



Lump Sum Junior ISA

Stocks and Shares

Key Features

"Why should I read this document?"

The Financial Conduct Authority is a financial services regulator. It requires us, the Metropolitan Police Friendly Society, to give you this important information to help you decide if the **Metfriendly** Lump Sum Junior ISA is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

We want you to be comfortable that you understand the 'Key Features' of this product before you decide to proceed. If you do not understand something in this document, please feel free to contact us.

Key Features

These are the 'Key Features' of the Metfriendly Lump Sum Junior ISA

Its aims

- To provide a savings vehicle for your child, while utilising the "Stocks and Shares" Junior ISA annual allowance
- To achieve capital growth by the addition of bonuses.
- To provide returns which are free of income tax and capital gains tax.
- To allow for flexible encashment on or after your child's 18th birthday.

Your commitment

- You agree not to take out another Stocks & Shares Junior ISA for your child at any time, unless you transfer the Metfriendly Junior ISA to the new Junior ISA provider at the same time.
- You agree not to pay more than the maximum permitted to a Cash Junior ISA and this Metfriendly Junior ISA in the same tax year.

Risks

- Your child may not get back as much as has been paid in, depending on the length of time the Junior ISA has been in force.
- What your child gets will depend on investment performance - returns may be lower than illustrated.
- Our charges may be higher than illustrated.
- The tax treatment of Junior ISAs may be changed by future legislation.

Questions and Answers

What is the Metfriendly Lump Sum Junior ISA?

It is a tax-efficient plan for investing lump sums for your child. It is designed as a Junior ISA to comply with the Junior ISA regulations to shield savings from both income and capital gains taxes, so that returns can be maximised. It is classed as a "Stocks and Shares" type of Junior ISA so you can, if you wish, also have a "Cash" Junior ISA for your child from another Junior ISA provider of your choice.

How does the Metfriendly Junior ISA work?

Metfriendly Junior ISAs - like our other tax exempt products - enjoy higher rates of bonus and therefore higher returns than traditional savings products, as we do not have to pay any tax on the interest and capital gains we make on the money you invest with us.

The Junior ISA has a maximum yearly limit of £4,080 (correct for 2016/17 tax year). The minimum lump sum investment we accept is £1,500 (smaller lump sums can be invested in the Monthly Savings Junior ISA).

ISAs are also much more flexible than other forms of saving:

- You can mix lump sums with regular savings.
- You can transfer Junior ISAs from one provider to another.
- Each eligible child can have two types of Junior ISA at the same time, a Cash Junior ISA and/or a Stocks and Shares Junior ISA.
- You can choose a different provider for each type.
- There is a limit on the amount of money you can pay into the Junior ISA(s) in any one tax year namely, an overall maximum of £4,080, split between the two types in any proportion.
- The Metfriendly Junior ISA is a Stocks & Shares Junior ISA, not a Cash Junior ISA, so you can invest in a Cash Junior ISA elsewhere if you wish.
- At age 16 the child is legally able to take over as the 'Registered Contact.' We will write to the child around their 16th birthday to offer this, and we will also ask for their NINo. We will inform you beforehand of our intention and obligation to do this.

Which children are eligible for a Metfriendly Junior ISA Plan?

To be eligible for the Metfriendly Junior ISA, the child must satisfy all of the following conditions:

- be under 18, and
- be resident in the UK, and
- be related to someone who is, or was, in the Police Service in the UK (either as an officer or staff, paid or volunteer), and
- not have a CTF, or if they do it must be transferred to a Junior ISA.

Can I transfer a CTF to this Junior ISA?

Yes, we will accept transfers from a CTF to the Metfriendly Junior ISA, subject to our limits (see 'What are the limits on premiums?').

Who can apply for a Metfriendly Junior ISA Plan?

To apply, you must be aged 16 or over, and either of the following:

- with parental responsibility for the child, or
- the child yourself provided you are aged either 16 or 17

In addition, because we only have permission to do business within the UK, you must be resident in the UK when you sign the application form.

What are the limits on premiums?

