

# 5 Year Fixed Rate Bond

A savings plan with a guaranteed return



This document contains details about our 5 Year Fixed Rate Bond as well as the Terms and Conditions of the plan, along with information about how we manage your money. Please read this thoroughly and keep it in a safe place in case you need to refer to it in the future.

You'll also find details of your agreement with us under the terms of the plan, as well as additional information about us.

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# Plan details

The Shepherds Friendly Society Ltd is required by the Financial Conduct Authority (FCA), the independent financial services regulator, to provide you with this important information to help you decide whether our 5 Year Fixed Rate Bond is right for you. You should read this document carefully to make sure you fully understand the plan and your commitments.

**Please keep this guide in a safe place for future reference.**

## The aims of our 5 Year Fixed Rate Bond

### To provide:

- A guaranteed level of growth if you leave your policy invested for five years.
- Life cover throughout the 5 Year Fixed Rate Bond's term.

## Your investment in the plan

- You agree to pay a single lump sum investment between £1,000 and £125,000.
- The 5 Year Fixed Rate Bond is a single lump investment and no additional contributions can be made after the initial payment.
- You cannot withdraw your money during the five-year fixed period unless due to exceptional circumstances, including diagnosis of a terminal illness, bankruptcy, solvency and sequestration.

## Risks associated with the plan

- Inflation may affect the purchasing value of your investment in the future.
- If you die during the term of your plan then your estate will receive a guaranteed lump sum.
- No early withdrawals from the plan are allowed, except in exceptional cases. Please see section 4 of the Terms and Conditions for details.

## Common questions about the plan

### What is a 5 Year Fixed Rate Bond?

The 5 Year Fixed Rate Bond is a life assurance savings plan, which will guarantee to return a rate of 1.40% per year for a fixed term of five years.

### Who can have a 5 Year Fixed Rate Bond?

Anyone aged 18 or over, who is resident in the UK can open a 5 Year Fixed Rate Bond. You will be 'resident' if you have spent a minimum of 183 days in the UK in each of the last 3 calendar years immediately prior to the date 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 5 Year Fixed Rate Bond is £1,000, up to £125,000. You won't be able to make any additional contributions once you have invested your initial amount, however, you can open additional Fixed Rate Bond plans with us as long as you do not exceed the maximum amount of £125,000.

### How do I invest?

You can open a 5 Year Fixed Bond online via the Society's website or over the phone, and pay by bank transfer. All payments must be paid from the bank account specified at the point of application and all funds must be received within 14 days, following a completed application.

### **How will my investment grow?**

We use your money to invest in a mix of assets including stocks and shares, property, gilts, bonds and cash that enable us to provide you with a return of your lump sum and the guaranteed growth over the term of your investment.

### **What happens if I die?**

Should you die whilst your Bond is still invested then a death benefit will be paid to your estate. For more details regarding the level of benefit paid, please refer to section 6 in the Terms and Conditions.

If there is a joint bond holder under the plan, the plan will continue in the name of the surviving holder until maturity or the death of the second person.

### **What about tax?**

There will be no capital gains tax or basic income tax payable for this plan, however, it is worth knowing that you may have to pay higher-rate or additional rate income tax depending on your personal circumstances.

### **How will I be kept informed?**

Each year you will receive a bonus statement showing details of your 5 Year Fixed Rate Bond, including accrued growth. We will also be in touch ahead of your maturity date when the amount saved in your plan will become available.

### **How do I withdraw money from my 5 Year Fixed Rate Bond?**

You cannot withdraw funds from your plan unless in exceptional circumstances. The way the 5 Year Fixed Rate Bond has been designed means you need to leave your invested amount until the maturity date to gain the guaranteed return.

### **What are the charges?**

There are no explicit charges for the 5 Year Fixed Rate Bond. The plan has been created to incorporate any charges we may incur.

### **What if I want to change my mind about opening a 5 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 you will have 30 days in which to cancel your 5 Year Fixed Rate Bond and your money will be returned.

### **What if I choose to close my 5 Year Fixed Rate Bond?**

This plan is designed to be a five year fixed investment. After the initial 30 day period, your plan can only be closed in exceptional circumstances (which include; terminal illness, bankruptcy, insolvency and sequestration), before maturity.

