



## Investment ISA

Tax Free Investment

# Make the most of your individual savings allowance

A convenient way to invest for your future, tax free - within our managed with-profits fund

- ✓ Invest from just **£30 per month** or **£300 lump sum**
- ✓ Subscribe up to **£20,000** in the current tax year
- ✓ **Transfer an existing ISA** from another provider and let us manage the transfer
- ✓ Potential for **tax-free investment growth** through annual and final bonuses
- ✓ **Access to your money** if you need it (subject to £250 minimum withdrawal)



Sheffield  
Mutual Est. 1892

*For you, your family, your future*





# Owned by You. Working for You. Trusted by You.

## Investment ISA

**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.**

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 and trusted tax-efficient savings and investment plans.

### **You also have the peace of mind that we are:**

- Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
- A member of the Association of Financial Mutuals
- A member of the Financial Services Compensation Scheme





# A Stocks & Shares ISA which aims to smooth out the 'ups and downs' of investing

## What is an Individual Savings Account (ISA)?

ISAs are investments with tax advantages, which means that the money you put in will grow tax free. What's more, under current legislation, which may change in the future, your returns will be completely free of income or capital gains tax and do not need to be declared on your tax return. ISAs are available to people who are resident in the UK for tax purposes.

Four types of ISA are available - Stocks & Shares ISAs, Cash ISAs, Innovative Finance ISAs and (from 6th April 2017) Lifetime ISAs. Sheffield Mutual offers a Stocks & Shares ISA, in the form of a with-profits insurance policy, which is designed for medium to long term investments of this kind.

We refer to this as an Investment ISA because the with-profits fund invests in a range of different assets including property and bonds as well as the stock market.

## Can I have different ISAs?

Yes, you can subscribe, subject to the limits, to a maximum of one Stocks & Shares ISA, one Cash ISA, one Innovative Finance ISA and one Lifetime ISA each tax year, either with the same or a different provider.

For the current tax year, each adult has an annual ISA investment allowance of £20,000, which you can split as you choose between a Stocks & Shares ISA, a Cash ISA an Innovative Finance ISA and, if you are between the ages of 18 and 40, a Lifetime ISA (up to £4,000).

## Are there any limits to the amount I can save in an Investment ISA?

The current maximum allowance is £20,000 or £1,666 per month for the tax year which runs from 6 April to 5 April. The minimum you can invest in the Sheffield Mutual Investment ISA is £30 per month or a single initial lump sum of £300. However, if you save any part of your annual allowance in a Cash ISA, an Innovative Finance ISA or Lifetime ISA with another provider, this should be deducted from the overall limit.

## Can I add to my investment?

Yes, providing you don't exceed the maximum annual allowance you can add to your ISA at any time during the tax year. If you are not paying in every month by direct debit, the minimum additional investment is £100. Call us on 01226 741 000 to make your payment by debit card over the phone, or you can make a payment directly into our bank account (please see the 'About us' page on our website for account details). You can also send us a cheque payable to Sheffield Mutual.

In future tax years you can top up your existing Sheffield Mutual policy or you may, if you prefer, open a new policy for each tax year. Having separate policies may provide you with greater flexibility in the future. For example, if you have separate policies for each tax year and you want to start withdrawing funds, you could perhaps surrender one of the older tax-year policies to crystallise the annual bonuses and receive any possible final bonus.

## Can I stop paying into the ISA?

Yes, you can stop or vary your payments during a tax year. However, if you do not make a payment in the whole of a tax year, and you want to start paying in again the following year, you will have to make a new application.

## Who can save in an Investment ISA?

Anyone over the age of 18 or who will be 18 during the tax year in which the ISA is opened, but only after their 18th birthday. You must also be resident in the UK or, if not, be performing duties as a Crown employee serving overseas and paid out of the public revenue of the United Kingdom, in a civil partnership or married to such a person. You cannot pay into a Stocks & Shares ISA with more than one provider in a single tax year.

## Can I select the term of my Investment ISA?

There is no specific term, but to take full advantage, investing in this type of policy should be viewed on a medium to long-term basis.



