

Guaranteed Five Year Fixed Rate Bond

Important Information 01/24

Contents

1. Product summary – key information to help you to decide if the Bond fits your savings needs

- 1.1 Product aims
- 1.2 Key product features
- 1.3 Risks

2. How our Bond works – more detailed information

- 2.1 Who can apply?
- 2.2 Your application
- 2.3 Cooling off and cancellation
- 2.4 Interest and Maturity Value
- 2.5 Accessing
- 2.6 Tax
- 2.7 Charges
- 2.8 Insurance benefits
- 2.9 If you die or are diagnosed with a terminal illness

3. Frequently asked questions

4. Contact us / support

5. Membership of Metfriendly

6. Your Data and Privacy

- 6.1 Communication between us and you
- 6.2 Your data and our suppliers

7. Legal Checks

- 7.1 Identity checks
- 7.2 Law

1. Product Summary

This document explains our Guaranteed Five Year Fixed Rate Bond. If you do not understand something in this document, or have any questions, please contact our team on 01689 891454 or email info@metfriendly.org.uk.

1.1 Product Aims

- To provide guaranteed fixed growth on your savings by locking away your money for a period of five years.
- To provide life cover for the five year period of the product.

1.2 Key product features

- The Bond is opened with one, single lump sum payment from you. The minimum amount is £10,000 and the maximum is £250,000. No further payments can be made into an existing Bond but you can open another one subject to your personal maximum limit
- We guarantee a fixed 4.1% interest rate per annum throughout the five-year term of the Bond provided it is held to maturity.
- The money invested can only be accessed at maturity or in exceptional circumstances (see section 2.5 for more information).
- The Bond is a life insurance policy which must be held in the name of the applicant.
- Applicants must be aged 18 and above (see section 2.1 for more detail).

1.3 Risks

- The Bond is guaranteed at maturity. It must be held for the full five calendar year period.
- No early withdrawals from the Bond are allowed, except in exceptional circumstances. Please see section 2.5 for further details.
- If you die during the term of the Bond, your estate will receive a guaranteed lump sum which will be lower than the guaranteed end-of-term amount (see section 2.10 for more information).
- If you are diagnosed with a Terminal Illness with less than 12 months to live during the term of the Bond, you will receive a guaranteed lump sum which will be lower than the guaranteed end-of-term amount (see section 2.10 for more information).
- Inflation may impact the future purchasing value of your money. The current rate of inflation is available here: <https://www.bankofengland.co.uk/>

2. How our Bond works – more detailed information

2.1 Who can apply?

You must be aged 18 and over to apply and a UK resident (see section 2.6 for more information).

Our financial plans are available to members of all UK Police services and their families, specifically:

- Serving, former or retired Police Officers
- Serving, former or retired Police Staff
- Serving, former or retired Police Community Support Officers (PCSO)
- Special Constables and Volunteers
- Police contractors under contract for 12 months or more
- National Crime Agency Officers
- Employees of Police Sports Clubs

Immediate family members such as of all the above groups, as well as their partners, are also eligible to join the Society. By immediate family we mean partners, children and anyone else who lives in your household that you would consider to be part of your family. Other eligible family members include:

- Grandchildren and great-grandchildren
- Stepchildren, step grandchildren and step great-grandchildren
- Nephews and nieces
- Aunts and uncles
- In-laws (limited to parents-in-law, brother/sister-in-law, and son/daughter-in-law)

2.2 Your application

To apply you must have between £10,000 and £250,000 to invest into the Bond. You must be aged 18 or above and a UK resident (see sections 2.1 and 2.6 for more detail).

You can apply:

- Online through our website <https://www.metfriendly.org.uk/invest-a-lump-sum/>
- By calling our member services team 01689 891454
- By completing a paper application form – do this by downloading and printing an application form from our website by emailing us at info@mpfs.org.uk and we'll send you a form to return to us.

Metfriendly reserve the right to withdraw or amend the product prior to certificate issue. We will contact you if there are any changes or amendments.

