keyfacts®

Lump Sum 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 Investment 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.

metfriendly
save, invest and protect

Key Features

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

Its aims

- To achieve capital growth by the addition of annual bonuses.
- To provide returns which are free of income tax and capital gains tax.
- To give higher returns, compared to our other, non tax-efficient products.
- To allow for flexible encashment.

Your commitment

- You agree to invest a lump sum of at least £2,000.
- You agree not to take out another Stocks & Shares ISA in any tax year you subscribe to the Metfriendly Investment ISA.
- You agree not to pay more than the maximum permitted to a Cash ISA and this Metfriendly Investment ISA in the same tax year.

Risks

- If you cash-in during the early years, then you may not get back as much as you have paid in.
- What you get back will depend on investment performance - returns may be lower than illustrated.
- Our charges may be higher than illustrated.
- The tax treatment of ISAs may be changed by future legislation.

Questions and Answers

What is a Metfriendly Lump Sum ISA?

It is a tax-efficient savings plan for lump sum investments, designed as a Stocks & Shares ISA to comply with ISA regulations to shield your savings from tax on income and capital gains.

How does the Metfriendly Lump Sum ISA work?

- You invest a lump sum (min £2,000).
- The maximum you can save in an ISA in any tax year is £20,000 (correct as at 2017/18 tax year).
- At the end of each calendar year, we normally add a bonus to all your investments and send you a bonus notice.
- Once added, bonuses are permanent additions to your investment with us.
- Bonuses are compounded, so in subsequent years you earn bonuses on the bonuses.
- Provided you invest each plan for at least 3 years, we normally add a final bonus when you cash it in.
- The ISA has no fixed term and you can leave it invested for as long as you wish. You should, however, view it as a medium to long term investment - at least 5 years.
- You can transfer a Cash or Stocks & Shares ISA to us from another provider (no limit).
- You can transfer your accumulated Metfriendly ISA to another provider, but please remember that our ISA is designed as a medium to long term investment.

Who can take out a Metfriendly Lump Sum ISA?

You must be resident in the UK for tax purposes and over the age of 18. To invest with us you must work or have worked in the UK police service – or be the partner or close relative of such a person.

What are the limits on premiums?

Maximum: There is a maximum limit on the total amount that can be paid into ISAs for any individual 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 2017/18 this limit is £20,000 in total spread over both Cash and Stocks and Shares ISAs.

Minimum: The minimum which we will accept is £2,000 at a time.
You can also pay regular premiums into our Flexible Savings ISA, as well as having a Lump Sum ISA.

What might I get back?

An example - What you might get back after 10 years for a lump sum investment of £5,000:

- If investments grew at 2.0% a year - you would get back £5,000
- If investments grew at 5.0% a year - you would get back £6,550
- If investments grew at 8.0% a year - you would get back £8,680

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

The early years

At the end of year	Total premium paid in to date	Effect of deductions to date	What you might get back
1	£5,000	£182	£5,060
2	£5,000	£376	£5,130
3	£5,000	£576	£5,210
4	£5,000	£692	£5,380
5	£5,000	£817	£5,560

Warning - if you cash in during the early years, you could get back less than you paid in.

The later years

At the end of year	Total premium paid in to date	Effect of deductions to date	What you might get back
10	£5,000	£1,590	£6,550
15	£5,000	£2,680	£7,720
20	£5,000	£4,180	£9,090
25	£5,000	£6,230	£10,700

What are the charges?

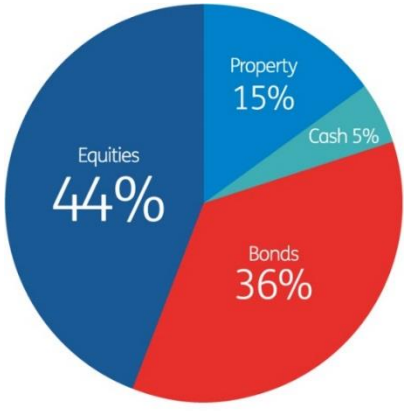
- The deductions include the estimated cost of expenses, charges, any early encashment fees and other adjustments.
- The table shows that over a ten year period the effect of the total deductions could amount to £1,590.
- This would have the same effect as bringing down the investment growth from 5.0% a year to 2.7%.

