

# Stocks and Shares ISA

## Key features document

### What is the purpose of this document?

The Financial Conduct Authority is the independent financial services regulator. It requires us, The Shepherds Friendly Society Ltd, to give you this important information to help you to decide whether our Individual Savings Account is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

### Its aims

To provide:

- an increase to the value of the money you have invested over the medium to long term (5 years plus) by the addition of regular and final bonuses from the fund.
- the proceeds of the investment free of Income and Capital Gains Tax under current ISA Rules.
- you with an accessible tax efficient investment from which you can take withdrawals.

### Your investment

- You can invest a single lump sum and/or monthly premiums into an ISA within HM Revenue and Customs limits.
- Although the plan has no fixed term it should be considered as a medium (5 years plus) to long term investment.
- Your circumstances may change forcing you to withdraw the investment early, which may mean that you get back less than you expected.
- If you want to stop or withdraw from the ISA you must inform us.

### Risks

- The value of your ISA depends on the future performance of the investments held in the fund and the bonuses we distribute from any profits arising from these investments. Please note that the addition of bonuses, regular or final, is not guaranteed and is dependent upon the investment performance of our With Profits Fund.
- H M Revenue and Customs may change the tax status of an ISA in the future.
- If you make regular withdrawals from the ISA at a higher level than the bonuses added you will erode the value of your investment. You should also be aware that inflation may have an effect on the purchasing value of your investment in the future.
- In poor investment conditions we may apply a Market Value Reduction (MVR) when you withdraw your investment and this could mean that you get back less than you have paid in.

# Questions & Answers

## What is the Stocks and Shares ISA?

An Individual Savings Account (ISA) is a tax-efficient way in which you can save without having to pay any income or capital gains tax. The ISA is a Stocks and Shares ISA.

## Who can have an Stocks and Shares ISA?

Anyone over the age of 18 can open a Stocks and Shares ISA provided you are resident in the UK. This means that either you have always lived in the UK, you perform duties which by virtue of the Income Tax Act 2003 are treated as being performed in the UK, or you are married to, or in a civic partnership with, a person who carries out these duties. You must not have subscribed to another ISA of the same type in the current tax year

Please note: Stocks and shares ISA's carry a higher risk than a bank or building society cash ISA.

Stocks and Shares ISAs can only be held in the name of one person - you cannot have a joint Stocks and Shares ISA. You cannot save on behalf of a company, club, charity etc.

## How much can I invest?

The ISA allowance for each tax year can be invested in a Stocks and Shares ISA. You can only have one Stocks and Shares ISA per tax year with one provider. The ISA allowance can be found on HM Revenue and Customs website or alternatively you can ring us on **0161 428 1212** and we will be happy to inform you.

OR

You can invest part of your annual allowance into a cash ISA with another provider but then you could only invest the balance of the overall tax year limit into a Stocks and Shares ISA.

OR

You can transfer an existing ISA.

## How do I invest?

You can invest regular monthly premiums and/or lump-sum investments to your Stocks and Shares ISA as long as the amount does not exceed the limit for the particular tax year.

The minimum monthly premium is £30 a month, which can be increased at any time by a minimum of £10 a month. You will need to make regular monthly premium payments by Direct Debit.

The minimum initial lump-sum invested is £500, additional lump-sum investments of at least £100 can be made at any time.

## How do I transfer an existing ISA to the Stocks and Shares ISA?

To transfer an existing ISA to us from another company you must complete a transfer form. We will then contact the existing company and write to you when we have received the money. The transfer may take up to 30 days

**Warning** - You should not withdraw the money yourself as the transfer must be performed by an ISA registered company in order to maintain the Tax benefit.

If you wish to transfer the ISA away from Shepherds to another company please ask them to request the transfer.

## How will my Investment grow?

We will invest your money in our With Profit Fund, which holds a mix of assets including stocks and shares, property, gilts, bonds and cash. The market values of these assets move up and down over time but such movements are outside our control. These movements may affect how much we add to investments as bonuses.

The aim of the fund is to provide each customer with steady investment growth over the full savings period of their investment. To do this we keep back some of the investment returns we make in good years so that we can pass them on in years when performance is not so good. We add the returns as a yearly bonus.