# Terms and Conditions

This section sets out the Terms and Conditions of the Shepherds Friendly 5 Year Fixed Rate Bond. It details the terms of the contract between yourself and the Society and explains how your plan will be managed.

No advice has been provided by Shepherds Friendly ('we' or 'us') about this product. If you are in any doubt as to whether it is suitable for you, we recommend getting in touch with a financial adviser, who will be happy to take you through what options are available. Should you consult a financial adviser there could be a cost involved and you should confirm this cost beforehand. You should read these Terms and Conditions carefully as well as the Key Information Document which is available on our website.

## 1 Applying for a Fixed Rate Bond

- 1.1 To open a 5 Year Fixed Rate Bond, which is a life assurance saving plan, you must complete an application form and submit it to us.

## 2 The contract

- 2.1 The contract between us for a Bond shall consist of:
  - (a) the application form;
  - (b) these Terms and Conditions; and
  - (c) our privacy notice  
[<https://www.shepherdsfriendly.co.uk/privacy-notice>].
- 2.2 The contract will come into existence when we accept your Application Form and we are not obliged to do this. You should note in particular section 2.3.
- 2.3 The Bond is a limited issue and is therefore subject to availability. We may close the issue without prior notice.

### **3 Who can apply for the Bond?**

- 3.1 You must meet the following conditions in order to apply for the Bond:
  - 3.1.1 You must be an individual and not a company;
  - 3.1.2 You must be 18 years old or over;
  - 3.1.3 You must be resident in the UK.  
You will be 'resident' if you have spent a minimum of 183 days in the UK in each of the last 3 calendar years immediately prior to the date 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.

- 3.2 You must inform us if you no longer meet the residence qualification. The UK does not include the Channel Islands or the Isle of Man.

### **4 The Bond**

- 4.1 The Bond is a single lump sum investment and no additional contributions can be made after the initial lump sum investment has been made, however, you can open additional Fixed Rate Bond plans with us as long as you do not exceed the maximum amount of £125,000.
- 4.2 The Bond will take the form of a life policy which will be in the name of the holder (or joint holders if applicable) of the Bond.
- 4.3 The Bond pays a fixed return based on an annual rate of 1.40%. The return will however be rolled up and only paid at maturity except where section 4.5 or section 7 apply.
- 4.4 The minimum single lump sum investment for a Bond is £1,000 and the maximum single lump sum investment is £125,000.

- 4.5 Except where these Terms and Conditions state otherwise, the Bond is for a fixed term of five years ('Term') from the date on which we receive your final payment into the plan. You may not withdraw your investment before then, except where we consider that there are exceptional circumstances. Exceptional circumstances include diagnosis of a terminal illness, bankruptcy, insolvency or sequestration.
- 4.6 We may ask you for evidence of any exceptional circumstances, including confirmation of a third-party medical adviser or other professional.
- 4.7 Where we allow you to withdraw before the end of the Term, we will repay the amount of your investment in the Bond together with proportionate returns as calculated by us, taking into account the period for which the Bond has actually been held.

## **5 Type of investment**

- 5.1 We use your money to invest in asset classes that enable us to provide you with a return of your lump sum and the guaranteed growth over the term of your investment.

## **6 Holding the Bond**

- 6.1 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.
- 6.2 The Bond can be held by a maximum of two people. Joint holders must each satisfy the eligibility conditions in section 3.

## **7 If you die**

- 7.1 The Bond is a life insurance contract and if you die prior to the maturity date and you are the sole life assured then your estate would receive a lump sum as detailed below:
- (a) During the cancellation period (see section 8 below) - 100% of amount invested
  - (b) In year one i.e. up to the first anniversary of your entering into the contract - 101% of amount invested

- (c) In year two - i.e. up to the second anniversary of your entering into the contract - 102% of the amount invested
- (d) In year three - i.e. up to the third anniversary of your entering into the contract - 103% of amount invested
- (e) In year four - i.e. up to the fourth anniversary of your entering into the contract - 104% of amount invested
- (f) In year five prior to the maturity date - i.e. up to the fifth anniversary of your entering into the contract - 105% of amount invested.