## How do my savings grow?

Depending upon the performance of its investments, Sheffield Mutual will declare a bonus rate annually in March or April and this will be applied to your policy for the tax year. Obviously, the amount of bonus credited will depend upon how much you have saved and for how long. Bonuses, when declared, are calculated daily (after deducting charges) and added to your policy monthly, net of charges, on a compound basis. You will receive a statement during April notifying you of the current value of your policy including bonuses. There is also the possibility of a final (terminal) bonus on closure of the ISA. Bonuses are not guaranteed.

## 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 than is achievable with a bank or building society account. Sheffield Mutual's with-profits fund is managed to provide a low to medium risk investment, appealing to individuals with a more cautious approach to investment.

The types of asset we invest in are:

- ✔ **Property** - the Society owns properties which provide income from rentals and potential capital growth. We may also invest in property and infrastructure funds to provide diversity.
- ✔ **The shares of UK and overseas companies** - These provide income from dividends with the possibility of capital growth.
- ✔ **Fixed interest investments** - such as government gilts or corporate bonds.
- ✔ **Commercial mortgages** - from a small portfolio providing a fixed rate return.
- ✔ **Cash**

The proportion held in each of these will vary depending on market conditions. We can provide you with a guide to the spread of investments. 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.

Unlike Stocks & Shares ISAs that are invested directly in shares or in a share-tracking index, the money you invest in the Investment ISA will not normally fluctuate from day to day. However, should you wish to close, transfer or withdraw funds from your ISA during adverse investment conditions, the Society may apply a Market Value Reduction to the policy fund, which could, in some circumstances, result in you receiving back less than you have paid in. Therefore the amount you will receive on repayment is not guaranteed.

## Can I withdraw from my Investment ISA?

Yes, you can withdraw a minimum of £250 at any time or you can close the plan. However, please note that you would not be able to replace funds withdrawn without the replacement counting towards your annual subscription limit. If you withdraw from or close your policy in times of adverse investment conditions a Market Value Reduction may be applied to the policy fund which could, in some circumstances, result in you receiving back less than you paid in.

## Are there any charges?

Yes, the Society will deduct 1.5% of the value of the ISA policy fund each year to cover administration costs and expenses. The annual charge is normally deducted from the declared

annual bonus amount before it is added to your policy. However, it would be deducted from the policy fund should the bonus be less than the annual charge.

## What happens if I die?

On death, the Society will pay 101% of the policy value to either your personal representative(s) or to your estate. Bonuses will be credited tax-free up to the date of death. Your spouse or civil partner will be able to pay into an ISA in their own name an amount equivalent to the proceeds of your ISA at the date of death, in addition to their own ISA allowance.

## Can I transfer my ISA with another provider to Sheffield Mutual?

Yes, subscriptions can be transferred freely between Cash, Stocks and Shares and Innovative Finance ISAs. You can transfer some or all of the money saved in previous tax years with another provider to an Investment ISA with Sheffield Mutual, up to £100,000 per calendar year, without affecting your annual ISA investment allowance.

You can also transfer all of the money saved in the current tax year with another provider to an Investment ISA. These transfers must be the whole amount saved in that tax year up to the day of transfer. Where money saved in the current tax year is transferred, it will be treated as if it has been invested directly into the receiving ISA in that tax year.

You will then be able to save up to the full remaining balance of the allowance for that tax year, or you may within the overall limit subscribe to a cash ISA later in the current tax year. Transfers from previous tax years will be held in a separate ISA transfer policy from any current tax year subscriptions.

If you already have an ISA transfer policy with Sheffield Mutual, you can choose whether to 'top-up' your existing policy or open a new one. See 'Can I add to my investment?' section for further information.

## What about membership?

Yes, you will become a voting member of the Society with access to various discretionary benefits when available, such as optical/dental grants as well as access to benefit portal, BenefitsHub.

## Where can I get further help or information?

Our friendly and knowledgeable team will be happy to provide you with factual information about the Society's products and services, so you can make your own choice about how to proceed. No advice or recommendations will be given and if you are in any doubt about the suitability of a product, you should seek advice from a suitably 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. We don't normally require identity documents from existing members.

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



# How do I start my Investment ISA?

Simply decide how much you would like to save, for how long and whether you would like to save monthly or annually. You should then read the 'All about us', 'With-Profits Information' sheets 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
- ✔ Direct Debit mandate

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 the 'About us' page on our website for account details). You can also apply online at [www.sheffieldmutual.com](http://www.sheffieldmutual.com).

