



**metfriendly**  
save, invest and protect



This is a simplified guide to explaining a Market Value Reduction and should be cross-referenced with more formal information on our website.

Visit: [metfriendly.org.uk/cashing-in](https://metfriendly.org.uk/cashing-in)

Please call our Member Services team on: 01689 891454

## With-Profits Investments

### Market value reductions

Our With-Profits Fund has grown significantly over the years. The Fund generates returns by investing premiums received from Members in a portfolio of equities, commercial property, corporate bonds and cash.

All investment returns and other profits are distributed to Members holding with-profits policies in the form of Annual Bonuses and, usually, a Final Bonus payable when the Member dies or they choose to withdraw their funds by 'cashing in' their policy.

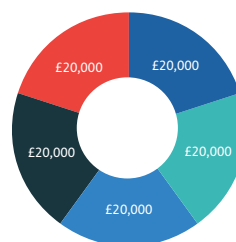
Final Bonus rates reflect the performance of the With-Profits Fund during the period for which premiums are invested. Final Bonus rates may be increased or decreased over time.

### What is a Market Value Reduction?

The purpose of a Market Value Reduction (MVR) is to protect Members who are not withdrawing money from the With-Profits Fund during adverse market conditions and make sure returns are distributed to Members fairly, whether they stay invested or 'cash in' their policies. An MVR may be applied to policies that are not yet due a final bonus, or a policy where the final bonus has already been reduced to zero. Take a look at the example below.

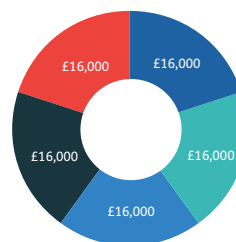
#### Fund value: £100,000

In this example, five people invest the same amount into the fund on the same date, with a total value of £100,000. Each person's share of the fund is £20,000. No final bonuses are due on the policies.



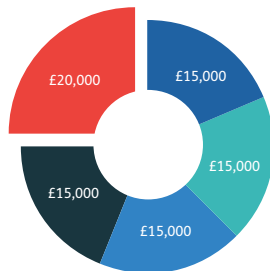
#### Fund value after fall: £80,000

If investment values fell by 20%, the total fund value would fall to £80,000. So each person's share would also fall by 20% from £20,000 to £16,000.



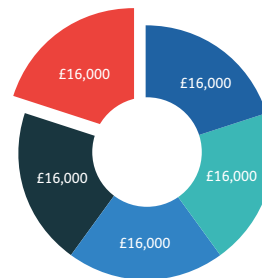
### Without an MVR Adjustment

If one person leaves and there's no MVR adjustment to apply, they receive their full £20,000. This means the remaining fund value is £60,000 and the remaining four Members have just £15,000 each in the fund. The fund is not shared fairly between the five Members.



### With an MVR adjustment

We use an MVR to treat all Members fairly. So, we apply a £4,000 MVR and pay the leaver £16,000. The amount remaining in the fund for everyone else is £16,000 each.



## When does an MVR come into force?

An MVR may come into force and apply to With-Profits Fund policies to make sure all Members get their fair share of the fund's assets, whether you keep your policy invested or 'cash in' your policy whilst the MVR is applicable.

Generally, this happens when investment values fall because of significant downturns in financial markets. Investment values can change often, so you should expect to have an MVR applied at some time during the term of your investment.

MVRs are most likely to apply to policies that have been invested for less than the recommended minimum holding period for the product. These policies are less likely to have built up sufficient Final Bonus to withstand the impact of a significant downturn in financial markets and still be entitled to a non-zero Final Bonus.

## When is an MVR applied?

The MVR may be applied to your investment when you 'cash it in' in full or withdraw a sum of money from your plan.

MVRs do *\*not\** apply where money is being paid out due to the death of the Member.

## About Metfriendly

Metfriendly is owned by our Members, who are part of the Police Family, so everything we do has your best interests in mind. We have no shareholders to satisfy so we ensure that our profits are invested to benefit our Members. Throughout the years we've grown into a multi-million-pound organisation – but we **STILL** have our Members' interests at the heart of everything we do.

## How do I find out more?



The information above is a summary. For more information please visit our website: [metfriendly.org.uk/mvr](https://metfriendly.org.uk/mvr)

If you have any questions about your policy, please contact our Member Services team on: 01689 891454 to discuss your options.

Metfriendly is the trading name for Metropolitan Police Friendly Society Limited

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