7.2 If there are joint holders, on the death of a joint holder of the Bond, the surviving holder becomes the sole holder of the Bond.

## 8

### **Cancellation**

- 8.1 After your application is accepted and the amount of your investment is received by us, you will receive a notice from us explaining your right to cancel your investment in the Bond. You may cancel the Bond by giving us notice within 30 days of our sending you this notice.
- 8.2 If you exercise your right to cancel, we will refund all of the money you have invested.
- 8.3 After the 30 days' cancellation period has expired, you will not be able to withdraw from the Bond unless section 4.5 applies and we allow withdrawal in exceptional circumstances.

## 9

### **Maturity**

- 9.1 We will write to you at least a month before maturity of the Bond to explain what is to happen and any options you may have.
- 9.2 The fixed return will be paid to you on maturity together with return of the amount invested.

**10****Tax**

- 10.1 Since we pay tax on the fund which generates the return on the Bond, if you are a basic rate taxpayer when you receive any returns on your Bond, you should not be subject to further tax. It is not possible to reclaim the tax paid if you are not a taxpayer.
- 10.2 A “Chargeable Event” will occur on any of the following:
- if you die (in which case the Bond is treated as having been withdrawn immediately before death);
  - if withdrawal is permitted under section 4.5 or
  - on maturity of your Bond.
- If you are a higher rate taxpayer when a Chargeable Event occurs and you receive the returns on your Bond, you may 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 for you to include in your tax return.
- 10.3 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.
- 10.4 The value of your Bond may form part of your estate for the purposes of inheritance tax. If you have a joint Bond and you are not spouses or civil partners when the first holder of the Bond dies, there could be an inheritance tax liability.
- 10.5 Tax rules can and do change and tax depends on your personal circumstances at any given time. This is a general guide only based on the current UK tax laws and should not be considered as personal tax advice. If you are in any doubt as to your tax affairs, you should consult an appropriately qualified adviser.
- 10.6 You should note in particular that Bonds held in trust may be subject to special tax treatment.

## **11** Communications between us

- 11.1 We shall send you communications to the last address you have notified 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.
- 11.2 Where there are joint Bond holders, we may send all communications to the first named Bond holder in our records.
- 11.3 You must tell us if your address or other communication details change.

## **12** Legal checks

- 12.1 We are required by law to verify the identity of customers we deal with.
- 12.2 We may also perform other checks, for example to protect us against fraud.
- 12.3 We may do these checks by electronic means, including checking the Electoral Roll and Credit Reference Agencies.
- 12.4 Further details are given in our Privacy Notice, which can be found on our website.

## **13** Your data and our suppliers

- 13.1 We need your information to manage your Bond. Your information comprises of all the details and information that you provide to us as requested under these Terms and Conditions. It includes information that we obtain about you from third parties such as credit reference bureaus.
- 13.2 During the course of our dealings with you we may need to use your personal information to:
  - 13.2.1 Assess financial and insurance risks and conduct statistical analysis or systems integrity checks;
  - 13.2.2 Prevent and detect crime including fraud, anti-money laundering and financial sanctions;
  - 13.2.3 To comply with our legal and regulatory obligations;

- 13.2.4 Develop our products, services, systems and relationships with you;
- 13.2.5 Record your preferences in respect of products and services;
- 13.2.6 In carrying out searches about you using publicly available databases;
- 13.2.7 Disclose some of your information to other insurers, reinsurers, credit reference agencies, fraud prevention agencies, regulators, law enforcement agencies and other companies that provide services to us or you;
- 13.3 Share the information with agencies that carry out certain activities on our behalf (for example marketing agencies or those who help us underwrite your plan).
  - 13.3.1 Use and share your information with our approved suppliers where it is reasonably required to help us administer your claim for example; medical experts and medical agencies, occupational health experts, employment consultants, rehabilitation providers, accountants and auditors, and legal advisors. 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.
- 13.4 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.
- 13.5 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.

**14****Complaints and compensation**

14.1 If you have a complaint, please contact:

**Compliance Officer**

**Shepherds Friendly Society**

**Haw Bank House, High Street**

**Cheadle, Cheshire**

**SK8 1AL**

**Telephone: 0800 526 249**

**Email: [complaints@shepherdsfriendly.co.uk](mailto:complaints@shepherdsfriendly.co.uk)**

We will try to resolve your complaint in accordance with our internal complaints handling procedure.

