

Young Saver Plan

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

The name of this product is “**Young Saver Plan**”. It is provided by The Shepherds Friendly Society Limited. Our website address, where you can find detailed information about us, is www.shepherdsfriendly.co.uk and our telephone number is 0800 526 249. We are supervised by the Financial Conduct Authority in respect of the production and delivery of this Key Information Document (KID). This KID was produced on 23rd July 2021.

What is this product?

It is a Friendly Society tax-exempt savings and sickness protection plan for children and can only be taken out for children under 16 years of age. This plan is categorised as a long-term investment.

The objectives of this plan are twofold. To provide the child with a tax-free lump sum at the age of 18, or 10 years after commencement date of the plan, whichever is later. Secondly, to provide a sickness benefit whereby if the insured child is unable to attend school after four weeks of continuous sickness, a benefit is then payable to the parent or guardian of the child. The amount of benefit and the length of time it is paid for is agreed with you at commencement of the plan.

It invests your premiums in a pooled With-Profits fund which is invested in a mix of equities, Government Gilts, corporate bonds, property and cash. This spread of assets allows a cautious investment strategy to be pursued.

The Young Saver Plan is intended for parents or guardians who want to save tax-efficiently for their child, and to insure against additional expenses incurred if their child has an illness lasting longer than four weeks preventing them from then attending school. The minimum you can save monthly is £7.50 and the maximum £100.

What are the risks and what could I get in return?

Summary Risk Indicator (SRI)



The Summary Risk Indicator (SRI) assumes you keep the plan for 10 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The SRI is a guide to the level of risk of this product compared to other products, and aims to show you how likely it is that the product will lose money because of the movement in investment markets or because we are not able to pay you.

We have classified this plan as 3 out of 7 which is “medium-low”. This rates potential losses from future performance as unlikely. You are entitled to receive back all of the bonuses we may have added to the plan each year, and if there are additional investment and sickness fund surpluses available, we may share them as an additional final bonus when the plan reaches its maturity date. However, these protections against future market performance will not apply in full if you cash in the plan early or fail to make payments into the plan on time. If certain stressed market conditions exist then a Market Value Reduction (MVR) may be applied on encashment. An MVR is a reduction in the value of your plan. It is caused by stressed market conditions causing worse than expected investment returns at the point in time when you may wish to encash the plan. It may be applied to protect other policyholders in the Fund who have decided not to encash their plan.

If we are not able to pay you what is owed you may lose some or all your capital but you may benefit from a consumer protection scheme (please see the section below “What happens if Shepherds Friendly Society is unable to pay out?”).

Performance scenarios

Investment premium - £1,000 per annum Insurance premium -		1 year	9 years	18 years recommended holding period
Survival scenarios				
Stress scenario	What you might get back after costs	£785	£6,431	£10,854
	Average return each year	-21.53%	-6.81%	-5.63%
Unfavourable scenario	What you might get back after costs	£942	£8,454	£17,054
	Average return each year	-5.80%	-1.25%	-0.57%
Moderate scenario	What you might get back after costs	£1,011	£9,510	£19,999
	Average return each year	1.13%	1.10%	1.10%
Favourable scenario	What you might get back after costs	£1,084	£10,729	£23,611
	Average return each year	8.45%	3.50%	2.79%
Accumulated investment amount		£1,000	£9,000	£18,000
Death scenario				
Insured event	What you might get back after costs	£1,011	£9,510	£19,999

The table shows the money you could get back over the next 18 years assuming an investment of £1,000 per annum, under different scenarios. These scenarios illustrate how your investment could perform, and you can compare them with the scenarios of different products. The scenarios shown are an estimate of future performance based on evidence from the past, and are not an exact indicator. What you actually get back will vary depending on how the market performs, and how long you keep the product/ investment. The stress scenario shows what you might get back in extreme market circumstances.

What happens if Shepherds Friendly Society is unable to pay out?

We are covered 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

This product is categorised as a long - term investment and under the above compensation scheme that means you are covered for 100% of loss on this product through the FSCS should Shepherds Friendly Society default. The investments underlying this product are managed on behalf of Shepherds Friendly Society by a professional investment management firm, Royal London Asset Management, and they use custodians, HSBC Securities Services, in respect of investments purchased and held. These counterparties are not covered by a compensation scheme but were they to default, and this in turn caused Shepherds Friendly Society to default, then you would still be covered by the FSCS because your contract is with Shepherds Friendly Society.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods.

The figures assume you invest £1,000 each year. The figures are estimates and may change in the future.

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor.

Table 1: Cost over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Premium £1,000 per annum	If you cash in after 1 year	If you cash in after half the recommended period of 9 years	If you cash in at the recommended period of 18 years
Total costs	£25.28	£1,171.37	£4,602.92
Impact on return (RIY) per year	2.53%	2.53%	2.53%

Table 2: Composition of costs

The table below shows:

- The impact each year of the different type of costs on the investment return you might get at the end of the recommended holding period
- What the different cost categories mean

This table shows the impact on return per year			
One-off costs	Entry costs Impact on Return (RIY) per year	0%	The impact of costs you pay when entering your investment.
	Exit costs Impact on Return (RIY)	0%	The impact of costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs Impact on Return (RIY) per year	0%	The impact of the costs of us buying and selling underlying investment from the product.
	Other ongoing costs	2.53%	The impact of the costs that we take each year for managing your investment.
Incidental costs	Performance/other costs	0%	This product does not have any performance or other incidental fees.

How long should I hold it and can I take money out early?

You should keep the Young Saver Plan for 10 years and pay all premiums when due to ensure you achieve the maximum return and maintain the life insurance cover. You can take out money early but unless a minimum of 12 months premiums has been paid the plan, all its benefits will be cancelled and you will receive no money back. If you choose to cancel the plan after 12 months you will get some money back but it may be less than the total you have paid in.

How can I complain?

If you wish to make a complaint about us, or another person who sold or advised you on this product, then please contact us either in writing, or by telephone or by email: Compliance Officer, Shepherds Friendly Society, Haw Bank House, High St, Cheadle, Cheshire, SK8 1AL. Phone 0800 526 249. Email - complaints@shepherds.co.uk A full explanation of our approach to complaints handling can be found on our website at www.shepherdsfriendly.co.uk/help-and-support.

Other relevant information?

The tax treatment of the plan may change in the future. This could reduce the amount you receive when the plan matures or increase the personal tax you pay.

The European Union Solvency II Directive requires us to make available to the public a Solvency and Financial Condition Report each year.

This can be found by at www.shepherdsfriendly.co.uk/about/reports-and-accounts

Further information on our Young Saver Plan is available at www.shepherdsfriendly.co.uk/young-saver-plan