Marketing

Income Bond

A lump sum investment

Sheffield Mutual Est. 1892

Invest a lump sum with the option to take income withdrawals

Making your money work harder

- **Invest from £5,000 up to £150,000**
- **Medium to long-term investment**
- **A capital guarantee after five years**
- **Option to receive a regular income between 1% and 5%** (subject to terms)
- **Quick and easy application process**

Income Bond

A warm welcome to Sheffield Mutual. We've been helping our members make the most of their money since 1892. We'd love to do the same for you and your family.

As a mutual society with no shareholders, our members are the people we care about the most. Any surplus profit is distributed to provide you with the best possible returns combined with the highest standards of personal service. Building on the experience of our heritage while always looking to the future, we've developed a selection of straightforward trusted savings, investment and protection plans - with a particular emphasis on tax-efficient savings and investment policies.

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 invested.**
- **Tax treatment depends on individual circumstances and may be subject to change in the future.**

Boost your income with a Sheffield Mutual Income Bond

What is the Income Bond?

The bond is a single premium life policy designed for a minimum investment period of five years, which will allow you to take a regular income from your capital - perhaps during your retirement. There is also the potential for capital growth as your lump sum (the initial investment) is invested in our with-profits fund from which, depending on investment performance, we aim to pay bonuses each year. On encashment and subject to the conditions outlined below, you will receive the capital balance (the initial investment less income and partial withdrawals) plus bonuses added during the life of the policy.

For additional peace of mind the bond also has a valuable capital guarantee after five years.

If you surrender your bond within the first five years then a surrender penalty will apply and you may get back less than you invested.

How much can I invest in an Income Bond?

The minimum investment is £5,000 with a maximum in any one calendar year (January to December) of £150,000 per individual, if held solely, or in the case of joint life applications.

Who can invest in an Income Bond?

Anyone over the age of 18.

Can I invest in joint names?

Yes, the bond can be held in joint names.

Why should I invest with Sheffield Mutual?

As a mutual friendly society we have no shareholders to satisfy therefore all our surplus profits are shared with our members. We specialise in offering with-profits policies, which offer greater potential returns by investing in a range of different assets – without exposing your capital directly to the stock market.

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 longer term (five - ten 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 offer a low to medium risk bond making it an option for individuals with a more cautious approach to investing their money.

Types of assets we invest in are:

- **Shares of companies** although mainly UK based, we have exposure to overseas companies to provide diversification. These 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 portfolio of properties which provide rental income and potential capital growth.
- **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.

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.

How are bonuses calculated and paid?

We invest our funds in a mixture of diversified assets 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 declare a bonus rate for each policy type for that period. The rate varies depending upon overall investment returns and, therefore, bonuses are not guaranteed to be paid at the same rate, or at all, in future years.

Bonuses are calculated at the appropriate rate based on the capital balance (the initial investment less income and partial withdrawals) plus any bonuses added in previous years.

On encashment after five years and providing there is no market value reduction (see below) you will receive the capital balance 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 less positive years. However, to ensure you receive a fair share of returns on your 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 and is not guaranteed.

Are there any guarantees?

In the event of adverse investment conditions the Society reserves the right to apply a market value reduction (MVR) to the capital balance and any bonus already added. However, the Society guarantees that the application of an MVR after five years will not reduce the proceeds below the capital balance (the initial investment less income and partial withdrawals).

How long does the money have to remain invested?

The bond has no fixed term but the recommended minimum investment period is five years. It is possible to surrender your bond within the first five years by giving one months notice, but doing so will incur a surrender penalty. Should you need to withdraw some of your capital at a future date we can invest your lump sum in up to three separate policies, with a minimum of £5,000 per policy, which will enable you to withdraw part of your investment without having to surrender (cash in) your entire investment. However, if you surrender a policy within the first five years a surrender penalty will be incurred and you may receive back less than you invested. Any withdrawals of this nature will also affect the level of income provided from your capital.

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. 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 life policies.

How is income paid from the bond?

You can take income withdrawals of up to 5% of the initial capital investment each year, without any immediate tax implications (see below), until the total you have withdrawn equals the initial investment amount. Once you have made withdrawals equal to your initial investment this allowance stops. Any of this annual allowance that is unused can be carried forward to future years so, for example, if you have not made an income withdrawal from your bond in the first five full years since issue, you could take up to 25% as a partial withdrawal without any immediate tax implications.

You can choose the amount you would like as annual income of between 1% 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. Please note that the minimum investment for taking monthly income withdrawals is £10,000, and the minimum investment for taking a withdrawal of under 2% is £30,000. Taking a lower amount as income will allow greater opportunity for capital growth over the years as there is always the risk that your chosen amount of income withdrawal could reduce the value of your bond to an amount less than you originally invested. For example, if you choose to withdraw 5% per annum and the bonuses added are less than 5% per annum, your initial investment would fall.

What happens if I die?

The amount payable on the death of a single policyholder, or the death of the second policyholder for joint life policies, is 101% of the capital balance (the initial investment less income and partial withdrawals) or the value of the policy (the capital balance plus added bonuses), whichever is greater.

Is there any tax liability?

