



Children's Investment Bond

A way to invest a lump sum for a child that is important to you



Let Sheffield Mutual help you save for a child's future

Invest in their future with this medium to long-term plan

- ✓ Invest a lump sum between £1,000 - £150,000
- ✓ Guaranteed minimum return of at least your original investment plus 3% after five years
- ✓ Higher potential returns than a bank or building society
- ✓ Possible annual and final bonuses

Why Sheffield Mutual?

You may not have heard of a friendly society before, but they have existed for hundreds of years and were originally founded to provide benefits to people with limited resources in times of need with funeral and sickness benefit schemes.

Whilst times have changed, the ethos of providing products to improve the financial wellbeing of members remains true to Sheffield Mutual today.

We're run purely for the benefit of our customers (who we refer to as members), whilst providing a friendly alternative to banks and building societies. With no shareholders, any surplus profit is distributed to provide you with the strongest returns possible combined with the highest standards of personal service and ethical business practices.

Risks you should be aware of:

- If you surrender in the first five years a surrender penalty will apply, meaning you may get back less than you have paid in
- Tax treatment depends on individual circumstances and may be subject to change in the future
- Bonuses are not guaranteed



Growth potential and a guarantee after five years, Sheffield Mutual's Children's Investment Bond could be right for you



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 five years. Providing there is no market value reduction (MVR) the amount payable when it is withdrawn after five years will be the guaranteed minimum return of the original investment + 3% plus bonuses which have been added during the life of the policy. The final value will depend upon investment performance but bonuses are declared annually.

How much can I invest in an Investment Bond for a child?

The minimum investment is £1,000, up to a maximum of £150,000 per calendar year.

Who can invest in a bond?

The bond is available to all ages, for children under the age of 11 a parent or guardian will be required to complete the proposal form.

Can I invest in joint names?

Yes, the bond can be held in joint names.

How long does the money need to be invested?

We recommend a minimum investment period of five years, after which the child can either withdraw the investment or leave it to earn future bonuses until it is needed. Should the child need to withdraw some of the investment at a future date, they can invest the lump sum in multiple policies, with a minimum of £1,000 per policy, which will enable them to withdraw part of the investment without having to surrender (cash in) the entire investment. If the bond is surrendered within five years of commencement, then a surrender penalty will apply, and the child may get back less than invested.

Please note a parent or guardian's signature will be required to surrender the bond where a child is under the age of 16.

If saving for a child, on maturity or surrender the payment is made to the child as the beneficiary of the policy.

Can I have an income from a bond?

This bond does not provide any income. Our Income Bond is available to individuals aged 18+.

Where will my money be invested?

The Society invests in a range of different assets with the aim of providing a higher return in the medium to long-term (five to ten years+) than may be achievable with a bank or building society account. We will look to achieve this by maintaining a spread of investment assets that will provide a medium to low risk for individuals with a more cautious approach to investing their money.

Types of assets we invest in are:

- ✓ **Shares of companies**, we have exposure to UK based and overseas companies to provide diversification. Shares provide income from dividends with the possibility of capital growth.
- ✓ **Fixed interest investments** such as government gilts and corporate bonds.
- ✓ **Property**, the Society owns a property portfolio which provides rental income and offers potential capital growth.
- ✓ **Cash**

The proportion held in each of these will vary depending on market conditions. We seek to adopt an ethical approach to investing and it is our policy not to invest knowingly or directly in industries relating to armaments, tobacco, gambling or pornography in our with-profits fund.

How are bonuses calculated and paid?

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 we review the returns achieved during the previous calendar year and then declare a bonus rate for each product type. The rate varies depending upon overall investment returns and is not therefore guaranteed to be paid at the same rate or at all, in future years.

Bonuses are calculated at the appropriate rate based on the final amount (sum assured) not the amount of premium paid. After five years, on encashment the policyholder will receive the initial investment plus 3% (guaranteed final amount), plus any bonuses added during the life of the policy.

The Society also tries to 'smooth' returns over the life of the bond by retaining some of the investment return in good years to maintain bonus rates in less positive years. However, to ensure the child receives their fair share of returns on their bond, there may be an additional final bonus paid on maturity. Payment of this type of bonus depends entirely on investment performance and is not guaranteed.

Can I make withdrawals?

No withdrawals can be made, but if circumstances change, the policy can be surrendered. It is not advisable to invest in this bond if it is known at the outset that the money will be required within five years. There is the option to split the investment up into three separate policies, which means the whole amount would not need to be surrendered, if funds need to be withdrawn in the future.

Are there any guarantees?

Providing the bond runs for at least five years, we will guarantee a minimum final amount of the initial investment plus 3%. The final value of the child's plan will depend upon investment performance, but bonuses are declared each year, and these are added to the guaranteed final amount.

