Shepherds Friendly

Your modern mutual

keyfacts®

University Savings Plan

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 University Savings Plan is right for the child. 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:

- a tax-exempt form of monthly saving to help towards the cost of your nominated child's University education;
- a tax-free lump sum for your nominated child;
- sickness benefit, for the Parent or Guardian, if the nominated child is unable to attend school or college, after 4 weeks of continuous sickness;
- continued payment for the remainder of the University Savings Plan term of the current premium should the premium payer die during the term of the University Savings Plan. (Please note: this is available to the Parent or Guardian only, who must be under the age of 50 on application).

Your investment

- You agree to pay, on behalf of your nominated child, a regular monthly premium by direct debit until the child is 18 or for 10 years whichever is the greater time.

Risks

- How the investment performs may vary during the term of the University Savings Plan. Because of this the child could receive a higher or lower sum than you expect at the end of the University Savings Plan and may not get back as much as you have paid in.
- The amount of bonus paid each year is related to the investment performance of Shepherds Friendly's funds and the total amount of sickness benefit paid out to all customers who have this type of University Savings Plan. Therefore the bonus may fluctuate from year to year throughout the term of the University Savings Plan.
- In poor investment conditions we may apply a Market Value Reduction (MVR). This could mean you get back less than you have paid in.
- If the University Savings Plan is stopped and money is taken out at any time before the end of the University Savings Plan you will have to pay to do so. This cost could be more or less than the examples in this leaflet.
- The tax treatment of these Plans could change in the future.

Questions & Answers

What is the University Savings Plan?

The University Savings Plan is a children's savings and sickness plan providing:

- A tax-free lump sum for the child aimed to help towards their University costs.
- An income in the form of sickness benefits, payable to the parents, to financially assist them when the child is absent from education due to illness or injury for more than 4 weeks.
- The ability for you to decide at maturity when the child will receive lump sum payments. These payments can be made between age 18 and 21, dependent upon whether the Plan has been in force for 10 years.

Why a University Savings Plan?

The recent increase in tuition fees to a likely average of £8500 a year which means when your child comes to leave university they could be faced with a sizeable debt when you take into account accommodation and living costs.

This plan has been designed to allow you to save regularly over time until you achieve your financial objective to assist with your child's university costs.

It gives you potentially greater control over when you release money to the child than can currently be obtained from saving in a Junior ISA or Child trust Fund.

Who can have a University Savings Plan?

You can take out a University Savings Plan for the benefit of your nominated child provided they are aged from birth up to the month before their 11th birthday.

How much can I save on behalf of the child?

You can choose to save £100, £125, £150, £175 or £200 a month towards university costs for your nominated child; if your circumstances change you can increase or decrease your premiums to any of the amounts shown, without penalty.

Please Note: The child is the sole beneficiary of the plan proceeds and you pay premiums on their behalf.

Where are the premiums invested?

We will invest your premiums in our Profit Sharing Fund, which holds a mix of assets including stocks and shares, property, gilts, bonds and cash. The market values of these assets may move up and down over time. For full details please see our Principles and Practices of Financial Management (PPFM) which is available on our website or can be requested from us.

How will the child's investment grow?

The aim of the Fund is to provide each member with steady investment growth over the full savings period of their Plan.

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 them as a yearly bonus.

The amount of bonus paid each year is related to the total amount in the plan, the performance of our fund and the amount we pay out to Plan holders in sickness benefit. Therefore bonuses may fluctuate over the term of the plan. It is not guaranteed that a bonus will be added every year and the rate of bonus can vary from year to year.

Once a bonus has been added to the plan we guarantee to include it in the amount we pay out when the plan reaches maturity. At the end of the Plan a final bonus may also be added depending on how the fund has performed.

What might a child get back at the age of 18?

Example of a University Savings Plan, Age (next birthday) at the outset 5
Monthly premium £150 **Contract term 13 years**
If the investments grew at 2% a year, the fund at age 18 would be £22,600
If the investments grew at 5% a year, the fund at age 18 would be £27,600
If the investments grew at 8% a year, the fund at age 18 would be £33,800

Will the child's plan work out exactly as in the example?

The example we've provided is meant to be an illustration of what the investment may be worth. What the child will actually get back depends upon how our investments perform and the amount of sickness claims experienced.

The child could get back more or less than this.

Do not forget that inflation could reduce what could be bought in the future with the proceeds.

