of premiums paid within five years of the date of the claim or maturity.

Can I withdraw from the child's JISA?

No, the funds in a JISA are not available for withdrawal until the child reaches 18 years of age and, at this time, the JISA maturity proceeds will be paid to the child and not the Registered Contact.

Are there any charges?

Yes, the Society will deduct 2.5% of the value of the JISA policy fund in year 1 and 1.5% each year thereafter to cover administration and expenses. The annual charge is normally deducted from the declared annual bonus rate before it is added to the JISA policy.

What about tax?

Just like adult ISAs, no tax is payable on any of the income or capital gains a child receives from JISA savings and investments. In addition, no tax is payable by a subscriber to the policy on any income or gains generated by the JISA, even where that income exceeds the £100 limit which normally applies to gifts from parents. This is based on current tax legislation, which may vary in the future.

What happens if the child dies or is diagnosed with a terminal illness?

In the unfortunate event of early death or the diagnosis of a terminal illness, the Society will pay 101% of the policy value to the child's estate or personal representative. Closure of the JISA in relation to a terminal illness must be agreed by HM Revenue & Customs. Bonus will be paid tax free up until the date of death, but any bonus arising after the date of death is not exempt from tax.

What happens if the Registered Contact dies?

In the unfortunate event of the death of the Registered Contact, the Society will need to see the original (or certified copy) death certificate. Another person with parental responsibility for the child (or the child if aged 16 or over) should then apply to become the new Registered Contact.

Can I transfer the child's JISA with another provider to Sheffield Mutual?

Yes, you can transfer previous years' JISA subscriptions in whole or in part from another provider to Sheffield Mutual, without affecting the annual investment allowance. Current tax years' JISA subscriptions must be transferred in full. Transfers can be made either way (i.e. cash to stocks & shares or stocks & shares to cash) and are subject to the child not having more than one JISA of each type (stocks & shares and cash) at the end of the transfer process. This means that part transfers can only be made to another type, for example, part cash JISA transferred to a stocks & shares JISA. The Society can supply you with the appropriate JISA transfer form on request.

How do I start a Junior ISA?

The Registered Contact should study the Key Features literature and, providing you do not need any advice, complete and sign the application / transfer form, client agreement, non-advised sales letter and direct debit authority (where applicable) and return them to Sheffield Mutual Friendly Society, FREEPOST RLUC-XKZE-RJAT, 3 Maple Park, Tankersley, Barnsley S75 3DP. You will not normally be required to provide identity or address verification to open a JISA, although the child will need to produce appropriate documents on maturity at age 18.