When you decide to end your plan we may pay an extra bonus, depending on how the fund has performed.

You can find out more information about how our fund works in our document called "A guide to how we manage our with-profit business" which comes with this document.

## What might the benefits be after 5 and 10 years?

### Example of a £1,000 Invested

If the investment grew at 2% a year the value after 5 years would be £990 and after 10 years would be £1,010.

If the investment grew at 5% a year the value after 5 years would be £1,150 and after 10 years would be £1,360.

If the investment grew at 8% a year the value after 5 years would be £1,320 and after 10 years would be £1,820.

### Example of a £50 a month Regular Premium ISA

If the investment grew at 2% a year the value after 5 years would be £3,030 and after 10 years would be £6,150.

If the investment grew at 5% a year the value after 5 years would be £3,270 and after 10 years would be £7,160.

If the investment grew at 8% a year the value after 5 years would be £3,530 and after 10 years would be £8,370.

## Will my investments work out exactly as in the example?

The example we've provided is meant to be an illustration of what your investment may be worth. What you will actually get back depends upon how our investments perform.

You could get back more or less than this.

Do not forget that inflation could reduce what you could buy in the future.

## What happens if I die?

Should you die whilst your ISA is still invested then a death benefit will be paid to your estate. The amount payable will be 100% of your initial investment plus all bonuses which have been added and any final bonus which may be paid, subject to a minimum payment of 101% of your initial investment. The amount of any withdrawals you have taken will be deducted from this total.

If married or in a Civil Partnership an ISA can be transferred to your Spouse or Civil Partner. This allowance is the value of an ISA at the date of your death, and is in addition to your Spouse or Civil Partner's own ISA allowance.

## How will I be kept informed about my ISA?

Each year you will receive a Statement showing the amount and value of any bonus payments, withdrawals and the total value of your ISA.

## How do I cash in or withdraw money from my ISA?

You have access to your ISA at any time. The minimum amount you can withdraw at any one time is £100. There are no fixed penalties applied to a withdrawal but we may apply a market value reduction (please see section 'What is a Market Value Reduction' (MVR)).

Please note that if you withdraw some money from an ISA invested in the current tax year you will still only be allowed to invest up to the maximum limit regardless of the amount withdrawn.

If you have more than one ISA with us you must tell us which ISA you wish the withdrawal to come from.

You can phone **0161 428 1212**, write to us here in Cheadle or email us at [info@shepherds.co.uk](mailto:info@shepherds.co.uk) - and we will send you a form for you to complete. As soon as we have received the form we will arrange for the money to be sent to you.

## How will charges affect my investment and what are the deductions?

Charges are deducted from your investment to cover our expenses and the cost of administering and managing your investments - this is currently 3% as an initial plan charge and an annual management charge of 1.5%.

### Example of £1,000 invested.

The figures below assume the investment will grow at 5% a year

#### Effect of deductions table

At end of year	Total paid to date	Effect of deductions	What you might get back
1	£1,000	£46	£1,000
2	£1,000	£63	£1,030
3	£1,000	£82	£1,070
4	£1,000	£102	£1,110
5	£1,000	£124	£1,150
<b>The later years</b>			
10	£1,000	£261	£1,360

The last line of the table below shows that over the term illustrated the effect of the deductions could amount to £261.

Putting it another way, this would have the same effect as bringing the investment growth from 5% a year down to 3.2% a year.

### Example of a £50 a month Regular Premium ISA

The figures below assume the investment will grow at 5% a year

#### Effect of deductions table

At end of year	Total paid to date	Effect of deductions	What you might get back
1	£600	£6	£609
2	£1,200	£21	£1,240
3	£1,800	£45	£1,890
4	£2,400	£81	£2,570
5	£3,000	£128	£3,270
<b>The later years</b>			
10	£6,000	£580	£7,160

The last line of the table shows that over the term illustrated the effect of the deductions could amount to £580.

Putting it another way, this would have the same effect as bringing the investment growth from 5% a year down to 3.5% a year.



