





Tax Exempt Savings Plan with Life Insurance (TESP with Life)

Target Market and Fair Value Assessment

Product design	The product will pay out the sum assured, plus any bonuses achieved on maturity or death during the term of the policy. It is designed to be held for a minimum of 10 years. Policyholders' premiums are invested in the Sheffield Mutual with-profits fund which in turn invests in a range of assets. The investment gains and income from those assets is returned to policyholders in the form of annual and final (terminal) bonuses. Bonuses are reviewed at least annually and are based on an assessment of each policy's 'fair share' of the with-profits fund. The returns given to policyholders are smoothed over time in order to reduce volatility. We don't believe that vulnerable customers within the target market will be excluded from enjoying the full benefits of this product.
Target Market (Who is this product designed for)	Those who wish to build up a tax-free lump sum with the element of life cover by receiving a sum assured plus any added bonuses on maturity or death (whichever comes first) by saving a regular amount usually monthly, or annually, for a period of 10 to 25 years with potentially higher returns than a cash alternative in a medium to low risk product.
Product features	<ul style="list-style-type: none"> ✓ Save between 10 and 25 years ✓ Save between £5 and £25 per month <u>or</u> £50 and £270 annually ✓ A guaranteed tax-free lump sum on maturity or death plus possible annual and final bonuses ✓ Annual bonuses are based on the sum assured amount ✓ Peace of mind that their loved ones will be taken care of
Not suitable for	<p>Individuals who:</p> <ul style="list-style-type: none"> ✗ are looking for whole of life insurance cover ✗ who have an unhealthy lifestyle ✗ cannot commit to regular premiums ✗ have used their qualifying policy/TESP allowance ✗ cannot commit to a minimum term of 10 years ✗ are looking to save for a term longer than 25 years ✗ are wanting to invest a lump sum ✗ want the option to make withdrawals ✗ are looking for a high risk investment ✗ Individuals who are not familiar with savings accounts or who do not understand the product features: risks, investments and charges
Age range of applicant	11 to 55 (next birthday)
Location of applicant	UK Nationwide and Crown representatives overseas
Risks of the product	<ul style="list-style-type: none"> ! If the policyholder stops paying premiums, they are likely to get back less than they paid in, and the life cover would also cease ! Annual and final bonuses are not guaranteed and not an indicator of future bonuses
Fair value assessment	<p>The minimum sum assured available equates to 89% of premiums paid on this product.</p> <p>Example 55 next birthday (the maximum age for the minimum term) £5 per month premiums over 10 years Total premiums paid £600 Sum Assured £533 (subject to underwriting) Note: Other ages and terms may have a higher sum assured vs premiums paid percentage</p> <p>Annual bonuses are calculated based on the sum assured value. These are reviewed at least annually by the With-profits Actuary and decided by the Board and are based on an assessment of each policy's 'fair share' of the with-profits fund. The returns given to policyholders are smoothed over time in order to reduce volatility.</p> <p>As part of these premiums the policyholders also get bonuses added to the plan annually, which are calculated on the Sum Assured (not the amount paid in to date). In addition, they also benefit from life cover for the duration of the plan.</p> <p>Costs: A management contribution of 50% of premiums paid in year 1 In following years a 6% charge is taken.</p> <p>If the plan is held until maturity the member would not see the effect of these charges. The charges, when compared to similar products on the market, following our review, we're consistent with competitors. The charges are there to protect those members who remain invested in the fund for the agreed period.</p> <p>Funds cannot be taken from the plan except by way of surrender or when the plan matures. If the plan is surrendered before maturity, the plan may be worth less than the amount paid in. The surrender penalty in the first 2 years is equal to 6 months premiums. The surrender penalty after 2 years is calculated by way of a ratio of the number of premiums paid in, to the total expected premiums to be paid in. A £10 fee is also applied to cover the cost of the surrender. These charges protect all policyholders who remain invested in the fund for the recommended term of 10 years.</p>
Distribution	The product is sold directly by Sheffield Mutual, but also through intermediary channels on an advised, non-advised and introduced basis.

To be read in conjunction with relevant product literature



Discretionary member benefits	These commissions are covered by the annual management charge	
	There is a 12 month pro-rata clawback on commission paid, if the plan is cancelled within 12 months	
		Sheffield Mutual Friendly Society membership
		Optical and dental up to £30 for each type of claim every 2 years
		Sheffield Mutual Benefit Hub & Member Assistance Program
		Offer of an enhanced Investment Bond sum assured upon maturity