Maximum: There is a maximum limit on the total amount that can be paid into Junior ISAs for any one child over one tax year (6th April to 5th April) - this is announced by HM Revenue and Customs each October for the following tax year. For 2016/17 this limit is £4,080 spread over both Cash and Stocks and Shares Junior ISAs.

Minimum: The minimum which we will accept is £1500 at a time.

Regular premiums can also be paid into our Monthly Savings Junior ISA, which you can hold as well as having a Lump Sum Junior ISA, as this still counts as one Junior ISA.

What might my child get?

An example - What your child might get after 17 years for a lump sum investment of £3,000:

- If investments grew at 2.0% a year - they would get back £3,020
- If investments grew at 5.0% a year - they would get back £4,940
- If investments grew at 8.0% a year - they would get back £7,980

The early years

The following examples show what your child might get. They assume that investments will grow at 5.0% a year.

At the end of year	Total premium paid in to date	Effect of Deductions to date	What the child might get
1	£3,000	£110	£3,040
2	£3,000	£226	£3,080
3	£3,000	£346	£3,120
4	£3,000	£415	£3,230
5	£3,000	£490	£3,330

Warning - if the plan is cashed in soon after it started, your child could get less than was paid in.

The later years

At the end of year	Total premium paid in to date	Effect of Deductions to date	What the child might get
10	£3,000	£954	£3,930
15	£3,000	£1,610	£4,630
17	£3,000	£1,940	£4,940
20	£3,000	£2,510	£5,450
24	£3,000	£3,460	£6,210

What are the charges?

- The deductions include the estimated cost of expenses, charges and other adjustments.
- The table shows that over a 17 year period, the effects of the total deductions could amount to £1,940.
- This would have the same effect as bringing down the investment growth from 5.0% a year to 3.0%.

How many Junior ISAs can a child have?

Under age 16: a child can only have:

- one Stocks and Shares Junior ISA (such as our Junior ISA), and/or
- one Cash Junior ISA.

Aged 16 or 17: during the tax year in which their 16th or 17th birthday falls, a child can have:

- one Stocks and Shares Junior ISA, and/or
- one Cash Junior ISA, and /or
- from their 16th birthday onwards, one Cash adult ISA.

Aged 18: during the tax year in which the 18th birthday falls, a child can have:

- one Stocks and Shares Junior ISA, and/or
- one Cash Junior ISA, and /or
- one Cash adult ISA, and/or
- from their 18th birthday onwards, one Stocks and Shares adult ISA (such as ours).

What happens after the Junior ISA starts?

- At the end of each calendar year, we add a bonus to all the investments and send a bonus notice to the registered contact during February or March.
- Once added, bonuses are permanent additions to the investment with us.
- Bonuses are compounded, so in subsequent years the child earns bonuses on the bonuses.
- Provided any contribution is left invested for at least 3 years, we normally add a final bonus when the plan is cashed in.
- There is no tax to be paid on any gains made through the Junior ISA.

Who can take money out?

Only the child can benefit from the Junior ISA - once a contribution has been made, it is a gift to the child and cannot be returned to the contributor.

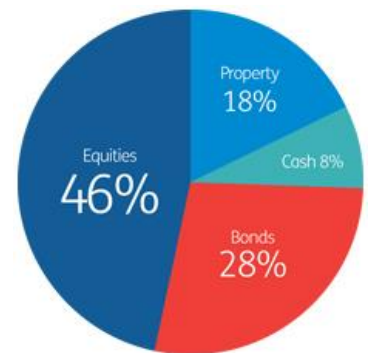
When can money be taken out?

There are only four events which can trigger a pay-out:

- once the child is 18, at the child's own request;
- if the registered contact requests a transfer to another provider's Junior ISA;
- on the death of the child; or
- if the child contracts a terminal illness.

Where is the money invested?

The premiums are invested in the Metfriendly With-Profits fund which is made up of equities, commercial property, bonds and cash. The example in the diagram shows the approximate "mix" as at 31st December 2015.



As at 31/12/2015

How are bonuses determined?

