

Key Information Document

Tax Exempt Savings Plan with Life Insurance



Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

The name of this product is the 'Tax Exempt Savings Plan with Life Assurance'. It is provided by Sheffield Mutual Friendly Society. Our website address, where you can find detailed information about us, is www.sheffieldmutual.com and our telephone number is 01226 741000. We are supervised by the Financial Conduct Authority in respect of the production and delivery of this Key Information Document (KID). This KID was produced on 15th July 2021.

What is this product?

Type: It is a friendly society tax exempt with-profits savings plan and it includes life insurance. You may choose the period over which you would like to save at the outset, with a minimum term of 10 years and a maximum term of 25 years (subject to a maximum holding age of 65 on maturity). The most you can save monthly is £25 or £270 per year if you pay an annual premium. Investors should consider if they need the life insurance element – if not this plan may not be appropriate.

It invests your premiums in a pooled with-profits fund which is invested in a mix of commercial property, equities, government gilts, corporate bonds and cash. This spread of assets allows a cautious investment strategy to be pursued. The Society's Board of Directors, acting upon the Actuary's advice, decides annually how much of the achieved investment return should be distributed as bonuses to plan holders. Bonuses are not guaranteed. When bonuses are added to the plan they are an additional payment to the sum assured and depend upon investment performance. We can terminate the plan if premiums are more than three months in arrears.

Objectives: The objective of this plan is to provide you with a tax-free lump sum at the end of a minimum 10 year regular premium paying period or should you die within the term of the plan and have paid your premiums when due.

Intended retail investor: The target customer for this product is those who wish to build up a tax-free lump sum by saving a regular amount usually monthly for a period of 10 to 25 years with the added benefit of a guaranteed sum payable on the death of the policyholder before the end of the term.

Insurance benefits and costs: Upon death, the sum assured plus any bonuses to date will be paid to your estate. The value of the benefits can be found below in the section "What are the risks and what could I get in return" The costs can be found below in the section "What are the costs?".

What are the risks and what could I get in return?

Summary Risk Indicator (SRI)



Lower risk ← → Higher risk

The Summary Risk Indicator assumes you keep the plan for 10 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The SRI is a guide to the level of risk of this product compared to other products and aims to show you how likely it is that the product will lose money because of the movement in investment markets or because we are not able to pay you.

We have classified this plan as 3 out of 7 which is "medium low". This rates potential losses from future performance as unlikely. You are entitled to receive back at least the initial sum insured. However, this protection against future market performance will not apply if you cash in the plan early or fail to make payments into the plan on time. Any amount over this, and any additional return, depends on future market performance and is uncertain.

If we are not able to pay you what is owed you may lose some or all your capital, but you may benefit from a consumer protection scheme (please see the later section "What happens if Sheffield Mutual Friendly Society is unable to pay out?").

Performance scenarios

Investment £1,000 per annum If you cash in after... Insurance premium: £7		1 year	5 years	10 years Recommended Holding Period
Survival Scenarios				
Stress	What might you get back after costs	£500	£4,340	£9,942
	Average return each year	-50.0%	-4.7%	-0.1%
Unfavourable	What might you get back after costs	£500	£4,340	£10,537
	Average return each year	-50.0%	-4.7%	1.0%
Moderate	What might you get back after costs	£500	£4,340	£11,729
	Average return each year	-50.0%	-4.7%	2.9%
Favourable	What might you get back after costs	£500	£5,347	£15,015
	Average return each year	-50.0%	2.3%	7.3%
Accumulated Investment amount		£993	£4,965	£9,930
Death scenario				
What your beneficiaries might get back after costs		£9,942	£9,942	£11,729
Accumulated Insurance Premium		£7	£35	£70

This table shows the money you could get back over the next 10 years, under different scenarios, assuming that you invest £1,000 per year. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product. The stress scenario shows what you might get back in extreme market circumstances.

What happens if Sheffield Mutual Friendly Society is unable to pay out?

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 – www.fscs.org.uk or by clicking on the "FSCS protected" link on our website footer.

This product is categorised as a long-term insurance policy and under the above compensation scheme eligible claims may be covered for up to 100% should Sheffield Mutual Friendly Society default. 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 you would 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.

What are the costs?

Table 1: Cost over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £1,000 per year. The figures are estimates and may change in the future.

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment £1,000 per annum If you cash in after... Scenarios	1 year	5 years	10 years (at the Recommended Holding Period)
Total costs	£525.91	£1,406.38	£1,110.00
Impact on Return (RIY) each year	55.3%	4.5%	2.3%

Table 2: Composition of Costs

The table below shows:

- the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

This table shows the impact on return each year			
One-off costs	Entry costs	1.1%	The impact of the costs you pay when entering into your investment.
	Exit costs	0.0%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.0%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	1.2%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance/other costs	0.0%	This product does not have any performance or other incidental fees.

How long should I hold it and can I take money out early?

You should keep the plan for a minimum term of 10 years and pay all premiums when due to ensure you achieve the maximum return, maintain the life insurance cover and receive the maximum tax advantage under the life insurance qualifying policy rules. You cannot take out money from the plan except by cancelling it completely. If you cancel the policy before maturity a surrender penalty will apply and there is a likelihood you will get back less than you paid in. If the plan is cancelled in the first two years you will get back the total of premiums paid in, less 6 months premiums. After 2 years we calculate the ratio of the number of premiums paid to the total expected premiums. This ratio is applied to the sum assured and bonus to date to give a 'paid-up' value, which is then discounted by an appropriate rate (currently 3.5%) for the period in complete months from the date of leaving to the original maturity date to obtain the surrender value. A £10 fee is also charged to cover the cost of the surrender.

How can I complain?

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, Maple Court, Wentworth Business 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 our website at www.sheffieldmutual.com/how-to-make-a-complaint.

Other relevant information

Your personal illustration: This document provides performance scenarios in a standardised format. Sheffield Mutual Friendly Society will also provide a personal illustration (quote) more tailored to your requirements than the standard examples within this document. The personal illustration, which is neither better nor more accurate than the standardised performance scenarios in this document, is prepared using different methodologies and assumptions, so cannot be compared.

Cancellation rights: After your proposal is accepted you will receive a notice of your right to cancel. You will then have 30 days in which to change your mind, and you will be returned any money you have paid, free of any charges.

Law: In legal disputes the Law of England will apply.

Legislation: All or any of the benefits, the premiums, or the policy conditions may be adjusted as deemed appropriate:

- If there is any change in law or taxation affecting the policy
- If any levy is imposed on the Society under statute or statutory authority
- As a consequence of any amendment to general laws

Notice would be given of any such adjustments.

Sheffield Mutual Friendly Society Limited: Was founded in 1892 and is an incorporated registered friendly society based in the UK. This document should be read in conjunction with the product brochure. Further details are contained in the policy document which is the legally binding contract between you and Sheffield Mutual Friendly Society.

Solvency II Directive: We are required to provide you with easy access to a Solvency and Financial Condition Report and you can obtain this via our website at <http://www.sheffieldmutual.com/corporate> or by calling 01226 741000.

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 a registered friendly society (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).