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.

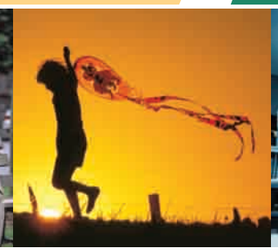
Sheffield Mutual

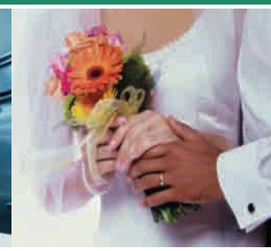
Sheffield Mutual Friendly Society
3 Maple Park · Maple Court · Wentworth Business Park · Tankersley · Barnsley · South Yorkshire · S75 3DP
Tel: 01226 741000 · **Fax:** 01226 741222 · **Url:** www.sheffieldmutual.com · **Email:** enquiries@sheffieldmutual.com

Authorised and regulated by the Financial Services Authority.

October 2011

STOCKS & SHARES JUNIOR ISA





Your Future is
Our Business

Sheffield Mutual

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.

Sheffield Mutual

keyfacts

KEY FEATURES OF THE STOCKS & SHARES JUNIOR ISA

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 stocks & shares Junior ISA 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 JUNIOR ISA (JISA) SUITABLE FOR?

Individuals over 16 years of age with parental responsibility for a child, who are seeking to obtain long term tax free growth for money invested (referred to as premiums) on behalf of a child under the age of 18 who does not already have a Child Trust Fund (CTF).

ITS AIMS

- To provide a straightforward way of investing in order to provide a child with a lump sum on reaching the age of 18.
- To provide access, through a with-profits insurance policy, to a range of different investment assets, which are higher risk than cash deposits, but may have the potential to produce a better return over the longer term.
- To provide investment returns that are paid tax free through the addition of bonuses.
- To give you the flexibility to vary or stop your contributions (subject to JISA limits) should your circumstances change.

YOUR COMMITMENT

- To agree to become the Registered Contact for a child for whom you have parental responsibility.
- To pay a regular monthly premium for at least 12 months between £10 and the maximum permitted, or single premiums with a minimum initial investment of £100 and subsequent additions of no less than £50 up to the maximum permitted investment in any one tax year. Please refer to the product brochure for the current annual JISA allowances.
- You cannot withdraw the funds invested in the JISA prior to maturity, as these are deemed to be gifts to the child. On maturity, at age 18, the investment proceeds will be repaid to the child or rolled over in to an adult ISA in the child's name.
- By investing in a Sheffield Mutual stocks & shares JISA you will not be able to start a stocks & shares JISA with another provider. However, you may open a cash JISA with another provider, as long as the annual investment limit is not exceeded.

RISK FACTORS

- Your circumstances may change, but you will not be able to access money that has been invested in the JISA.
- The child cannot withdraw the money until their 18th birthday, even if it might be needed before then.
- Future bonuses are not guaranteed and will depend on the investment performance of the Society's fund.
- A Market Value Reduction may be applied if you withdraw or transfer the JISA to another provider and the investment returns of the fund are less than profits (bonus) already added to the JISA policy.
- The Government could change the way in which JISAs are taxed, which may affect growth of the investment or the amount the child receives on maturity.
- Inflation may reduce what the money invested could buy in the future.

QUESTIONS AND ANSWERS

WHAT IS THE TERM OF THE STOCKS & SHARES JISA?

The stocks & shares JISA policy will mature on the child's 18th birthday. Withdrawals are not allowed at any time before age 18.

HOW IS THE MONEY INVESTED?

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

CAN I MAKE WITHDRAWALS?

No, money invested in the JISA policy is classed as a gift to the child and cannot be withdrawn prior to maturity at age 18.

CAN I STOP PAYING PREMIUMS?

Yes, you can stop or vary the level of premiums during a tax year and you are not required to make any commitment over and above the initial premium. 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 on regular premium policies.

WHAT HAPPENS IF THE CHILD DIES OR IS DIAGNOSED WITH A TERMINAL ILLNESS?

On early death the Society will pay 101% of the JISA policy value to the child's estate or personal representative. This will also apply to a terminal illness claim if it is agreed by HM Revenue & Customs. Bonus will be added tax free up to the date of death, but from then until the date the funds are repaid it will be subject to tax at the prevailing rate applicable at the time.

ARE THERE ANY CHARGES?

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

IS THERE A TAX LIABILITY?

One of the main benefits of a JISA is that the returns received by the child on maturity will be paid tax free and do not need to be entered on a tax return. Income and gains made on subscriptions made by parents are also tax free, even when this exceeds the normal £100 limit. Investment income (except the tax credit on dividend income which cannot be reclaimed) and capital gains made on the fund are also currently tax free. This information is based on current tax legislation, which may vary in the future.

HOW WILL IT WORK FOR ME?

Accompanying this leaflet you will find an illustration which shows how the JISA might benefit the child and you should read this in conjunction with these Key Features and the product brochure, 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.

BONUSES

Bonuses calculated on the basis of the profits of the Society's fund are added to the child's policy. The bonus rate is decided by Sheffield Mutual Friendly Society acting on the advice of the actuary and is not guaranteed.

LAW

All or any of the benefits, premiums or policy conditions may be adjusted in the event that:

- **There is a change in law or taxation affecting the policy**
- **Any levy is imposed on the Society under statute or statutory authority**
- **There is an amendment to general legislation**

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

MARKET VALUE REDUCTION (MVR)

This could reduce the amount we pay out if you withdraw or transfer funds from the JISA at a time of adverse investment conditions. Its purpose is to ensure that you receive your fair share of the fund value at any time when you withdraw or transfer the JISA, which will ensure remaining policyholders are not disadvantaged. Where an MVR is applied in the event of a death or terminal illness claim, or on maturity at age 18, the Society guarantees that 100% of any premiums invested for more than five years will be returned. No guarantee is given in respect of premiums paid within five years of the date of the claim or maturity.

QUERIES AND COMPLAINTS

For further information or if you wish to complain about any aspect of the service you have received, please contact the 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 £35 million and there are over 30,000 members.

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