The money you save 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 you are taxable at the higher rate. However, a gain on which tax is treated as paid may have an effect on your tax liability if you qualify for age-related allowances or reliefs, or you are receiving tax credits.

There are no immediate tax implications for income withdrawals as long as no more than 5% of the initial investment is withdrawn annually. This is because current taxation rules allow for the withdrawal of the full initial amount invested spread over a 20 year period from the issue of the bond. Any potential income tax liability is deferred until the bond comes to an end, at which point a final calculation is made to see if there is any taxable gain. Currently there are no further tax implications for basic rate taxpayers.

If you die the people who inherit your bond may have to pay inheritance tax and income tax.

All references to taxation are based on the Society's understanding of current tax legislation and practice, which may change in the future.

Tax treatment depends on individual circumstances and may be subject to change in the future.

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. 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, you will automatically become a member of the Society (adult policyholders only). As well as being able to have your say on how the Society is run each year, you will also have access to various discretionary benefits, 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 confirmation of your 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 my bond?

Simply decide how much you would like to invest and for how long and what level of income you'd like to take. 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, which includes the 'is this product right for me?' questionnaire and client agreement / non-advised sale letter to the address on the back of this leaflet 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 via our website **www.sheffieldmutual.com**.

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

- Tax Exempt Savings Plan
- Tax Exempt Savings Plan with Life Insurance
- Regular Savings Plan
- Investment ISA
- Investment Junior ISA
- Investment Bond
- Capital Plan
- Sheffield Protect - 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 a 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 741000 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 take 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 totally 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 741000 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

@sheffieldmutual

MIX
Paper from responsible sources
FSC® C019447
www.fsc.org

www.sheffieldmutual.com

enquiries@sheffieldmutual.com

Call our team on **01226 741 000**

Calls may be monitored and recorded for your protection

FSCS Protected

March 2021

With-profits information sheet

Understanding your with-profits policy

A with-profits policy is a savings plan that aims to grow your money by sharing in the profits of our with-profits fund. Some of our products, including our Tax Exempt Savings Plan and Investment Bond, include a guaranteed minimum amount payable at maturity (known as a sum assured) on which bonuses are calculated. For Income Bonds, ISAs and JISAs, bonuses are calculated on the initial investment. We aim to add bonuses annually to increase your policy's value.

How your policy grows

Your policy can benefit from two types of bonuses:

- **Regular (annual) bonuses** – Added each year (if declared) and once added, they cannot be taken away.
- **Final (terminal) bonus** – May be added at maturity to provide you with a fair share of the profits earned by the with-profits fund since your policy started. Terminal bonuses are not guaranteed and may not always be payable. The Board reviews bonus rates regularly.

Smoothing: Reducing ups and downs

We use a process called smoothing to help keep investment returns stable. In good years, we may hold back some profits to support bonuses in less positive years, helping cushion your savings from market ups and downs.

Please note: bonuses are not guaranteed and depend on investment performance.

What is a Market Value Reduction (MVR)?

If markets are down and you withdraw early, we may apply an MVR. This helps protect those staying in the fund and ensures fairness to all members. MVRs are only used in exceptional circumstances and can change depending on market conditions.

Why choose Sheffield Mutual?

We've been helping people save with confidence for over 130 years. As a mutual, we're here to serve our members - not shareholders. That means we focus on fairness, long-term value, and personal service.

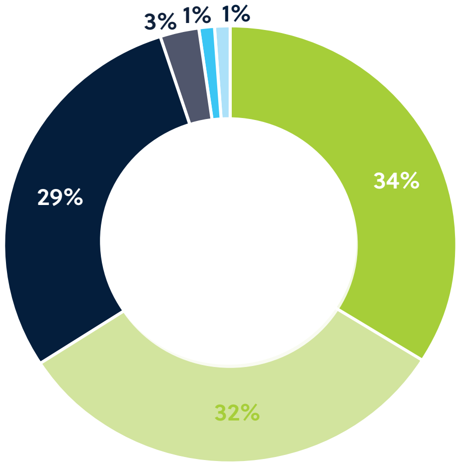
Because at Sheffield Mutual, we're here to serve you, not profit from you.

Where your money is invested

Your savings are pooled with other members' and invested in a balanced mix of:

- **Commercial property**
- **Equities (shares in companies)**
- **Fixed interest (government gilts and corporate bonds)**
- **Cash (including money markets)**

This diversified approach helps reduce risk and aims to deliver better long-term growth than a typical savings account.



Fixed interest	34%	Cash	3%
Equities	32%	Alternative assets	1%
Property	29%	Mortgages	1%

As at 31/12/2025

The following policy types are classed as with-profits

- **Tax Exempt Savings Plan**
- **Regular Savings Plan**
- **Investment Bond**
- **Income Bond**
- **My ISA**
- **Investment Junior ISA**

www.sheffieldmutual.com

enquiries@sheffieldmutual.com

Call our team on **01226 741 000**

Calls may be monitored and recorded for your protection

Issued by Sheffield Mutual Friendly Society Limited, 3 Maple Park, Maple Court, Tankersley, Barnsley, S75 3DP.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. (Financial Services Register No. 139855 and Friendly Society Register No. 810F).

fscs Protected

August 2026