## **What is a Market Value Reduction (MVR)?**

If our investment returns have been low we may use a Market Value Reduction to make sure you do not leave the fund with more than your fair share of its assets. This is to protect plan holders who still have money in the fund, but it may mean that you receive less than you expected.

We would not use a market value reduction if you died.

## **What if I want to change my mind about opening my Stocks and Shares ISA?**

From the date you open your account you have 30 days in which to cancel your Stocks and Shares ISA and your money will be returned. If you cancel within the 30 days you will be treated as though you had not used your Stocks and Shares ISA allowance and would be able to subscribe to another Stocks and Shares ISA in the current tax year.

## **If you cancel your Stocks and Shares ISA after the 30 days**

Under ISA rules you will be treated as though you have subscribed to a Stocks and Shares ISA and will therefore not be able to have another one in the current tax year.

You would be allowed to open a Cash ISA with any unused allowance.

## **How much will the advice cost?**

Your financial adviser (if you have one) will tell you details about the cost of advice.

## **Where can I find out more?**

Before your Stocks and Shares ISA starts we will send you the full terms and conditions. These explain how the Stocks and Shares ISA works.

If you would like to see these terms and conditions before you apply, please contact us:

**Phone:** 0161 428 1212

**Fax:** 0161 428 3666

**e-mail:** [info@shepherdsfriendly.co.uk](mailto:info@shepherdsfriendly.co.uk)

**Web:** [www.shepherdsfriendly.co.uk](http://www.shepherdsfriendly.co.uk)

## More information

**Claims** - to make a claim please contact us by phone on 0161 428 1212 and ask for the Claims Department. They will explain the claims process and send out a claim form.

**Cancellation Rights** - after we accept your application, we will send you a notice of your right to cancel. You will then have 30 days to change your mind and leave the plan.

**Complaints** - if you want to make a complaint; please contact:

Compliance Officer, Shepherds Friendly, Haw Bank House, High Street, Cheadle, Cheshire SK8 1AL.  
Phone: 0161 428 1212. Email: [info@shepherds.co.uk](mailto:info@shepherds.co.uk)

If we don't deal with your complaint to your satisfaction you can complain to the:  
Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Phone: 0845 080 1800

Making a complaint will not affect your right to take legal action.

**Financial Services Compensation Scheme (FSCS)** - we are covered by the FSCS, which means you may be entitled to compensation under the terms of the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

For long term plans such as this the scheme covers 100% of the claim with no upper limit.

Further information about the scheme is available from the FSCS -

Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St. Botolph Street, London, EC3A 7QU.

Visit: [www.fscs.org.uk](http://www.fscs.org.uk)  
or call: 0207 892 7300 or 0800 678 1100.

**Financial Crime** - we will take measures to protect members against financial crime. We may need proof of identification on application or claim and if required we may gather this proof by electronic means, for example checking Electoral Registers.

**Tax** - information that we provide in this leaflet about taxes in the UK is based on our understanding of current laws and HM Revenue and Customs practice which may change in the future.

**The Data Protection Act** - you have the right to ask to see any personal information which we may hold about you and to have any mistakes in this information corrected. You can do this by writing to the data protection officer at our head office. There may be a charge for this.

**Law** - the plan is governed by the laws of England and Wales.

If you require guidance please speak to your financial adviser or visit:

# [www.shepherdsfriendly.co.uk](http://www.shepherdsfriendly.co.uk)



to make members feel valued

to remain mutual when in our members interests

to provide simple, value for money financial solutions

to be a place where people want to work

We believe that mutuality is the best way of providing maximum benefit to our members and at the heart of the Society we have the mutual core values of trust, mutual benefit and ownership. We ensure that the money you invest with us is treated in a responsible and sensible manner to give as good a return on your investment as possible.

**The Shepherds Friendly Society Limited** Registered Office: Haw Bank House, High Street, Cheadle, Cheshire SK8 1AL.  
Tel: 0161 428 1212 Fax: 0161 428 3666 Email: [info@shepherdsfriendly.co.uk](mailto:info@shepherdsfriendly.co.uk) Web: [www.shepherdsfriendly.co.uk](http://www.shepherdsfriendly.co.uk)

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The Head office and Registered office of The Shepherds Friendly Society is based in the United Kingdom.