## Marketing

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

- ✔ Tax Exempt Savings with or without Life Insurance
- ✔ Regular Savings Plan
- ✔ Investment Junior ISA
- ✔ Investment Bond
- ✔ Income Bond
- ✔ Sheffield Protect-Whole of Life Plan
- ✔ Capital Plan

## Jargon Buster

**Bonus** - an amount we will add to your policy linked to how well the with-profits fund has performed. These can be annual bonuses or a final bonus, added when your ISA is closed or transferred.

**Cash ISA** - a tax-free deposit account which earns interest. Although less risky and more certain than a Stocks & Shares ISA, the returns may be relatively modest over the longer term.

**Dividends** - income from shares paid by companies to shareholders.

**Innovative Finance ISA** - an ISA qualifying investment relating to peer to peer loans. These are not currently covered by the Financial Services Compensation Scheme.

**Lifetime ISA** - an ISA for people between the ages of 18 and 40, designed to save for a first home and retirement.

**Market Value Reduction** - an adjustment made to the amount we pay out, should your policy fund be worth more than your fair share of the with-profits fund.

**Policy Fund/Policy Value** - the value of the amount paid in (less any withdrawals) plus any bonuses added to your ISA.

**Stocks & Shares ISA** - a tax-free wrapper for investments other than cash deposits.

**With-Profits** - the name given to a type of fund which normally contains a mix of assets and which shares the profits with the policyholders. Returns are 'smoothed' whereby some profit is held back in good years to maintain returns in poorer investment years.

## Quick and easy application process, get in touch today:



**Sheffield Mutual Friendly Society** 3 Maple Park, Maple Court,  
Wentworth Business Park, Tankersley, Barnsley, South Yorkshire, S75 3DP



### Call our team

01226 741 000

Calls may be monitored and recorded for your protection.  
Opening hours: Mon 9am - 8pm & Tues to Fri 9am - 5pm



### Email us

[enquiries@sheffieldmutual.com](mailto:enquiries@sheffieldmutual.com)



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[www.sheffieldmutual.com](http://www.sheffieldmutual.com)

Online chat available

Issued by Sheffield Mutual Friendly Society, 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).



# Investment ISA

## Terms and Conditions



The Product Brochure and Key Information Document set out how your Investment ISA will operate using plain English and a simple 'question and answer' format. Our aim is not to use jargon or small print, but ISA regulations require the Society to set out various standard terms and conditions (the "terms") under which your Investment ISA will operate.

These terms come into force when the policy document is issued and the first premium paid. We may amend or vary these terms, if we have a valid reason to change them, by writing to you.

### General Conditions

- ✔ An ISA is a scheme of investment managed in accordance with the ISA regulations by the ISA Manager (Sheffield Mutual Friendly Society, the "Society") under terms agreed between the ISA Manager and you (the "Investor").
- ✔ The ISA investments will be, and must remain, in the beneficial ownership of the Investor and must not be used as security for a loan.
- ✔ The Society will satisfy itself that any person to whom we delegate any of our functions or responsibilities under the terms agreed with the Investor is competent to carry out those functions and responsibilities.
- ✔ On the instructions of the Investor and within the time stipulated by them, all or part of the investments held in the ISA and proceeds arising from those investments shall be transferred or paid to the Investor. The Society will do this within a reasonable time period, not exceeding 30 days.
- ✔ On the instructions of the Investor and within the time stipulated by them, the ISA, or part of the ISA, shall be transferred to another ISA Manager in accordance with the ISA regulations relating to transfers. The Society will do this within a reasonable time period, not exceeding 30 days.
- ✔ The Society will notify you if, by reason of any failure to satisfy the provisions of the ISA regulations, your ISA has, or will, become void.

