


# A guide to understanding your **Annual Statement for 2023**



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 [metfriendly.org.uk/statement](https://www.metfriendly.org.uk/statement)

# Metfriendly's Range of Plans

For each product you take out, we issue a plan that contains one or more separate policies, which are issued for flexibility or tax efficiency.

Fixed Term Plans	<p>A plan whose benefit is for a set period, after which it ends.</p> <p>Metfriendly products include:</p> <ul style="list-style-type: none"><li>• Life Cover such as Level Term Assurance and Decreasing Term Assurance</li><li>• Critical Illness</li><li>• Income Protection</li><li>• Guaranteed Five Year Savings Plan, which provides a payment to the planholder at the end</li><li>• Guranteed Five Year Fixed Rate Bond</li></ul>
Conventional With-Profits (CWP)	<p>A plan that is guaranteed to pay out an agreed amount when it matures or reaches an option date. Some provide the option to remain invested after the 10<sup>th</sup> anniversary when premiums cease. Metfriendly will aim to increase the value of your plan by adding annual bonuses and may add a final bonus when it matures or is cashed in.</p> <p>Metfriendly products include:</p> <ul style="list-style-type: none"><li>• Ten Year Savings Plan which is fully paid after ten years</li><li>• Fixed Term Endowment</li><li>• Tax-exempt Savings Plan which is fully paid after ten years</li><li>• Standard Savings Plan</li></ul>
Accumulating With-Profits (AWP)	<p>An accumulating With-Profits Plan is a plan where your savings increase as contributions are made. These plans have no set end date. Metfriendly will aim to increase the value of your plan for as long as you hold it with us by adding annual bonuses, and may add a final bonus when you cash in the policy.</p> <p>Metfriendly products include:</p> <ul style="list-style-type: none"><li>• Lump Sum ISA</li><li>• Monthly Savings ISA</li><li>• Lifetime ISA</li><li>• Junior ISA (becomes an adult ISA at age 18)</li><li>• With-Profit Bond</li></ul>

## Market Value Reduction (MVR)

The Society reserves the right to reduce the cash-in value of the plan to reflect sustained falls in markets, which could mean that the cash-in value of your plan is less than the contributions you have made. This reduction is called an MVR and will only be enforced when you cash in your investment during the period when it applies. It's important to note that it does not apply to our Guaranteed Five Year Savings Plan or Ten Year Savings Plan death claims or our Guaranteed Five Year Fixed Rate Bond. Visit [metfriendly.org.uk/MVR](http://metfriendly.org.uk/MVR) for the latest information.

# With-Profits Plans: Guide to Your Statement

Certificate Number / Plan Number	A unique reference number that identifies your plan(s) with Metfriendly
Start Date / Investment Date	The date on which your plan commenced
Maturity Date	The date at which your plan ends and pays out (if applicable)
Total Contributions	The total amount paid into your plan to 31/12/2023
Original Sum Assured	The amount that your plan guaranteed to pay out at its start date
Current Sum Assured	The value of your plan (made up of the Original Sum Assured plus annual bonuses) as at 31/12/2023
Accumulated Bonuses	The total annual bonuses accumulated under your plan from the start date to 31/12/2022
Fixed Contribution	A fixed amount paid into your plan that cannot be changed after your plan has started
Monthly Contributions	The regular monthly amount that you pay into your plan
Payments Made	The accumulated amount in pounds sterling paid out of your plan up until 31/12/2023
Bonus Rate(s) 2023 (%)	The annual bonus rate(s) credited to your plan(s) for 2023
New Annual Bonus 2023	The total bonus added to your plan in 2023
Total Contributions plus Bonuses	The total value of the contributions and annual bonuses paid into your plan. If you have taken money out of your plan, this will be reflected in this value
Final Bonus	We will add a final bonus to some of our plan(s). Further details are given on page 6
Cash-in value	The cash-in value of your plan on 01/01/2024. This is available when you decide to fully cash in your plan or when you die. The cash-in value can vary and is not usually guaranteed
Guarantees	For Conventional With-Profits, the death claim or maturity value is guaranteed to be at least the current sum assured plus declared annual bonuses