Options at Maturity

When the child's Plan reaches maturity, you have the option for the child to receive the total amount in the fund or you can withdraw amounts on an annual basis up to age 21. When the child reaches age 21 the remaining amount in the plan will be sent to the child. For example, if the plan matures when the child reaches age 18 you can choose the amount the child receives at age 18, the amount they receive on another withdrawal at age 19 etc to pay for the costs of that university year.

Payouts from the Plan will always be payable to the child.

How does the sickness cover work?

The child is eligible for sickness benefit after 4 weeks of continuous sickness from either school or college, once the plan has been in force for 6 months. We define sickness as being unable to attend education due to illness or injury.

Once eligible, the sickness benefit is payable to the parent or legal guardian who normally looks after the child, if the child is under the age of 18, provided premiums are being paid into the plan. We will ask this person to explain and if necessary evidence the financial loss being suffered because of the child's illness or accident.

How much sickness cover can the child have?

The amount of sickness benefit depends on the premium payable and the duration of the sickness as follows:

Duration of Sickness	Weekly Sickness Cover				
	Premiums at £100 per month	Premiums at £125 per month	Premiums at £150 per month	Premiums at £175 per month	Premiums at £200 per month
Weeks 1 to 26	£100 per week	£125 per week	£150 per week	£175 per week	£200 per week
Weeks 27+	£50 per week	£62.50 per week	£75 per week	£87.50 per week	£100 per week

What happens if the child dies?

In the tragic event of the death of the child before reaching age 18, the whole value of the fund will be paid into the child's estate with no penalty.

What happens if I die?

In the event of the death of the premium payer, before the plan matures, we will continue to fund the plan until maturity at the current premium. This is applicable when the payer is either the Parent or Guardian and on application the payer must be under the age of 50 and has paid at least 24 monthly premiums at the time of death. This means that the child will get the same ultimate benefit as if the premium paying parent or guardian had not died.

If the premium paying Parent or Guardian dies before 24 monthly premiums have been paid we will return a minimum of the total value of premiums paid into the plan if it is cancelled following the death.

If over the age of 50, at time of application, the estate will be contacted and asked if they wish to nominate another premium payer to keep the plan in force or whether they would like the plan to be paid up.

(The value of the Plan at this date will be established and may be increased in future by any bonuses made by the Society and no sickness benefit can be claimed).

What happens if I stop paying my premiums?

You should contact us as quickly as possible to discuss what options are available to you.

After 3 successive missed premiums no sickness benefit can be claimed and we will no longer accept payment into the Plan. At this time you can request a surrender value or leave your child's plan with us until maturity.

What is a Market Value Reduction (MVR)?

If the Plan is surrendered before the expected Maturity Date we may apply a Market Value Reduction if our investment returns have been low. This is to make sure that everyone only receives their fair share of the fund and to protect those plan holders who still have money invested in the fund. This may mean that, if the Plan is cashed in before the Maturity Date, the child may receive less than you expected.

We will not use a market value reduction if the child dies during the term of the plan or when the Plan reaches the Maturity Date.

What are the charges and how will they affect my investment?

Charges are deducted from the investment to cover our expenses and the cost of administering and managing the investments - this is currently 2.5% of the Plan fund as an annual management charge.

The last line of the table shows that over the term to the plans end date, the effect of the deductions could add up to £5,110.

Putting it another way, leaving out the cost of sickness benefits this would have the effect of bringing investment growth down from 5% to 2.5%.

WARNING - If you stop paying premiums during the early years, the value of your Plan could be less than you have paid in.

Example of tax-exempt plan deductions			
The figures below assume that investments will grow at 5% a year.			
Age (Next Birthday) at outset		**5**	
Monthly Premium		**£150**	
Contract Term		**13 Years**	
Year	**Total paid in to date**	**Effect of deductions to date**	**What you might get back**
1	£1,800	£24	£1,820
2	£3,600	£95	£3,690
3	£5,400	£216	£5,610
4	£7,200	£391	£7,570
5	£9,000	£624	£9,580
The Later Years			
10	£18,000	£2,810	£20,400
Maturity	£23,400	£5,110	£27,600
These figures are only examples; they are not minimum or maximum amounts. What the child gets back depends on how the investments grow.			

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 University Savings Plan starts we will send you the full terms and conditions. These explain how the University Savings Plan 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
Web: 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

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
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

Shepherds Friendly
Your modern mutual

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.

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