

Monthly ISA – Product Guide



Overview

The Monthly (stocks & shares) ISA is a tax-efficient savings plan, invested in our With-Profits fund. To be eligible, applicants must be 18 or over and resident in the UK for tax purposes.

The minimum monthly contribution is £30 but you can add top-ups of £100 or more at any time. The maximum annual contribution is the current ISA limit of £20,000. The limit does not apply to previous years' ISA transfers.

It is important to note that in a tax year (6th April to 5th April), total contributions must not exceed the maximum allowance. You can also pay into our Lump Sum and Lifetime ISAs too up to your overall ISA limit.

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 ISAs that have been held over the medium-to-long-term.

The ISA 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.

Risks

The Monthly Savings ISA 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 bonuses. 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.

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.

Tax

There is no liability for Income or Capital Gains Tax during the life of the plan, nor on cashing it in. Your ISA should not be taken into account when completing your Tax Return.

A payment on death would be paid into your estate which may be subject to Inheritance Tax, unless it is transferred to your surviving spouse under the “Additional Permitted Subscriptions” arrangements.

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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 any doubt, you are strongly encouraged to seek advice on tax matters.

Transfers

You can transfer a Cash or a Stocks & Shares ISA to us from another provider and only contributions in the current tax year (6th April to 5th April) will count towards your annual limit. You also have the option to transfer your ISA to another provider, but please remember that our ISA is designed as a medium to long term investment.

Withdrawing

You can invest for as long as you want as there is no fixed term or maximum age limit. You can contact us at any time to cash in part, or all, of your plan. Penalties will apply for withdrawals from the current and previous tax years.

To make a full or partial 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.

The following deductions apply to the withdrawal or transfer of funds during the first 24 months of opening the plan: 5% during the first 12 months and 3% from months 13-24. However, during times of adverse market conditions, we reserve the right to also apply an MVR so that the value when cashed 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, 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.

Metropolitan Police Friendly Society Limited 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.

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Terms & Conditions – as specified by HMRC

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 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 maximum 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 maximum period of 30 days), an ISA or part of an ISA shall be transferred or paid to you.

Closing your ISA

You have a right to close your ISA, please contact us if you wish to do so.