What happens after my ISA starts?

- At the end of each calendar year, we add a bonus to all your investments and send you a bonus notice.
- Once added, bonuses are permanent additions to your investment with us.
- Bonuses are compounded, so in subsequent years you earn bonuses on the bonuses.
- Provided you invest each plan for at least 3 years, we normally add a final bonus when you cash it in.
- The ISA has no fixed term and you can leave it invested for as long as you wish. You should, however, view it as a medium to long term investment - at least 5 years.
- You can transfer your accumulated Metfriendly ISA to another Cash, or Stocks and Shares ISA provider, but please remember that our ISA is designed as a medium to long term investment.

Where is my 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 31 December 2016.



As at 31/12/2016

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 your ISA 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 add 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 over the period of the certificate. (The death benefit can never be affected by a market value reduction.)

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.

How will I know how my plan is doing?

We will send you a bonus notice every year, showing you the annual bonuses that have been earned; any final bonus (payable on encashment) will not be shown. We will also be happy to advise you of an up-to-date value at any time over the phone.

What type of ISA can I transfer to Metfriendly?

You can transfer a Cash or Stocks and Shares ISA to us from another provider (no limit).

What about tax?

There is no liability for Income or Capital Gains Tax during the life of the plan, nor on cashing it in. You can even disregard it when completing your Tax Return (however, this could be changed by the Government at any time).

What happens if I die?

This plan will cease and the current value of your plan will be paid to your estate.

What happens if I move abroad?

You can leave what is already in the ISA to remain there and this will continue to qualify for normal ISA bonuses and tax treatment.

When can I take money out?

You can invest for as long as you want; there is no fixed term and no maximum age limit. You can contact us at any time to cash in part, or all of your plan, although you should bear in mind that the plan is designed as a medium to long term investment (5 years or more). Charges will apply on cashing in within one year of investing.

How do I withdraw money when I need it?

All you have to do is download a Redemption Form from our website **(www.metfriendly.org.uk/redeem)**, fill it in and post it to us. Alternatively you can send or fax us a signed letter detailing your request and giving details of the bank or building society account (which must be in your name) where we should pay your money.
Requests received by Friday are normally credited to your account the following Wednesday. Where there is an intervening public holiday, different arrangements apply. Please contact us for more details.

How much can I withdraw?

Each separate investment can be surrendered in full or in part. Partial surrenders can be made on multiple occasions.

How do I apply for a Metfriendly Lump Sum ISA?

Applications can be initiated online. If you are not currently a member of Metfriendly we will require reasonable proof of identity (Copy Birth Certificate, Driving Licence or Passport).

As an alternative to the online application you can print off a PDF Application Form from the website and send it to us. You can either send us a cheque or transfer the funds directly to our account. Please call us for our bank details.

What if I change my mind?

We will send you a certificate showing your benefits and a cancellation notice. If you change your mind, you can return the notice within 30 days for a full refund.

How much will it cost for advice?

- Metfriendly is not authorised to give financial advice nor do we pay any form of commission or make any incentive payments.
- Any cost of providing verbal or written information about Metfriendly's plans is included in our overall expenses.

Is it suitable for me?

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 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 ISA are given below.

Assignments or Loans

This ISA investment will be, and must remain in, the beneficial ownership of the investor and must not be used as security for a loan. Therefore, you cannot take out this ISA for or on behalf of anyone else, and you cannot assign the ISA to anyone else (e.g. by way of a mortgage, divorce settlement, ordinary assignment or as a gift).

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 you if, by reason of any failure to satisfy the provisions of the ISA regulations, an ISA has, or will, become void.

Transfers to another ISA provider

On your instructions and within the time you stipulate (subject to a minimum period of 30 days), an ISA or part of an ISA shall be transferred to another ISA manager.

Cashing in your ISA

On your instructions and within the time you stipulate (subject to a minimum period of 30 days), an ISA or part of an ISA shall be transferred or paid to you.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Register No 110026). Incorporated under the Friendly Societies Act 1992 and registered in the UK No.496F. Metfriendly is a trading name of the Metropolitan Police Friendly Society Limited.

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.

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.