2.3 Cooling off and cancellation

After your application is accepted and your funds are received by us, you will receive a notice explaining your right to cancel. You may cancel by giving us notice within 30 days of our sending you this notice. This can be done via phone, email or post. If you exercise your right to cancel, we will refund your money in full.

After the 30 days' cancellation period has expired, you will not be able to withdraw unless under exceptional circumstances. These include sequestration, bankruptcy, and insolvency (excluding individual voluntary agreements (IVAs)). We will ask you for evidence of any exceptional circumstances (see section 2.5). If your request for withdrawal is accepted, the amount you originally invested with us will be returned to you. No interest will have accrued or be applied.

2.4 Interest and Maturity Value

The Bond pays a fixed amount on maturity that is equivalent to an annual interest rate of 4.1% applied on a compound interest basis over the five year term. This will only be payable in full at maturity.

For example:

- A £10,000 premium would provide a maturity value of £12,225 after five years
- A £50,000 premium would provide a maturity value of £61,125 after five years
- A £75,000 premium would provide a maturity value of £91,688 after five years

We will contact you approximately six weeks prior to your maturity date to discuss the options available to you. These may include part or full reinvestment into another one of our plans or payment to a UK bank account in your name. Any maturity payment will be paid on or before the fifth working day of the calendar month following the maturity of your policy.

Our member services team will be able to help. Call 01689 891454 or email info@mpfs.org.uk to discuss your needs.

2.5 Access

The product would not be considered suitable for you if you require access to the funds within the five year term. If you decide to apply, please ensure you have the necessary funds set aside for emergencies.

You can't access the money in this Bond until it matures in five years' time. This means you are completely locking that pot of money away. For avoidance of any doubt, this is not a "dip in and out pot" – some of our other products allow access, however, this one does not, unless there are very exceptional circumstances*. The reason we can't offer you access to your money in this Bond is because in order to offer the guaranteed 4.1% return at the end, we need to retain the money in the fund for the full five years. *These include

sequestration, bankruptcy, and insolvency (excluding individual voluntary agreements (IVAs). We will ask you for evidence of any exceptional circumstances.

The Bond will be, and must remain in, your ownership which means that you cannot sell it, use it as security for a loan, or transfer your interest in it in any way.

2.6 Tax

Tax rules can and do change and tax depends on your personal circumstances at any given time. If you are in any doubt as to your tax affairs, you should consult an appropriately qualified adviser.

You must be resident in the UK. You will be 'resident' if you have spent a minimum of 183 days in the tax year of signing the application or you perform duties which by virtue of the Income Tax (Earnings and Pensions) Act 2003 (Crown employees serving overseas) are treated as being performed in the UK, or you are married to, or in a civil partnership with, a person who carries out those duties.

We pay tax on the fund which generates the return on the Bond. So, if you are a UK resident for tax purposes and a basic rate taxpayer after you receive any returns on your Bond, you should not be subject to further tax in the UK. However, it is not possible to reclaim the tax paid if you are a non-taxpayer.

If you are a higher rate taxpayer when a Chargeable Event* occurs and you receive the returns on your Bond, you will have an additional tax liability on your investment gain at the difference between the higher and basic rates of tax. We will send you a Chargeable Event Certificate (CEC) for you to include in your tax return.

All Bond gains arising as a result of a Chargeable Event are treated for tax purposes as income. This may have an effect on your personal allowance or age-related allowance and may cause you to exceed your tax band. It may also affect your eligibility for tax credits, pension credits and other state benefits. Please refer to <https://www.gov.uk/topic/personal-tax/income-tax> if you require more information.

The value of your Bond may form part of your estate for the purposes of inheritance tax.

**A Chargeable Event is an event (as specified in section 484 of the Income Tax (Trading and Other Income) Act 2005) which gives rise to a charge to income tax in relation to any gain arising from certain life policies, life annuities and capital redemption policies.*

A Chargeable Event will occur on any of the following:

- If you die or are diagnosed with a terminal illness (in which case the Bond is treated as having been withdrawn immediately before death or on diagnosis of a terminal illness);
- If withdrawn, with permission under section 2.5
- When your Bond matures

2.7 Charges

Our costs of setting up and administering are factored into the guaranteed return that we set for this Bond. There are no additional charges or penalties applied throughout the term.

