

With-Profit Bond – Product Guide



Overview

The With-Profit Bond is a lump sum investment, which has no fixed term and is invested in our With-Profits fund.

The minimum lump-sum investment is £2,000 with no upper limit.

To be eligible, investors must be 18 or over and resident in the UK.

Risks

The With-Profit Bond is classed as medium risk and returns are based on investment performance. Please note that if you cash in during the early years, you may get back less than you put in.

Normally the plan value will not be less than the money paid in plus all annual bonus (and higher with the possible addition of a final bonus after three years). However, we reserve the right to apply a Market Value Reduction (MVR) during a period of adverse investment experience so that the value when you cash in more fairly reflects our performance over the period of investment. On past experience this is only likely to affect withdrawals during the early years. Any MVR would not apply to death claims, only on voluntary cashing-in.

Please consider the impact of inflation on any savings decisions. The current rate of inflation is available here: <https://www.bankofengland.co.uk/>

Tax

We pay tax on our investment income and capital gains.

Any gains you make would be treated by the Tax Authorities as “basic rate tax paid” but would not be refundable if you are a non-taxpayer.

Higher-rate taxpayers need to declare any gain on cashing-in on their tax return and pay income tax at the difference (currently 20%) between basic and higher rate tax. This would also apply to a death claim payout.

There may be some alleviation due to the application of “top-slicing” relief. Alternatively, you may be able to defer cashing in to avoid this, for example, by leaving your plan invested until after you retire if you expect your tax status to change.

This information is correct to the best of our knowledge at the time of printing; however, any aspect of tax treatment could be changed by the Government at any time. In case of doubt you are strongly encouraged to seek advice on tax matters.

Bonuses

At the end of each calendar year, we typically add an annual bonus to your investment. Please note that once added, annual bonuses cannot be taken away. Bonuses are compounded, so that in subsequent years you earn bonuses on bonuses. We also typically pay a final bonus when you cash in Bonds that have been held over the medium-to-long-term.

The With-Profit Bond has no set term so you can leave it invested for as long as you wish. You should however consider it a medium to long term investment of at least five years.

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.

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Risks

With-profits investments are a method of providing a saver with access to a fund which aims to provide consistent, stable returns on savings over the medium to long term.

Normally the plan value will not be less than the money paid in plus the annual bonuses (and higher with the possible addition of a final bonus). However, we reserve the right to apply a Market Value Reduction (MVR) during a period of adverse investment experience so that the value when you cash in more fairly reflects our performance over the period of investment. On past experience this is only likely to affect withdrawals during the early years. Any MVR would not apply to death claims, only on voluntary cashing-in.

By spreading our investments this way, the Society is not solely dependent on one market. For instance, if the value of the stock market were to go down but other investments go up then one effect would counteract the other.

Our Fund

With-Profits investments are a method of providing a saver with access to a fund which aims to provide consistent, stable returns on savings over the medium to long term.

We aim 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 members 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.

Withdrawing

You can invest for as long as you want as there is no fixed term or maximum age limit.

You can only cash in a Bond in its entirety, therefore we split large investments into individual Bonds of £1,000 to give you greater flexibility.

You can contact us at any time to cash in your plan, however, please note that penalties will apply when cashing in within one year of investing.

To make a withdrawal, please call us on 01689 891454. Alternatively, you can e-mail us at info@mpfs.org.uk and our team will be able to help.

Penalties

A 3% charge will apply when cashing in within one year of investing. However, during times of adverse market conditions, we reserve the right to also apply an MVR so that the value when you cash in more fairly reflects our performance over the period of investment.

Insurance Benefits

Upon death the current value of your plan will be paid to your estate. If this occurs during the first year of the plan, the 3% penalty will not apply. Also, the death benefit would not be reduced by any applicable MVR.

Contact Details

Address – MPFS, Central Court, Knoll Rise, Orpington, Kent, BR6 0JA

Phone – 01689 891 454

e-mail – info@mpfs.org.uk

Website – www.mpfs.org.uk

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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 upon request.

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. Complaining to the Ombudsman will not affect your legal rights.

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.

MPFS 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 the Society.

On taking out any 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.