In the event of adverse investment conditions, the Society reserves the right to apply a market value reduction (MVR) to the final amount (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 the initial investment plus 3%. An MVR will not be applied in the event of the policy becoming a claim as a result of the death of the single policyholder or the death of the second policyholder for joint policies.

What happens if the policyholder die(s)?

The bond provides a guaranteed final amount of the initial investment plus 3%. In the event of death of the policyholder, we will pay out the final amount plus any bonuses that have been added to the policy. In the case of a joint life application on the first death, the bond will continue in the name of the survivor. In the case of death of the proposer of the plan, the policy would continue in the policyholder(s) name(s).

Is there any tax liability?

The money saved is invested in a fund on which the Society pays tax and tax at the basic rate may be treated as paid on any taxable gain, which means there is likely to be no further tax to pay unless the child is taxable at the higher rate when the plan matures. All references to taxation are based on the Society's understanding of current tax legislation and practice, which may change in the future.

If the policyholder dies, the individuals who inherit the bond may have to pay inheritance and income tax.

Are there any charges?

Yes, the Society makes a charge of 5% of the initial investment in year one 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.

What about membership?

When you open a policy with us, the policyholder will automatically become a member of the Society (adult policyholders only) and the child will become a member at age 18. As well as being able to have their say on how the Society is run each year, the policyholder will also have access to various discretionary benefits when available, such as optical and dental grants, as well as exclusive access to a range of discounts and offers.

Where can I get further help or information?

Our team would be more than happy to provide you with factual information about our products and services, so you can make your own decision about how to proceed. However, we are unable to give any advice or recommendations on the suitability of our products. If you are unsure, you should seek advice from a qualified financial adviser, which may incur a fee.

Do I need to provide any additional information?

To comply with regulations, the Society will require a copy of the child's birth certificate, passport or a child benefit letter. This must be independently certified if saving more than £2,000. We will also require confirmation of identification and address. We'll aim to do this using an electronic verification system, but reserve the right to ask for appropriate documentation from you, if this is not possible.



How do I start a Bond?

Simply decide how much you would like to invest and for how long. You should then read the 'All about us' section in this booklet, the 'With-profits information' sheet and the Key Information Document and, providing you do not need any advice, complete and return:

- ✓ The application form
- ✓ 'Is this product right for me?' questionnaire
- ✓ Client agreement / non-advised sale letter

to the address on the back of this brochure along with a cheque made payable to "Sheffield Mutual" for the initial premium if applicable. If you prefer, you can make your first payment by debit card over the phone, or you can make a payment directly into our bank account (please see our website for account details). You can also apply online at www.sheffieldmutual.com.

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

- ✓ Tax Exempt Savings Plan
- ✓ Tax Exempt Savings Plan with Life Insurance
- ✓ Children's Tax Exempt Savings Plan
- ✓ Children's Regular Savings Plan
- ✓ Regular Savings Plan
- ✓ Investment ISA
- ✓ Investment Junior ISA
- ✓ Investment Bond
- ✓ Income Bond
- ✓ Capital Plan
- ✓ Whole of Life Plan

All about us...

Sheffield Mutual Friendly Society Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

You can find out more about us by looking at our entry on the Financial Service Register at <https://register.fca.org.uk/> where our registration number is 139855.

We are an incorporated Friendly Society registered under the 1992 Friendly Societies Act and our number is 810F. For the purposes of the Insurance Distribution Directive we are classified as an insurance undertaking. For FSCS purposes our products are classed as long-term insurance.

Our registered address is **3 Maple Park, Maple Court, Wentworth Business Park, Tankersley, Barnsley, S75 3DP**

How to contact us

Our telephone number is 01226 741 000 and our email address is enquiries@sheffieldmutual.com

Our postal address is Sheffield Mutual Friendly Society, 3 Maple Park, Tankersley, Barnsley, S75 3DP

You may contact us in any way which is best for you, whether it is just to get more information or to apply for new policies with us.

About our service

We will always provide you with all the information you need about our products and services. We do that through this brochure, the conversations we have with you and by providing the Key Information Document for the product which you must read. The products Sheffield Mutual Friendly Society provide are the Society's own products.

We are not a financial advice company and we do not make personal recommendations about the suitability of the product for you. Provided we are satisfied that the product meets your demands and needs, and it is not inappropriate for you to buy it, the information we give enables you to make your own informed decision to proceed with the purchase.

Our team, when they speak with you, ensure that you have all the information you need and are there to answer your questions openly and honestly.

Once a year we will issue you with a bonus statement and covering letter which will explain the financial value of your policy with us, how bonuses have been added and any ongoing management costs charged.

Every year we publish our Solvency and Financial Condition report on our website, the report can be found under the Corporate and Governance section.

