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**
- **Income Bond**
- **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

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.

March 2010

PENSION BOND

Your Future is
Our Business

Sheffield Mutual

Pension 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 Pension Bond?

The Bond is a single premium investment that has no fixed term but is designed to be held for a minimum period of five years. The amount payable when it is withdrawn will be the Sum Assured plus bonuses which are added during the life of the Policy.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. Bonus is not guaranteed to be paid at the same level each year.

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, providing the policy runs to maturity, they will not be taken away.

Bonuses are calculated at the appropriate rate based on the sum assured not the amount of premium paid and on encashment after five 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 of 101% 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 101% 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?

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 Pension Bond?

The Bond is designed for use by Trustees of occupational or personal pension schemes including self invested personal pension schemes (SIPP's)

Is there any tax liability?

Pension Bond Investment within the Society is held in a fund which is free from capital gains tax and with the exception of the tax credit on dividend income, income tax. Benefits when they are taken are subject to normal pension rules and your Advisor will provide you with details about your own situation. This information is based on our understanding of current legislation though Taxation and Pension legislation may change in the future.

Are there any charges?

The Society makes a charge of 5% of the initial premium in year 1 and subsequently 0.6% 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 your pension trustee or scheme administrator should then complete and sign the application form and return it 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.

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. If such documents are not available, we may be able to confirm your identity and address using an electronic verification system.

Sheffield Mutual