

## 3 Year Fixed Bond

### Target Market and Fair Value Assessment

<p>Fair value assessment approach</p>	<p>The FCA have strengthened their rules around product governance through the introduction of Consumer Duty. A fundamental part of Consumer Duty is ensuring fair value for our members.</p> <p>At Sheffield Mutual we have conducted a thorough review of all our existing products to ensure they offer Fair Value and work for our members as they were designed to do. Several factors, such as price, benefits and other value driven attributes have been included as part of this assessment including, but not limited to:</p> <p><b>Charges</b> – The charges applied to the product are appropriate and reasonable.</p> <p><b>Claims/Maturity payouts</b> – A review of our payouts to members compared to premiums paid.</p> <p><b>Service delivery</b> – How quickly we answer the phones, emails and respond to other member requests.</p> <p><b>Complaints</b> – Root cause analysis takes place on all complaints. This is then used to identify any potential issues with product design or pricing.</p> <p><b>Literature review</b> – Ensuring the language we use is clear, fair and not misleading and product risks are clearly highlighted.</p> <p><b>Vulnerability</b> – We want to ensure those with characteristics of vulnerability receive at least the same level of service as those in other groups, and that our products do not discriminate against those with certain vulnerabilities.</p> <p>The Fair Value Assessment of our products takes place annually.</p>
<p>Product design</p>	<p>The product is designed as a lump sum product with a fixed rate for 3 years. Interest will be calculated monthly and added annually on a compounded basis. The plan can only be opened by and for those aged 18 or over, it can be opened both on a single or joint life basis. Policyholders' premiums will be locked in for 3 years with no access to those funds apart from the diagnosis of a terminal illness or upon death (death of first life in a joint bond, the second life will be made the policyholder). The policy will have a death benefit of:</p> <p>Premium invested returned up to the 1<sup>st</sup> anniversary  Premium invested +1% up to the 2<sup>nd</sup> anniversary and  Premium invested +2% up to maturity date.</p> <p>The policy will also pay out if a policyholder is diagnosed with a terminal illness during the term of the bond. (T&amp;C's apply)</p> <p>At maturity the policyholder will be able to take all the proceeds or have the option of reinvesting part or all the proceeds with Sheffield Mutual</p>
<p>Target Market (Who is this product designed for)</p>	<p>The Fixed Bond is targeted at customers who have a lump sum of between £1,000 up to £200,000 to invest for a period of 3 years. They will be looking for a fixed return on their investment. The target marketing will be those who fit into the asset rich greys and/or high income professional categories.</p>
<p>Product features</p>	<ul style="list-style-type: none"> <li>✔ A fixed rate bond for 3yrs (rate guaranteed for those 3 years)</li> <li>✔ Interest will be added on an annual basis and compounded (on the anniversary of the policy opening)</li> <li>✔ An annual statement will be sent showing the accrued interest</li> <li>✔ Invest between £1,000 and £200,000, per individual, per calendar year</li> <li>✔ The aim of the product is to provide a guaranteed return after 3 years</li> <li>✔ Multiple Bonds can be opened provided the monetary limits are not exceeded</li> <li>✔ Surrender option available should the policyholder die or be diagnosed with a terminal illness during the policy term</li> </ul>

Not suitable for	<ul style="list-style-type: none"> <li>✗ Non-UK citizens</li> <li>✗ Under 18's</li> <li>✗ Individuals that are looking to invest for less than 3 years</li> <li>✗ Individuals who may need access to the funds during the 3 years</li> <li>✗ Individuals that want to invest less than £1,000</li> <li>✗ Individuals that want to add additional funds</li> <li>✗ Individuals that are looking for a high-risk investment</li> <li>✗ Individuals that are wanting a regular income payment</li> <li>✗ Individuals who are not familiar with savings accounts or who do not understand the product features and risks</li> </ul>
Age range of applicant	18+
Location of applicant	UK Nationwide and Crown representatives overseas
Risks of the product	<ul style="list-style-type: none"> <li>! This is a fixed rate product. You will not be able to access the funds until maturity</li> <li>! Inflation may erode the buying power on the initial investment</li> <li>! The rate is fixed at the outset. This will not change during the term of the bond</li> <li>! The death or terminal illness payout may be less than the maturity amount</li> </ul>
Fair value assessment	<p>This product will provide a guaranteed return on the 3<sup>rd</sup> year anniversary of the policy opening. Members will receive a fixed rate, agreed at the outset by the Society. This provides the policyholder with a guaranteed return.</p> <p>A death and terminal illness benefit are available with the product, amounting to at least equal the initial investment, thus not penalising the policyholder (or beneficiary) and causing them to suffer a financial loss in these circumstances.</p> <p>There are no charges for the policyholder to pay, the costs of developing and managing the product have been taken into account before setting the interest rate.</p> <p>Policyholders of this product will still benefit from Sheffield Mutual Member benefits. Applications will be accepted by phone, face to face post or via the website.</p>
Fair value outcome	Fair value
Distribution	<p>The product is sold directly by Sheffield Mutual, but also through intermediary channels on an advised, non-advised and introduced basis. Commission is paid for non-advised and introduced business, and on the reinvestment of bonds.</p> <p>These commissions are covered by the annual management charge</p>
Discretionary member benefits	<ul style="list-style-type: none"> <li>🌱 Sheffield Mutual Friendly Society membership</li> <li>🌱 Optical and dental grants available dependent on the value of plans.</li> </ul>

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).

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