

**Thank you for trusting Metfriendly with your money. Here's a handy guide to better understanding your annual statement**

## How the With-Profits Fund is managed

### 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.

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 provide steady returns over the medium to long term using a process known as "smoothing," 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?

**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 savings plan you have and, once added, cannot be taken away (provided that the plan 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 (after 3 years of investment). This will vary according to the type of plan you have. This 'final' bonus could provide significant additional returns depending on how long your money is invested and the performance of the With-Profits Fund. 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 (five years or more).

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 and higher returns. We will always keep these under review and will not take unnecessary risks with the investments we make on your behalf.

## 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 April 2024. A copy of the PPFM is available at [metfriendly.org.uk/PPFM](https://metfriendly.org.uk/PPFM)

## 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 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 guarantees in our products.

## 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](https://metfriendly.org.uk/MVR) for the latest information.

If you would like to discuss anything in this guide or have any questions, please speak to a member of our friendly Member Services Team on **01689 891454** (Monday - Thursday 08:30 to 17:00, Friday 08:30 to 16:30).



# 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.</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.</p> <p>For the 25% government bonus to apply, LISA savings must be put towards the purchase of a first home, or taken from age 60.</p> <p>Can also be opened with a lump sum of £1,200+</p> <p>*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.</p> <p>62 months' contributions paid back to planholder for plans started before 01/01/2017.</p> <p>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.							
<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).							

# Glossary of terms

Policy number	Unique reference that identifies your plan(s)
With-Profits	Pooled investment where policyholders pay in through lump sum investment or regular premiums
Annual bonus	Applied to With-Profits plans throughout the calendar year and officially declared on 31 <sup>st</sup> December
Final bonus	Typically added at withdrawal or plan maturity
Guaranteed death benefit	The amount guaranteed to be paid out on death
Asset	Investments that the With-Profits fund holds
Investment value	The cash in value of the plan (which may fluctuate)
Qualifying withdrawal	Refers to Lifetime ISAs only where the funds are used towards a property purchase or as a fund accessible at age 60. If used for any other purpose this would be classed as a 'Non-Qualifying Withdrawal'
Rolling	Option available for some fixed plans where a new policy starts each year
Metfriendly Escalator	Automatically increases monthly contributions each year (opt out at any time)

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For further information including the latest bonus rates and FAQs, please visit **[metfriendly.org.uk/statement](https://metfriendly.org.uk/statement)** or scan the QR code.