2.8 Insurance benefits

The benefit is guaranteed to be at least the initial value of the single lump sum contribution made and will be paid as follows: -

- On death, the benefit will be paid to the policyholder's estate
- On diagnosis of a terminal illness with less than 12 months to live during the term of the Bond, the benefit will be paid to you, the policyholder.
- See section 2.10 for more details of the death and terminal illness benefits provided.

Any money invested with Metfriendly is covered by the Financial Services Compensation Scheme. The maximum level of compensation is currently 100% of the claim with no upper limit (correct at time of publishing – September 2023). The actual level of compensation you receive will depend on the basis of your claim.

For more information, please visit <https://www.fscs.org.uk/what-we-cover/insurance/>

2.9 If you die or are diagnosed with a terminal illness

The Bond is a life insurance contract. If you die prior to the maturity date then your estate would receive a lump sum as set out below once we have received the information required and appropriate account payment details. If you are diagnosed with a terminal illness* with 12 months to live prior to maturity, you would receive a lump sum as set out below:

- During years one and two up to the second anniversary- 100% of the amount invested
- In year three up to the third anniversary – 108.4% of the amount invested.
- In year four up to the fourth anniversary – 112.8% of the amount invested.
- In year five prior to maturity – 117.4% of the amount invested.

The benefit payment from the second anniversary is set to be the return of the initial premium and the compound interest at the guaranteed rate for each completed policy year prior to death or terminal illness.

* A definite terminal illness diagnosis by the attending Consultant where the illness either has no known cure or has progressed to the point where it cannot be cured; and in the opinion of the attending Consultant, the illness is expected to lead to death within 12 months.

3. Frequently Asked Questions

What is the Guaranteed Five Year Fixed Rate Bond?

The Guaranteed Five Year Fixed Rate Bond is a life Insurance savings plan, which will guarantee to return a 4.1% per year for a fixed term of five years.

This product could be suitable for you if:

- You are 18 years of age or above
- You wish to invest a lump sum of between £10,000 and £250,000 for a period of five years.
- You want to know exactly how much money you'll get back, guaranteed, in five years' time.
- You are happy to lock your investment away for a full five years – this is what guarantees the fixed annual interest rate of 4.1%. You can only access the Bond in exceptional circumstances (please see the Important Information Document for more details).
- You understand that higher or additional rate taxpayers may be liable for tax on any gains upon withdrawal.
- You want a guaranteed minimum benefit if you die prior to maturity of the policy.
- You want complete protection for your investment by the Financial Service Compensation Scheme (FSCS) for Long-term Insurance products (100% protection, unlike the FSCS Deposit and Investment schemes, which covers banks and credit unions, which are limited to £85,000 per person.)

If you are unsure about anything at all, including whether you are eligible for this product, please contact our friendly Member Services team on 01689 891454 or email info@mpfs.org.uk.

Who can have a Guaranteed Five Year Fixed Rate Bond?

If you're aged over 18, work or have worked for the UK Police Service, or you're the partner or close relative of such a person, you can open a Guaranteed Five Year Fixed Rate Bond.

You must be resident in the UK. You will be 'resident' if you have spent a minimum of 183 days in the tax year of signing the application or you perform duties which by virtue of the Income Tax (Earnings and Pensions) Act 2003 (Crown employees serving overseas) are treated as being performed in the UK, or you are married to, or in a civil partnership with, a person who carries out those duties.

How much can I invest?

The minimum amount you can invest into the Guaranteed Five-Year Fixed Rate Bond is £10,000, up to £250,000. You won't be able to make any additional contributions once you have invested your initial amount. However, you can open additional Bonds subject to the maximum limit of £250,000 per member, irrespective of the number of Bonds you have opened.

Can I put more in?

Yes, you can open additional Guaranteed Five Year Fixed Rate Bond plans with us, as long as you don't exceed the personal maximum amount of £250,000.