We strive to always put your best interests first and as part of that the Board has established a Conflicts of Interest Policy to ensure we continuously try to identify between us, our directors, our employees and representatives, you the customer and our other business connections.



We establish internal processes and procedures to manage possible conflicts and to ensure you will not suffer any detriment or disadvantage should a conflict of interest ever materialise. The full Policy can be sent to you by post on request.

How we remunerate our team

We take great care to ensure our employees are remunerated in ways which do not create any conflicts of interest for them or you, and we structure their pay so that there is no inducement for poor sales practices.

We do this by paying our employees salaries with a bonus element for successfully achieving business wide targets. These payments are made by Sheffield Mutual Friendly Society. We do not pay individual sales bonuses.

How we remunerate our third parties

When we receive your application for a product which has been referred to us by a third party (such as a financial adviser) we may pay them a referral fee. We may also pay a commission to a financial adviser who has arranged your policy without giving you a personal recommendation and has simply provided you with information about this service and assisted with your paperwork. If we pay such a fee the amount will be noted within your personal illustration before we process your application.

Your financial protection

We are covered by the Financial Services Compensation Scheme (FSCS) who you can write to at PO Box 300, Mitcheldean, GL17 1DY. Telephone 0800 678 1100. Further information is available on their website – <http://www.fscs.org.uk> or by clicking on the "FSCS protected" link on our website footer.

Some of the investments underlying this product are managed on behalf of Sheffield Mutual Friendly Society by professional investment managers, and they use nominees and custodians, in respect of investments purchased and held. The investment managers and their counterparts are not covered by the compensation scheme but were they to default, and this in turn caused Sheffield Mutual Friendly Society to default, then eligible claims may still be covered by the FSCS because your contract is with Sheffield Mutual Friendly Society. The FSCS does not cover losses arising purely from investment performance.

Your data protection

We are registered with the Information Commissioners Office and our registration number is Z6719617.

We are committed to keeping your data safe and secure and we will only use it for the purposes you agreed to when you gave it to us. Our aim is to always put your interests first and we do that by adhering to the requirements of the Data Protection Act 2018.

Our full Privacy Statement can be found here www.sheffieldmutual.com/privacy-policy or we will supply a paper version if you ask us to.

Complaints

If you wish to make a complaint about us, or another person who sold or advised you on this product, then please contact us either in writing to: The Chief Executive, Sheffield Mutual Friendly Society, 3 Maple Park, Tankersley, Barnsley, S75 3DP, by telephone: 01226 741 000 or by email: enquiries@sheffieldmutual.com. A full explanation of our approach to complaints handling can be found on the Help and Support page of our website.

If you remain dissatisfied after we have given you our final response you may refer the matter to the Financial Ombudsman Service whose address is The Financial Ombudsman Service, Exchange Tower, London, E14 9SR and telephone number 0800 0234 567 or 0300 123 9123.



Quick and easy application process, get in touch today:



-  www.sheffieldmutual.com
 -  enquiries@sheffieldmutual.com
 -  Call our team on **01226 741 000**
Calls may be monitored and recorded for your protection
 -  Sheffield Mutual Friendly Society, 3 Maple Park, Maple Court, Wentworth Business Park, Tankersley, Barnsley, South Yorkshire, S75 3DP
-
-  facebook.com/sheffieldmutual
 [@sheffieldmutual](https://twitter.com/sheffieldmutual)
 [@sheffieldmutual](https://www.instagram.com/sheffieldmutual)



www.sheffieldmutual.com



enquiries@sheffieldmutual.com



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Issued by Sheffield Mutual Friendly Society. Sheffield Mutual is the trading name of Sheffield Mutual Friendly Society Limited, 3 Maple Park, Maple Court, Wentworth Business Park, Tankersley, Barnsley S75 3DP. The Society is incorporated and registered under the Friendly Societies Act 1992 (register no 810F) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register Number 139855).



Protected

With-profits information sheet



What is a with-profits policy?

With-profits is a type of investment plan sold in the UK in which extra amounts may be added to the main benefit (known as the sum assured).

A with-profits policy offers a profit share through the addition of annual and final bonuses.

The amount of bonus will depend on how the investments in the fund have performed while you have been paying premiums into it. Regular bonuses may be added, usually each year, and once declared are guaranteed.







A final or "terminal" bonus may be added when the policy is closed after it has run its minimum or set term. The amount of bonus will also depend on the allowance we make for the expenses of setting up and running the policy. The Society is a mutual organisation, which means that there are no shareholders. The Society is, therefore owned by its members, which includes with-profits policyholders.

With-profit funds are typically invested in a mixture of equities, property and fixed income investments (see overleaf). Under poor market conditions a "market value reduction" (MVR) may be applied to the value of the policy. An MVR is designed to protect members who are not taking their money out of the Society during adverse market conditions and ensures that all members receive their fair share of the with-profits fund.