Bonuses are decided by the Board acting on the advice of the with-profits actuary. A key factor in determining bonuses is the investment return in recent years.

What happens if the stock-market falls?

All of our assets can rise and fall with the stock-market, although investing in a range of assets does provide some protection to the fund. It is possible that this will result in the value of the plan reducing from time to time.

Normally the plan value will not be less than the money paid in plus all annual bonuses (and it will be greater when we pay a final bonus). However, we reserve the right to apply a market value reduction so that the encashment value more fairly reflects our investment performance. (The death benefit can never be affected by a market value reduction.)

How do I start a Metfriendly Junior ISA Plan?

Applications must be made by a parent (or a person with legal responsibility for the child) or the child if he/she is 16 or 17. If you are not currently serving in the London Police Services we will require reasonable proof of your identity (Copy Birth Certificate, Driving Licence or Passport) and proof of your address. We will always require a copy of the child's Birth Certificate. All copies must be signed on the reverse to certify they are a true copy of the original.

What if I change my mind?

When the plan has been set up, we will send you, as the registered contact, a certificate showing the plan benefits as set up from outset, and a cancellation notice. If you change your mind, you can return the notice within 30 days and we will cancel the plan and make a full refund of all contributions made.

What happens if I move abroad?

After the Junior ISA has been opened, it does not matter where the registered contact is resident - in the UK or elsewhere. Contributions can continue to be made and the Junior ISA remains in full force.

What happens if my child moves abroad?

Although your child must be resident in the UK when the Junior ISA starts, once it has been opened it does not matter where your child is resident - in the UK or elsewhere. Contributions can continue to be made and the Junior ISA remains in full force.

What about tax?

There is no liability for Income or Capital Gains Tax during the life of the plan, nor on cashing it in. The child, his/her parents, and all contributors to the plan can disregard it when completing a UK Tax Return. (However, this could be changed by a Government at any time.)

How much will it cost for advice?

- We do not offer or give financial advice.
- We do not make any form of commission or incentive payments.
- The cost of providing verbal or written information about this product is included in our overall expenses.

Is the plan suitable?

If you are unsure as to the suitability of this product, and wish to obtain personal advice, you should contact an independent financial adviser.

How will I know how the plan is doing?

We will send you (or whoever is the registered contact at that time) a bonus notice every year, showing you the annual bonuses that have been earned; any final bonus (payable only on encashment) will not be shown.

How do I contact you?

Metfriendly, Central Court, Knoll Rise, Orpington, Kent, BR6 0JA

Phone: 01689 891454

Fax: 01689 891455

Email: info@metfriendly.org.uk

Web: www.metfriendly.org.uk

How to complain

- If you have a complaint about any aspect of the service you have received, in the first instance please contact us. A summary of our complaints handling procedure is available from us.
- If you feel your complaint is not dealt with to your satisfaction, you can then contact the Financial Ombudsman Service, Exchange Tower, London, E14 9SR or visit their website www.financial-ombudsman.org.uk. This will not affect your right to take legal proceedings.
- In the event of any complaint, we would treat you as a normal retail customer and not make any assumptions of specialist investment knowledge on your part.

Compensation

- Information on compensation arrangements is available from us.
- We are a member of the Financial Services Compensation Scheme.
- **Metfriendly** is an insurance provider.

Law

- In legal disputes the law of England and Wales will apply.
- Full details of the plan are contained in the Society's Tables and Rules - which evidence the legally binding contract between you and **Metfriendly**.
- On taking out this plan, you will be issued with a certificate showing your benefits. As you are then a member of the Society you are subject to our Rules, which are available on the website or on request from us.

Terms & Conditions – as specified by HMRC

Terms and Conditions specific to the Metfriendly Junior ISA are given below.

Beneficial Ownership

This Junior ISA investment will be, and must remain in, the beneficial ownership of the child.

Delegation of Metfriendly duties

We will satisfy ourselves 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.

Voiding the ISA by mistake

We must notify the registered contact if, by reason of any failure to satisfy the provisions of the Junior ISA regulations, a Junior ISA has, or will, become void.

