



Protecting Your Investment

Your Future
is
Our Business

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INCOME BOND

Income Bond

Why should I invest with Sheffield Mutual?

The Society has been providing savings, investments 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 Income Bond?

The Bond is a single premium investment for a minimum period of five years, which will allow you to take a regular income. There is also the potential for some capital growth as your lump sum is invested in our With Profit Fund from which, depending upon investment performance, we pay bonuses each year. These bonuses are declared annually by the Society's Committee of Management acting upon Actuarial Advice and are not guaranteed.



How much can I invest in an Income Bond?

The minimum investment is £10,000 with a maximum in any one Financial year (January to December) of £50,000 either per individual, if held solely, or in the case of joint life applications.

How long does the money have to remain invested?

The recommended minimum investment period is five years though you can leave your money invested beyond this if you wish. It is possible to surrender your Bond within the first five years but doing so will incur a surrender penalty. We will also require one month's written notice to surrender or close your Bond. Should you need to withdraw some of your capital at a future date we can issue your Bond in segments, with a minimum of £5,000 per segment, to enable you to take out part of your investment subject to a level of £10,000 remaining in the Bond after any withdrawal. However, depending upon the length of time that your money has been invested, a surrender penalty may be incurred. Any withdrawals of this nature will also affect the level of income provided from the Bond. In cases where withdrawal or surrender occurs the Society reserves the right to apply a Market Value Reduction (MVR) in times of adverse investment conditions to ensure you receive your fair share and other members are not disadvantaged.

Where is my money Invested?

Your lump sum is invested in our With Profit Fund which is made up of four main asset classes to allow diversification and help reduce investment risk. These are Fixed Income, (e.g. Gilts, Corporate Bonds and other fixed return investments), Equities, Property and Cash. The proportions of investment in these asset classes are designed to provide a balanced approach with low to medium risk over a five-year period. This makes the investment appropriate for someone who is risk averse but would like the opportunity to take advantage of potential growth in assets not provided by deposit based investments. Please ask us for further information on the composition of our fund if you require it.

How is Income paid from the Bond?



You can withdraw up to 5% of the initial capital investment into the Bond each year, without any immediate tax liability, until the total you have withdrawn equals the initial investment amount. Once you have made withdrawals equal to your initial investment this allowance stops.

You can choose the amount you would like as annual income of between 2% and 5% and this will be paid directly to your bank account either monthly, quarterly, half yearly or annually on or around the 20th of the month.

Taking a lower amount as income will allow greater opportunity for capital growth over the years but obviously each individual's circumstances will need to be taken into account.

Are there any tax Implications?

The tax treatment of your Bond will depend upon personal circumstances. However, under current legislation which may change, basic-rate taxpayers will normally have no Income or Capital Gains tax to pay on the proceeds as the Society pays tax on the fund.

Basic rate taxpayers will not normally be liable to any additional tax on the policy proceeds. However, higher rate taxpayers, or those close to paying higher rate may be liable to the difference between the basic and higher rates on the excess of the policy proceeds over the amount invested. Those in receipt of child tax credits or age related personal allowances may lose part or all of those tax advantages when the proceeds are taken. Please ask for further details if necessary. Tax rules may change in the future.

Who can invest in an Income Bond?

Anyone over the age of 18.

Can I invest in joint names?

Yes, the investment can be held in joint names if you wish.



What happens if I die before the policy matures?

The Bond provides a minimum death benefit of 101% of the capital balance or the value of the policy whichever is greater.

What happens in the event of death on a joint life application?

- In the case of a joint life application on the first death, the Bond will continue in the name of the survivor until maturity.
- On the death of the second life 101% of the capital balance or value of the Bond whichever is greater will be paid to your estate.
- You may wish to consult your Financial or Tax adviser with regard to any taxation implications.

Are there any charges?

The Society makes a charge of 5% of the initial premium in year one to cover the costs of setting up the policy and subsequently 0.6% of the fund each year for ongoing management.

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 return it along with a cheque for the initial investment to 'Sheffield Mutual Friendly Society, 3 Maple Park, Maple Court, Wentworth Business Park, Tankersley, Barnsley, South Yorkshire, S75 3DP.

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.

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

- Tax Exempt Savings (Monthly annual or lump sum versions)
- Regular Savings
- Life Assurance
- Stocks and Shares ISA
- Sickness and Accident Insurance
- Funeral Expenses
- Investment Bond
- Pension Bond
- Child Trust Fund

History of the Friendly Society

The values of Friendly Societies date back 2000 years when Roman legionnaires clubbed together to provide for each other's financial protection. The principle of mutual assistance was developed and by the end of the 18th Century the first Friendly Society Act was introduced to provide a basis for future development.

Times have changed since then but the Sheffield Mutual which was formed in 1892 still operates under the same fundamental basis of providing assistance and benefits to its members.

We offer a range of Savings & Protection policies including Tax-Exempt schemes, a feature unique to Friendly Societies. For further information about Sheffield Mutual Friendly 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

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Authorised and regulated by the Financial Services Authority.