An MVR reduces the amount of payout you receive when withdrawing your monies during exceptional circumstances.

You will only see the effect of an MVR should you wish to withdraw your monies at the time there is an MVR in place. An MVR can be added, removed, increased or decreased at any time.

The following policy types are classed as with-profits:-

-  **Tax Exempt Savings Plan (TESP)**
- with or without life insurance
-  **Regular Savings Plan**
-  **Investment Bond**
-  **Income Bond**
-  **Investment ISA (Individual Savings Account)**
-  **Investment Junior ISA
(Individual Savings Account)**

Understanding our with-profits fund

Sheffield Mutual's with-profits fund is managed to provide a medium to low risk investment, appealing to individuals with a more cautious approach to investing. When you invest with us, we pool your money together with other members' in the with-profits fund.

The with-profits fund invests in commercial property, shares, fixed interest, cash, bonds and government gilts. With-profits aims to offer a better return than a typical bank or building society account, but is not as risky as investing all your money directly on the stock market as we 'smooth' returns.

Explaining smoothing

A particular feature of with-profits is 'smoothing'. This is the process where we hold back some surplus profit in good years so we can top up policy bonuses in years where the performance is not as strong.

Smoothing aims to even out the short term ups and downs that is often associated when investing directly in the stock market and has enabled the Society to maintain stable bonus rates even in volatile markets.

The payment of policy bonuses is not guaranteed and depends on the performance of the with-profits fund.

Glossary

Annual bonus

This is the bonus we may add to your policy each year. It is sometimes called a regular bonus.

Assets

These are the investments held within the Society's long-term business fund.

Equities

Equities are investments made in shares of a company that is (typically) traded on the stock market.

Final bonus

This is the bonus that we may add at the end of the investment. It is sometimes called a terminal bonus.

Market value reduction

This describes an adjustment to the value of your policy in adverse investment conditions, in order to ensure you receive your fair share of the fund on surrender or encashment.

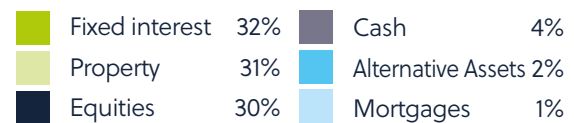
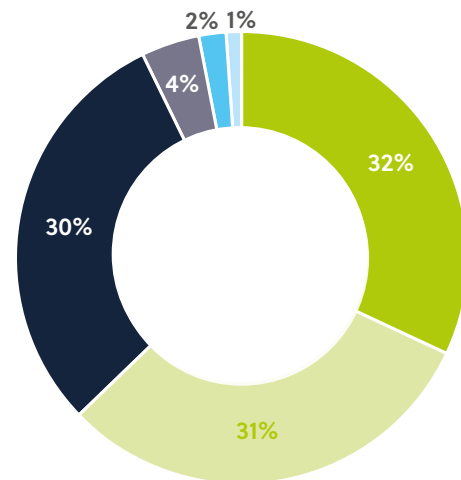
Sum assured

This is the amount shown on your illustration and is the guaranteed minimum you will receive on maturity or death (depending on the type of policy), providing you continue to pay all the premiums due.

Surrender

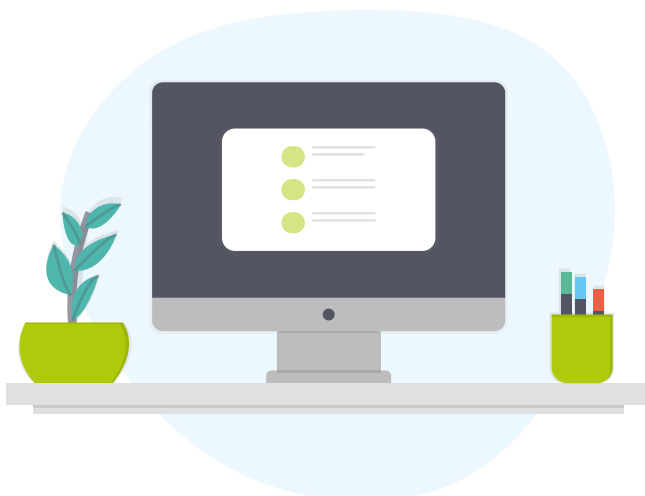
To cash in your policy before the end of its term.

Asset allocation



As at 31/12/2023

Our strategy is to achieve a balanced return of income and capital growth through a combination of good quality assets. We hold a higher proportion of commercial property as we can generate healthy yields from long-term leases with reputable tenants. We maintain a reasonable exposure to shares in order to preserve the value of investments over time but hold some of the funds in other assets to improve diversification and spread risk.



www.sheffieldmutual.com



enquiries@sheffieldmutual.com



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