Transfers to another ISA provider

On the instructions of the registered contact and within the time stipulated (subject to a minimum period of 30 days), a Junior ISA or part of a Junior ISA shall be transferred to another Junior ISA manager.

How We Manage the With-Profits Fund

What is a with-profits investment?

With-profits investment is a method of providing a saver with access to a fund, where their money is pooled with others' and all customers share in the investment return. A bonus may be added to their contract, which once added cannot be taken away.

How does the with-profits fund work?

The premiums we collect from with-profits members are pooled together into our with-profits fund. The fund is invested in a mix of equities, commercial property, corporate bonds and cash. By spreading its investments this way the Society is not solely dependent on one market. For instance if the value of the stock market was to go down but other investments go up then the effect would be that one counteracts the other.

The Society aims to be fair to all its members and to uphold the promises made to them when they took out their plan. However, any payments made to customers by way of an annual or final bonus must reflect the way in which the value of the with-profits fund has performed throughout the period of investment.

The Society aims to avoid large changes in the amounts paid on comparable plans from year to year. This is known as "smoothing" and is designed to protect investors from some of the sudden movements in the stock-market. In practice, smoothing means that we hold back some of the high investment returns from the good years and use them to boost with-profits payments in years when returns are lower.

What are bonuses?

Each year we will send you a bonus statement telling you what bonuses have been added to your plan. There are two types of bonus.

Annual bonus – members receive an annual bonus with their with-profits plans. These are also known as reversionary bonuses. They may vary depending on the type of contract you have and once added cannot be taken away (provided that the contract is held to the end of its term and any premiums due are paid). The Board sets these in October each year after receiving the advice of a professional adviser (the "with-profits actuary") who considers investment performance, current interest rates and the Society's financial strength.

Final bonus – when a plan is paid out we will often add a final bonus. This will vary according to the type of contract you have. Final bonuses are not guaranteed and are not known until the time of payment. Again these are agreed by the Board in October but may be varied at any time. Final Bonuses do not apply to the Monthly Savings ISA or Monthly Savings Junior ISA (start dates from 1/1/2016).

How do you work out what the final bonus should be?

The final bonus (or the rate of annual bonus in the case of the Monthly Savings ISA and Monthly Savings Junior ISA) is intended to ensure that payments to members are broadly equivalent to the premiums paid in, accumulated to allow for:

- our expenses or charges
- the investment return, allowing for smoothing, and
- any allowance for taxation or the cost of providing death benefits, where applicable.

Although the Society has low administration costs, they have a greater effect on the return to members for plans of short duration.

Overall, it is the intention of the Society to pay out the money made by its investments on their premiums back to its members. To the extent that the Society has more assets than it needs to pay members at a particular moment in time these assets or "estate" will be carried forward to protect members against large drops in returns in the

future and in particular to smooth their benefits as described above. It is also used to support the guaranteed benefits, that is, the sum assured under the contract and annual bonuses already added to it.

Additionally this greater financial strength enables the Society to make some investments with a higher risk. We will always keep these under review, and will not take any unnecessary risks with the investments we make on behalf of our members.

How do you invest my money?

The Society has an investment strategy that is regularly agreed by the Board. There are risks but we aim to keep these as low as possible and investment managers are restricted in how they can invest our funds.

We maintain a mixed investment portfolio in order to maintain stability of returns, but we also have sufficient depth to our finances to allow for some of our assets to be invested in higher risk investments such as equities where returns may be greater.

Risks to the business are regularly assessed and adjustments made as necessary.

If I surrender my plan what will I get back?

All surrender values remain subject to the discretion of the Society and are not generally guaranteed.

What are your charges for?

The Society aims to keep charges for acquisition and administration costs as low as possible and these are reviewed on an annual basis.

The Society does not pay commission to anyone.

We also make a charge to the fund for the cost of providing guarantees.

How can I find out more information?

If you would like to see a full copy of our Principles and Practices of Financial Management (PPFM) or you would like to speak to someone about anything else then please call us on 01689 891454.

The PPFM is also available on our website.