Should I transfer funds from my ISA?

You can have both but it's important to note that the Bond does not have the same tax protection and flexibility as some ISAs. However, if you're happy to lock away funds for five years without access and want certainty, the Bond may be an option for you. Please contact our Members Services team on 01689 891454 or email info@mpfs.org.uk to discuss your needs.

How do I pay in?

You can open a Guaranteed Five Year Fixed Rate Bond online via our website, over the phone or by completing a paper application form. Payment can be made by bank transfer or a cheque made payable to MPFS Ltd.

All online payments and cheques must be received within 14 days of a completed application, after which your application may be cancelled and you may need to reapply. Metfriendly reserve the right to withdraw or amend the product prior to policy issue.

Can other family members apply for Guaranteed Five Year Fixed Rate Bond?

Yes, serving or retired police officers, police staff and their families who want a fixed return on their lump sum investment can apply. Please see 2.1 for more detail on eligibility.

Can I invest in a Bond on a child's behalf?

No, the applicant must be aged 18 or above and funds will be paid out on maturity to the policyholder. You may choose to invest in a Bond and subsequently gift the proceeds to another person following UK tax laws. If this is the case, you may wish to seek advice from an independent financial advisor.

Is it possible for more than one person to transfer money to create the Bond investment?

Yes, our Member Services team will be able to help. Contact them on 01689 891454 or email info@mpfs.org.uk to find the best way to set up the Bond.

How will my investment grow?

We use your money to invest in a mix of assets that enable us to provide you with a return of your lump sum and the guaranteed growth over the term of your investment. See section 2.9 for more on what you will receive at maturity.

What happens if I die or I'm diagnosed with a terminal illness?

Should you die prior to maturity, then a death benefit will be paid to your estate.

If you are diagnosed with a terminal illness*, then the terminal illness benefit will be paid to you.

For more details regarding the level of benefit paid, please refer to section 2.10.

* A definite terminal illness diagnosis by the attending Consultant where the illness either has no known cure or has progressed to the point where it cannot be cured; and in the opinion of the attending Consultant, the illness is expected to lead to death within 12 months.

What about tax?

There will be no Capital Gains Tax. Where you are a non or basic rate taxpayer, there will be no Income Tax payable for this plan, however, it is worth noting that you may have to pay higher-rate or additional rate income tax depending on your personal circumstances. Please see 2.6 for more information.

How will I be kept informed?

Each year you will receive a statement showing details of your Guaranteed Five Year Fixed Rate Bond. We will also be in touch ahead of your maturity date when the amount saved in your plan will become available. If you have any questions throughout the life of your Bond please contact us on 01689 891454 or email our team on info@mpfs.org.uk.

When can I take money out or close my bond early?

The Bond is fixed for five years and can only be accessed at Maturity. Funds cannot be withdrawn during the five year holding period unless in exceptional circumstances, diagnosis of a terminal illness or on death (see sections 2.5 and 2.10 for more information).

What are the charges?

Our fees and charges are factored into the returns provided by the bond.

What if I change my mind about opening a Guaranteed Five Year Fixed Rate Bond?

When your application is accepted with us, we will send you a notice to confirm this. From the date of that notice being sent, you will have 30 days in which to cancel your Guaranteed Five Year Fixed Rate Bond and your money will be returned to an agreed account in the name of policyholder.

How much will it cost for advice?

Our priority is to provide products designed to improve your financial security. Our staff are not paid commission, and do not offer or give financial advice. The cost of providing verbal or written information about this product is included in our overall expenses.

Is my investment protected?

Yes. Any money invested with Metfriendly is covered by the Financial Services Compensation Scheme. The maximum level of compensation is currently 100% of the claim with no upper limit (correct at time of publishing). The actual level of compensation you receive will depend on the basis of your claim.

How do I complain?

You can write to us at Metfriendly, Central Court, Knoll Rise, Orpington, BR6 0JA or email: complaints@mpfs.org.uk.