### Policy Conditions

Subject also to the Policy Schedule document:

- ✔ The policy may be owned or held only as a qualifying investment for an ISA.
- ✔ The policy shall terminate automatically if it ceases to be owned or held in the ISA.
- ✔ The life assured is that of the Investor.
- ✔ The policy shall terminate automatically if it does not satisfy the relevant qualifying conditions in ISA legislation.
- ✔ The policy, or the rights conferred by the policy or any share or interest in the policy or rights respectively, other than the cash proceeds from termination or part surrender of the rights conferred, cannot be transferred to the Investor, and;
- ✔ The policy, the rights conferred by the policy and any share or interest in the policy or rights respectively, are not capable of assignment or assignation (other than a transfer to another ISA provider within the normal rules for ISA transfers), and the rights may vest in the personal representatives of a deceased investor.
- ✔ The policy is also subject to the Rules of the Society, which can be provided on request along with a copy of the Society's Annual Report & Accounts.
- ✔ Policyholders are entitled to attend and vote at the Society's AGM and will receive notification.

These terms, together with the Product Brochure, Key Information Document and Application Form, form the basis of the contract between you and the Society upon which we intend to rely. As a member owned organisation we will always aim to communicate clearly and in the best interests of our members, but if you do not understand any points, or you have any questions, please ask for further information.



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*For you, your family, your future*



## All about us...

There are many things our regulators and the law require us to tell you about ourselves – so here we go –

**Sheffield Mutual Friendly Society** 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 unincorporated Friendly Society registered under the 1974 Friendly Societies Act and our number is 810F. For the purposes of the Insurance Distribution Directive we are classified as an insurance undertaking.

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](mailto:enquiries@sheffieldmutual.com)

Our postal address is 3 Maple Park, Maple Court, Wentworth Business 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 staff, 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 on our website at <https://www.sheffieldmutual.com/solvency-and-financial-condition-reports> our Solvency and Financial Condition Report which helps you to understand our financial position and how we manage the risks we face.



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 **@SheffieldMutual**

 **/sheffieldmutual**

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in relation to long term insurance business.  
Financial Services Register No. 139855.  
Friendly Society Register No. 810F.

# All about us continued...

We strive to always put your best interests before ours and as part of that the Committee has established a Conflicts of Interest Policy to ensure we continuously try to identify any conflicts that may arise between us, our staff 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 staff

We take great care to ensure our staff 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 staff by salaries with a bonus element for successfully doing their job. 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 advised 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.

This product is categorised as a long-term insurance policy and under the above compensation scheme this means you are covered for up to 100% of the claim with no upper limit 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.

## 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 General Data Protection Regulation.

Our full Privacy Statement can be found here <https://www.sheffieldmutual.com/privacy> 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, Maple Court, Wentworth Business Park, Tankersley, Barnsley, S75 3DP, by telephone: 01226 741000 or by email: [enquiries@sheffieldmutual.com](mailto: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](http://www.sheffieldmutual.com/how-to-make-a-complaint).

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.



# 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**) to reflect profits earned during the course of the contract.

A with-profits policy shares in the profits of the Society 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 or **“reversionary”** 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 if it is surrendered at a time when market values are depressed. This is to ensure the fair treatment of policyholders remaining in the fund.



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

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



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Email us

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## Understanding the with-profits fund

Sheffield Mutual's with-profits fund is managed to provide a low to medium 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.

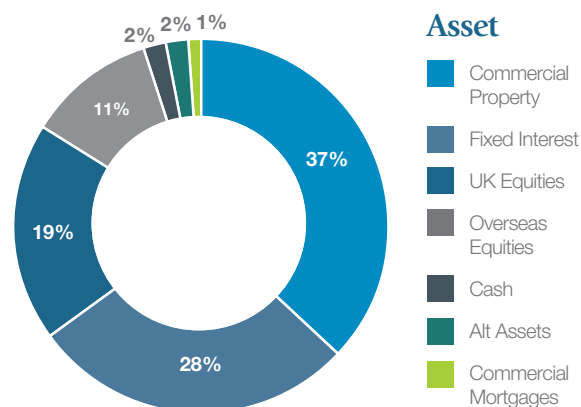
The with-profits fund invests in things like commercial property, shares, fixed interest, cash, bonds and government gilts. With-profits aims to offer a better return than a typical bank or building society account, but is not as risky as investing all your money directly on the stock market as we 'smooth'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

## Asset allocation



As at 31/12/2019

Our strategy is to achieve a balanced return of income and capital growth through a combination of good quality assets. We hold a high proportion of commercial property as we can generate good 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.

## Glossary / Jargon Buster

### Annual Bonus

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

### Assets

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

### Equities

Another word for "Share". A shareholder's equity is the value of the shares they hold.

### 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 and 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.