

## KEY FEATURES OF THE TAX EXEMPT SAVINGS PLAN WITH LIFE ASSURANCE

### 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 with Life Assurance 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 WITH LIFE ASSURANCE 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 with the added benefit of a guaranteed sum payable on the death of the policyholder before the end of the term.

### ITS AIMS

- To give you the opportunity to build a guaranteed lump sum by paying regular monthly or annual premiums.
- Depending upon investment performance to add an annual bonus to the guaranteed sum assured to provide a greater return.
- To provide access to a range of different assets e.g., equities, property, fixed interest and cash through a single with profit fund.
- Subject to legislation, which may change in the future, to provide a tax free cash sum on maturity.
- To pay a minimum guaranteed sum assured, which depends on the premium paid and your age at outset, in the event of the policyholders death before the end of the specified term.

### 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 which could lead to the loss of both valuable life cover and some or all of your planned lump sum.
- 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.

## WHAT HAPPENS IF I STOP PAYING PREMIUMS?

The Tax Exempt Savings Plan with Life Assurance 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?

By taking out this policy the Society guarantees a minimum benefit known as the sum assured and on the death of the policyholder before the end of the term this will be paid along with any annual bonus already added. The amount of the Sum Assured depends on the monthly/annual premium, term, age and medical history at the outset.

## DO I HAVE TO BE IN GOOD HEALTH TO START A TAX EXEMPT SAVINGS PLAN WITH LIFE ASSURANCE?

You will be required to give details of your medical history with your application which may result in the Society being unable to offer this type of policy. However, the tax exempt savings plan may be an alternative option for saving where health is a problem.

## 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.

### 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

Information on compensation arrangements is available from the Society on request.

### THE SHEFFIELD MUTUAL FRIENDLY SOCIETY

Was founded in 1892. Total assets exceed £22 million and there are over 5,500 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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