Alternatively, you can call and speak to our member services team on 01698 891 454. We will investigate your complaint and send you a written acknowledgement. We will give you a full response seeking to resolve your complaint within eight weeks, or we will indicate when we expect to do so.

If you are then still unhappy with our response you may refer your complaint to the Financial Ombudsman Service, Exchange Tower, London, E14 9SR, telephone number 0800 023 4567 or by email complaint.info@financial-ombudsman.org.uk website: www.financialombudsman.org.uk.

How do I contact you?

You can contact us via post at Metfriendly, Central Court, Knoll Rise, Orpington, BR6 0JA

Through our member services team by phone on 01689 891454 or via email: info@metfriendly.org.uk

4. Contact and support

If you have a question, don't hesitate to give us a call or drop us a line – our friendly team are only too happy to help.

Our office hours are 08:30 to 17:00 Monday to Thursday and 08:30 to 16:30 on Friday. Please leave a message out of hours or email us.

Phone: 01689 891454

Email: info@metfriendly.org.uk

Address: Metfriendly,
 Central Court,
 Knoll Rise,
 Orpington,
 BR6 0JA

5. Membership of Metfriendly

On taking out this plan you automatically become a member of Metfriendly and are subject to our Rules which are available on our website. Further information is included in the product pages of the Metfriendly website. To find out more about our financial strength you can read our Solvency and Financial Condition Report (SFCR) on our website at www.metfriendly.org.uk/sfcr. REMUNERATION: If our overall business targets are met, which could include some related to the sale of these Metfriendly products, we may pay some of our employees a bonus. The total reward of an employee is the sum of an employee's salary, bonus, benefits and any other component. Employees do not receive any commission, fee or charge, in relation to any insurance distribution activities.

6. Your Data and Privacy

6.1 Communications between us and you

We will contact you using the most recent contact details you have provided to us. which may include communication by email. Where we hold telephone details for you, we may communicate with you by telephone to discuss issues relating to your Bond where we reasonably consider it necessary to do so. You must tell us if your address or other communication details change.

6.2 Your data and our suppliers

We need your information to manage your Bond. Your information comprises of all the details and information that you provide to us. It includes information that we obtain about you from third parties such as credit reference bureaus.

During the course of our dealings with you we may need to use your personal information to:

- Assess financial and insurance risks and conduct statistical analysis or systems integrity checks;
- Prevent and detect crime including fraud, anti-money laundering and financial sanctions;
- To comply with our legal and regulatory obligations;
- Develop our products, services, systems and relationships with you;
- Record your preferences in respect of products and services;
- In carrying out searches about you using publicly available databases;
- Disclose some of your information to fraud prevention agencies, regulators, law enforcement agencies and other companies that provide services to us or you;
- Share the information with agencies that carry out certain activities on our behalf (for example marketing agencies) where we have received the relevant permission from you to do so.
- Use and share your information with our approved suppliers where it is reasonably required to help us administer your claim. Where we engage these suppliers, we make sure that they apply the same levels of protection, security and confidentiality we apply. However, such information may be accessed by law enforcement agencies and other authorities to prevent and detect crime and comply with legal obligations.

Communications may be recorded or monitored to improve our services and for security and regulatory purposes. Please be aware that both inbound and outbound communication by email may not be secure as messages can be intercepted.

When applying for this plan and when making a claim, you are consenting to our collection of information and use of our data and personal information (including sensitive personal data) as described above.

For full details and information about the information we collect from you, the purposes for which we collect it, how we use it and who we share it with please refer to our privacy notice which can be found online here: <https://www.metfriendly.org.uk/privacy/>

7. Legal

7.1 Identity Checks

We are required by law to verify the identity of customers we deal with. We may also perform other checks, for example to protect us against fraud. We may do these checks by electronic means, including checking the Electoral Roll and Credit Reference Agencies.

Further details are given in our Privacy Notice, which can be found on our website <https://www.metfriendly.org.uk/privacy/>.

7.2 Law

The law of England and Wales applies to this Bond. The Society's Tables and Rules evidence the legally binding contract between you and Metfriendly. 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.

Metfriendly are 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.

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