## Other Plans: Guide to Your Statement

Policy Number	A unique reference number that identifies your policy with the Society
Sum Assured	The amount payable on the occurrence of an insured event, such as death or diagnosis of a listed critical illness
Monthly Premium	The amount paid every month to benefit from cover under your policy
Smoking Status	The smoking status that we hold on record for you
Initial Sum Assured	The original amount of cover provided by your policy. See below for Decreasing Term
Current Sum Assured	For a Decreasing Term policy, the current amount that your policy covers you for
Policy Term	The length of your policy from start date to end date
Joint Life	The names of the people on whose death a payment from the policy (on the death of the first or second lives assured) becomes payable
Insured Earnings	For Income Protection - the earnings on which the benefits of your policy are based
Start Date/Investment Date	The date on which your policy commenced
Maturity Date	The date at which your policy ends and pays out (if applicable)
Fixed Contribution	A fixed amount paid into your policy that cannot be changed after your policy has started
Guaranteed Payment at Maturity	The guaranteed amount paid at the end of the policy



# How we manage the With-Profits Fund

## What is a With-Profits investment?

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

## How does the With-Profits Fund work?

The premiums we collect from With-Profits Members are pooled together in Metfriendly's With-Profits Fund. The assets of the Fund are invested by selected, professional fund managers in a broad range of high-quality government and corporate bonds, listed equity, commercial property and cash investments. By spreading our investments this way, the Society is not solely dependent on one market and aims to deliver more stable returns with less overall risk. For instance, if the value of the stock market were to go down but other investments go up, one effect would counteract the other.

Metfriendly aims to be fair to all Members and to uphold the promises made to them when they took out their plan(s). Payments made to Members by way of an annual or final bonus reflect the way in which the value of the With-Profits Fund has performed throughout the period of investment.

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 when returns are lower.

## What are bonuses?

Your Annual Statement gives details of the bonuses that have been added to your plan. There are two types of bonus:

**Annual bonuses** – Members receive an annual bonus on With-Profits plans. Annual bonuses are sometimes also described as reversionary bonuses. These bonuses can 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

contributions due are paid). Our Board usually sets annual bonuses at its Autumn Board meeting 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 cashed in, we will usually 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. These are usually set by the Board at its Autumn Board meeting, but may be adjusted at any time. Final bonuses on lump sum products are revised quarterly. Final bonuses do not apply to Monthly Savings ISA and Monthly Junior ISA plans taken out between 1<sup>st</sup> January 2016 and 5<sup>th</sup> April 2020 inclusive.

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

The final bonus (or the rate of annual bonus in the case of Monthly Savings ISAs and Monthly Savings Junior ISAs issued between 1<sup>st</sup> January 2016 and 5<sup>th</sup> April 2020) is intended to ensure that payments to Members are broadly equivalent to the contributions paid in, accumulated to allow for:

- our expenses
- the investment return, after fund managers’ charges, guarantee charges and allowing for smoothing, and
- any allowance for taxation and the cost of providing death benefits, where applicable.

Although Metfriendly has low administration costs, these costs have a greater effect on the return to Members for plans of short duration, which is why you should see your savings plans as medium to long-term investments.

Metfriendly aims to pay out the money made by its investments back to its Members after accounting for the Society’s running costs. If the Society has more assets than it needs to pay Members at any particular point in time, these assets will be carried forward to protect Members against potential large drops in returns in the future and to “smooth” investment returns as described above. They are also used to support the guaranteed benefits, including the sum assured (where applicable) and annual bonuses already added.

Additionally, the greater financial strength that this prudent approach gives the Society enables us 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 your behalf.

## 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. Please note that values can fluctuate and surrender values can be impacted by any applicable Market Value Value Reductions (MVRs) or withdrawal penalties - for more information please speak to our Member Services Team on **01689 891454**.

## What are your charges for?

The Society incurs costs for taking on and processing new business and ongoing staff, premises and administration expenses. As an organisation owned by our Members, we strive to keep these costs as low as possible and under constant review.

The Society does not pay commission to anyone.

We also charge for the cost of providing the valuable guarantees in our products.

## How can I find out more information about With-Profits?

All firms that carry out With-Profits business are required to publish their **Principles and Practices of Financial Management (PPFM)**, which gives you more detailed information on how we manage the With-Profits Fund. The PPFM is usually reviewed annually and was last updated in January 2023. A copy of the PPFM is available at [metfriendly.org.uk/PPFM](http://metfriendly.org.uk/PPFM)

If you would like to speak to someone about anything in this guide then please give us a call on **01689 891454**.