14.2 If you are still dissatisfied with the way we have dealt with you, you can refer your complaint to the Financial Ombudsman Service ('FOS') whose details are:

**Financial Ombudsman Service**

**Exchange Tower**

**PO Box 300**

**London**

**E14 9SR**

**Telephone: 0800 023 4567**

**Website: [Financial-ombudsman.org.uk](http://Financial-ombudsman.org.uk)**

14.3 If we are unable to meet our commitments to you, you may be eligible to claim under the Financial Services Compensation Scheme. Details of the FSCS are:

**PO Box 300**

**Mitcheldean**

**GL17 1DY**

**Telephone: 0800 678 1100**

**15****Changing these Terms and Conditions**

- 15.1 We may change these Terms and Conditions by sending you notice in advance of the changes we intend to make.
- 15.2 We will only make changes for good reason, which includes where we reasonably consider that a change is necessary:
  - (a) to cover any requirements of, or changes to, law or regulation (including any tax changes and any decisions of FOS);
  - (b) to improve the service to you.

**16****Law**

- 16.1 These Terms and Conditions and the Bond are subject to the laws of England and Wales.
- 16.2 References to section numbers are to section numbers in these Terms and Conditions.

# Your agreement with us

Below you will find a full explanation of our obligations to you with regard to your 5 Year Fixed Rate Bond and your commitments to us as the plan holder.

## Our obligations to you

1. We agree to act in your best interests in the provision and subsequent administration of this plan to you.
2. We agree to identify and manage any conflicts of interest which may arise and to mitigate them so that they do not have a detrimental effect on you.
3. If we believe a conflict of interest has arisen, and we cannot, with certainty, prevent it from having a detrimental effect on you, we will advise you of it, so you can decide whether to use our services or not.
4. To ensure you fully understand the product before you buy it we will provide you with the following information and service depending upon product type -
  - A Key Information Document (when the product is savings or investment related).
  - An Important Information Guide.
  - Additional product information.
  - Information about our business.
  - The opportunity to ask a member of staff for further explanation.

This information will be provided in an accurate, clear and understandable way and you have the choice of receiving it in paper form or electronically to your email address.
5. Before we agree to provide the product to you we will establish that it meets your Demands and Needs. If we believe that not to be the case, we may refuse to provide the product.

6. In providing the product we will not be making a personal recommendation that it is suitable for you and therefore we are not giving you financial advice. We are providing you with all the information and assistance you need to arrive at your own informed decision to take the product based on your own understanding.
7. If you decide to purchase a plan with no personal input and no personalised prompting from us, then that would be classed as an “execution only purchase at your own initiative”. In this event you may lose some of your consumer protection benefits and we may not be liable for claims against us.
8. When we have accepted your application for the product we will provide you with the following information -
  - The plan Terms and Conditions
  - A confirmation that the plan meets your Demands and Needs
  - A cooling-off period Cancellation Notice
  - Confirmation concerning how premiums will be collected.
9. If your product is an Insurance Based Investment Product we will provide an annual plan statement on its value and the ongoing costs and charges applied.
10. You will always have the right to complain should you be dissatisfied, and we will handle any complaint in line with the requirements and standards set by the Financial Conduct Authority. We will publish our complaints procedure on our website or supply a written version upon request. If you remain dissatisfied after our final response you have the right to refer the matter to the Financial Ombudsman Service for an independent review.
11. In conducting Insurance Distribution Activity with you we will have collected personal data about you. We will hold and manage this data in accordance with the requirements and standards set by the General Data Protection Regulation (GDPR) and any other Data Protection Regulation, which may apply in the future. Your data will be held securely and will only be processed for the reasons allowed by the GDPR. We will at all times publish our data protection Privacy Notice on our website or supply a written version upon request.

