

## 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](mailto: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](http://www.sheffieldmutual.com) · Email: [enquiries@sheffieldmutual.com](mailto:enquiries@sheffieldmutual.com)

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# 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.