# Current Bonus Rates

Current bonus rates are published on our website at [metfriendly.org.uk](http://metfriendly.org.uk) and are shown in the tables below.

## Annual bonus rates

Table 1 below shows the declared annual bonus rates for 2023 and 2022. Annual bonus rates for 2024 will not be decided until the end of the year. Interim annual bonus rates to be paid on claims in 2023 are also shown. These annual bonus rates are applied on a calendar year basis.

**Table 1: Annual Bonus Rates applied on a Calendar Year Basis**

Product	Tables	2022 Declared Rate	2023 Declared Rate	2024 Interim Rate
Tax-Exempt Savings Plans	8, 10, 11, 21, 22	0.75%	0.75%	0.75%
Standard Savings Plans	12, 15, 16	0.60%	0.60%	0.60%
With-Profit Bonds, With-Profit Income Bonds and Flexible Savings Plans	19, 26, 27	1.20%	1.20%	1.20%
Fully Paid Tax-Exempt Option Plans	11	1.50%	1.50%	1.50%
Fully Paid Standard Option Plans	12	1.20%	1.20%	1.20%
Lump Sum ISAs, Lump Sum Junior ISAs & Regular Premium ISAs prior to 2016	24, 25, 28	1.50%	1.50%	1.50%

Table 2 below shows the annual bonus rates for policies where bonus rates are applied on a tax year basis, which starts on 6<sup>th</sup> April each year and ends on 5<sup>th</sup> April the following year. These apply to Monthly Savings ISA and Lifetime ISA policies. Annual bonus rates for the 2024/25 tax year will not be decided until the end of the year, and the rates shown are interim annual bonus rates to be paid on claims in 2023. Monthly Savings ISA policies issued between 1<sup>st</sup> January 2016 and 5<sup>th</sup> April 2020 receive only an annual bonus.

**Table 2: Annual Bonus Rates for Monthly Savings ISA and Lifetime ISA Policies**

Product	Tables	2022/23 Bonus Rate	2023/24 Declared Rate	2024/25 Interim Rate*
Lifetime ISAs	31	1.50%	1.50%	1.50%
Monthly Savings ISA & Junior ISA policies issued between 06/04/2015 and 05/04/2020	29, 30	1.50%	1.50%	1.50%
Monthly Savings ISA & Junior ISA policies issued from 06/04/2020	32, 33	1.50%	1.50%	1.50%

\*The bonus rate for the 2024/25 tax year will be applied from 6<sup>th</sup> April 2024 to 5<sup>th</sup> April 2025. The Society reserves the right to reduce annual bonus rates in 2024 should market movements mean that this is appropriate to maintain fairness for all policyholders.



## Final bonus rates

Final bonuses do not apply to Monthly Savings ISAs and Monthly Savings Junior ISAs issued between 1<sup>st</sup> January 2016 and 5<sup>th</sup> April 2020.

### With-Profit Bonds and Lump Sum ISAs

Final Bonuses as at 1 <sup>st</sup> January 2024				
Last Anniversary Date	2023 Q2	2023 Q3	2023 Q4	2024 Q1
5 Year	0%	0%	0%	0%
10 Year	21%	19%	18%	17%
15 Year	44%	43%	43%	42%
20 Year	71%	70%	68%	67%
25 Year	88%	85%	83%	81%

The With-Profit Bond and Lump Sum ISA final bonus rates are for single premiums.

Regular Premium ISA (pre 1<sup>st</sup> January 2016) final bonus is for completed tax years (currently based on 2023 Q2 anniversary).

Flexible Savings Plan final bonus is for completed calendar years (currently based on 2023 Q1 anniversary).

### Ten Year Savings Plan

Duration	Year of Maturity			
	2021	2022	2023	2024
10 Years	11%	14%	6%	4%

The Ten Year Savings Plan has a maturity option at 10 years but can be left invested as a lump sum with a maturity option each year thereafter.



# Current Metfriendly Products

The table below shows basic information about products that are currently available. For details of products that are closed to new business, please contact our Member Services Team on **01689 891454**.