## Your commitments to us

12. When you provide information to us in connection with the application for a plan it must be accurate and truthful in all respects. There is a risk that providing inaccurate or false information could cause the plan to be invalid and you may suffer loss as a result.
13. In the event of a claim, or at maturity of a plan, you must supply us with all information we may request at that time to assist us in making payment to you. All information provided must be accurate and truthful.
14. You agree that you will read the Key Information Document and the Important Information Guide. If you then require further clarification you agree to read the additional information available from us, or contact us to discuss anything you do not understand. The onus is on you to understand what you are buying based on all the information we provide to you.
15. You will keep us up to date with information about how to contact you. Please always notify us of any change to your address and preferably also your telephone number and email address.
16. We have legal obligations to verify a plan holder's identity during their relationship with us. We will advise you how we do this at the time it is being done and you agree to co-operate with us, if, or when, we have to do this.
17. You understand and accept that we do not have a financial advice relationship with you. We are able to provide you with information and guidance, but we cannot make a personal recommendation that a plan is suitable for you. Decisions to buy a plan are taken by you on an informed basis using information we provide.

# Additional information about us

## About our service

We always provide you with all the information you need about our products and the service that comes with them. We do that through this guide, the conversations we have with you and by providing the Key Information Document for the product, which you must read.

The products we provide are the Society's own products.

We are not a financial advice company and we do not make personal recommendations about the suitability of the product for you. Provided we are satisfied that the product meets your Demands and Needs, and it is not inappropriate for you to buy it, the information we give enables you to take your own informed decision to proceed with the purchase.

Our Member Services team, when they speak with you, ensure that you have all the information you need and are there to answer your questions openly and honestly.

## How we remunerate our people

We take great care to ensure our people are remunerated in ways which do not create any conflicts of interest for them or you, and we structure their pay so that there is no inducement for poor sales practices.

We do this by paying our people salaries with a bonus element for successfully doing their job. These payments are made by Shepherds Friendly Society.

If you wish to know the amount of any bonus related to the specific product you decide to buy, just ask and we will confirm it to you if one has been paid.

## How we remunerate our introducers

When we receive your application for a product which has been referred to us by a third party (such as a financial adviser) we may pay them a fee. If we pay such a fee the amount will be advised to you before we process your application. In return for payment of this one-off fee the introducer has agreed with us to continue to monitor that the product remains appropriate for you and to answer any questions you have about its performance and its terms and conditions.

## **Your financial protection**

The products we sell fall within the Financial Services Compensation Scheme and you are covered for 100% of the amount you invest with us should our Society suffer a complete financial failure. This compensation scheme is administered by the Financial Services Compensation Scheme (FSCS) who you can write to at:

**PO Box 300**

**Mitcheldean,**

**GL17 1DY**

**Telephone 0800 678 1100**

Further information is available on their website - **[www.fscs.org.uk](http://www.fscs.org.uk)**

# Contact us

## Opening a 5 Year Fixed Rate Bond is quick and easy



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

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**Freephone:** 0800 526 249

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**Email:** [info@shepherdsfriendly.co.uk](mailto:info@shepherdsfriendly.co.uk)

All references to taxation are to UK taxation and are based on Shepherds Friendly Society's understanding of current legislation and HM Revenue and Customs practice which may change in the future. Investment growth is by means of bonuses, the amount of which cannot be guaranteed throughout the term of the contract. Please ensure that you read the full terms and conditions of this plan which are available from your financial adviser or by contacting us directly.

**Please note:** No advice has been provided by Shepherds Friendly. If you are in any doubt as to whether a plan is suitable for you, we recommend getting in touch with a financial adviser, who will be happy to take you through what options are available. Should you consult a financial adviser there could be a cost involved and you should confirm this cost beforehand.

## Further information you should note

**Claims** - in the event of a death claim, please contact our Member Services Team, available at [info@shepherdsfriendly.co.uk](mailto:info@shepherdsfriendly.co.uk) or on 0161 428 1212.

**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: 0800 526 249 Email: [complaints@shepherdsfriendly.co.uk](mailto:complaints@shepherdsfriendly.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 - Visit: [www.fscs.org.uk](http://www.fscs.org.uk) or call: 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 can contact our Data Protection Officer by writing to: Data Protection Officer, Shepherds Friendly Society, Haw Bank House, High Street, Cheadle, Cheshire, SK8 1AL.

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