Product	Minimum Contribution	Maximum Contribution	Minimum Top Up	Maximum Top Up	Age Limits	Final Bonus	Taxable
<b>Monthly Savings ISA</b>	£30*	£1,666.66	£500	ISA Limit	18	Y	N
<p>A guaranteed annual bonus rate applies during the first tax year of opening your plan. Policies opened from 06/04/2020 are eligible for a final bonus following three complete tax years. Open with a regular premium from £30. Once opened, you can add one-off payments of £500+.</p> <p>*With the Metfriendly Escalator option. Visit <a href="https://metfriendly.org.uk/esc">metfriendly.org.uk/esc</a></p>							
<b>Lump Sum ISA</b>	£2,000	ISA Limit	£2,000	ISA Limit	18	Y	N
<p>Annual bonus with a final bonus normally applied after three years. ISA limit £20,000 for 2022/2023 and 2023/2024.</p>							
<b>Lifetime ISA</b>	£50*	£333.33	£400	Lifetime ISA Limit	18-39	Y	N
<p>Must be held for 12 months before purchasing a property. LISA limit £4,000. For the 25% government bonus to apply, LISA savings must be put towards the purchase of a first home, or taken from age 60. Can also be opened with a lump sum of £1,200+ *With the Metfriendly Escalator option. Visit <a href="https://metfriendly.org.uk/esc">metfriendly.org.uk/esc</a></p>							
<b>With-Profit Bond</b>	£2,000	No Limit	£2,000	N/A	18	Y	Y
<p>Higher or additional rate tax payers may be liable for income tax when the plan is cashed in.</p>							
<b>Guaranteed Five Year Fixed Rate Bond</b>	£10,000	£250,000	N/A	N/A	18	N	Y
<p>Higher or additional rate tax payers may be liable for income tax when the plan is cashed in.</p>							
<b>Guaranteed Five Year Savings Plan</b>	£20	No Limit	N/A	N/A	18	N	Y
<p>61 months' contributions paid back to planholder after 5 years. 62 months' contributions paid back to planholder for plans started before 01/01/2017. Higher or additional rate tax payers may be liable for income tax when the plan is cashed in.</p>							

Product	Minimum Contribution	Maximum Contribution	Minimum Top Up	Maximum Top Up	Age Limits	Final Bonus	Taxable
<b>Ten Year Savings Plan (Tax-exempt)</b>	£25	£25	N/A	N/A	18-54 (49 if smoker)	Y	N
The maximum contribution to tax-exempt plans across all providers is £25 per month. Must be retained for 10 years to remain qualifying for tax purposes.							
<b>Children's Savings Plan (Tax-exempt)</b>	£25	£25	N/A	N/A	0-17	Y	N
Only 1 tax-exempt plan per child across all providers. Must be retained for 10 years to remain qualifying for tax purposes.							
<b>Ten Year Savings Plan (Standard)</b>	£25	£300	N/A	N/A	18-54 (49 if smoker)	Y	N
Must be retained for 10 years to remain qualifying for tax purposes.							
<b>Junior ISA</b>	£30	Junior ISA Limit	£500	Junior ISA Limit	0-17	Y	N
A guaranteed annual bonus rate applies during the first tax year of opening your plan. Policies opened from 06/04/2020 are eligible for a final bonus following three complete tax years. Cannot be withdrawn until age 18. Junior ISA limit for tax year 2022/2023: £9,000.							
<b>Income Protection</b>	£14.68* (non smoker) £19.57* (smoker)	N/A	N/A	N/A	18-49	N/A	N
Available to salaried Police Staff and Police Officers in England and Wales only. *Premiums are based on commencement of service salary + London weighting (where applicable) and assuming good health at the time of commencement.							
<b>Critical Illness</b>	£6.95 (non smoker) £8.50 (smoker)	N/A	N/A	N/A	18-34	N/A	N
Also available to Police Specials, in addition to paid Police Officers and Staff.							
<b>Life Insurance</b>	£5.65 (non smoker) £7.88 (smoker)	N/A	N/A	N/A	18-69	N/A	N
Available as joint life with fixed or decreasing insured amount (sometimes referred to as mortgage protection).							

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If you would like to discuss anything in this guide, please call our friendly team on **01689 891454** or email **info@metfriendly.org.uk**  
Our office hours are 08:30 to 17:00 Monday to Thursday  
and 08:30 to 16:30 on Friday.



For further information including FAQs, please visit **metfriendly.org.uk/statement** or scan the QR code.

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