

Key features of the Shepherds Junior Moneymaker

What is the purpose of this document?

The Financial Services 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 Junior Moneymaker 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 and disciplined form of saving for the benefit of your nominated child;
- a tax-free lump sum for your nominated child at age 18 or after 10 years whichever is the later;
- an opportunity to share in our profits.

Your commitment

- You agree to pay, on behalf of your nominated child, a regular monthly or yearly premium by direct debit until the child is 18 (or for 10 years whichever is the greater time).
- The plan should be considered as a long term (minimum of 10 years) investment.

Risks

- How the investment performs may vary during the term of the plan. Because of this the child could receive a higher or lower lump sum than expected at the end of the plan and may not get back as much as you have paid in.
- If the plan is 'cashed in' before the end of the agreed term the amount paid out to the child may be less than the total premiums you have paid in. In the first 2 years we may not pay out anything at all.
- If money is taken out at any time before the end of the plan you may have to pay to do so. This cost could be more or less than the examples in this leaflet.

Questions and answers

What is the Junior Moneymaker?

Junior Moneymaker is a 'With-Profits' Friendly Society savings plan designed to provide your nominated child with tax-exempt savings over a specified period with life cover attached. (See below for what we mean by tax-exempt).

What do we mean by tax-exempt investments?

We have a special tax-exempt status. If you pay premiums which add up to no more than £25 a month or £270 a year to the child's plan, we do not have to pay tax on the increase in value of the fund, or on income from our investments.

The proceeds that we pay out at the end of the plan will be free of any tax liability (this means that no income tax or capital gains tax will be paid on the plan). Laws on tax may change in the future.

Who can have the Junior Moneymaker?

Any child under 16 years of age and resident and a citizen of the U.K. is eligible to benefit from the Junior Moneymaker.

The plan runs to age 18 or for 10 years whichever is the later.

The child is the sole beneficiary of the plan proceeds and you pay premiums on his or her behalf.

How much can I save?

You can save regularly with premiums of £10, £15, £20 or £25 a month, or annual premiums of £120, £180, £240 or £270.

If you are currently making payment into another Friendly Society savings plan on behalf of the child you should ensure that your total premium, including your contribution to the Junior Moneymaker does not exceed the £25 a month or £270 a year limit.

How will the investment grow?

We will invest your premiums 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 plans as bonuses.

The aim of the Fund is to provide each customer 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 the returns as a yearly bonus. Once we have added a yearly bonus to a plan we guarantee to include it in the amount we pay out when the plan reaches the end of the agreed period.

We may pay an extra bonus, called a final 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-profits business" which comes with this document.

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

Example	
Age (next birthday)	1
Monthly premium	£25
Contract term	17 years 11 months
Total payments after 18 years	£5,375
If the investments grew at 5% a year, the fund at age 18 would be £7040	
If the investments grew at 7% a year, the fund at age 18 would be £8470	
If the investments grew at 9% a year, the fund at age 18 would be £10200	

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.

The child could get back more or less than this.

All Friendly Societies who offer life assurance plans use the same rates of growth for their illustrations, but their charges vary.

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

What happens if the child dies?

If the child should die the child's estate will receive the Guaranteed Sum Assured plus all bonuses paid to date, including any final bonus payment.

What happens if I need to stop paying the premiums?

If you need to stop paying premiums, you should contact our head office as quickly as possible to discuss what options are available to you.

If the plan started less than one year ago it will be cancelled and you will not get any money back and the life cover will stop.

If the plan started more than one year ago you can ask for a cash in value. Any amount taken from the plan will be payable to the child and the life cover will stop. We may apply a Market Value Reduction (MVR) when the plan is cashed in. So, this means that the amount we pay out may be less or more than the amount we showed on the last bonus statement. (To find out more about this, see the next section 'What is Market Value Reduction')

If the plan started more than 2 years ago and the money is not taken we will make the plan automatically "paid up" 13 months after the date when the last premium was paid. If this happens, the amount of life cover will reduce and the child will receive a lower lump sum at the end of the plan.

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

What is a Market Value Reduction (MVR)?

If you cash in your investment before the end of the plan and 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 assets. This is to protect plan holders who still have money in the fund but it may mean the child will receive less than you expected.

We would not use a market value reduction if the child died or at the end of the plan.

What are the charges for?

We take charges from the Child's plan to cover our expenses, the cost of administering the plan and managing your investments. We will reduce the amount you get back from your plan if you stop paying your premiums before the end date of the plan.

How do these charges affect my plan?

For a 10 year plan the effect of these charges are currently around 40% of the first year's premium and 10% of each subsequent year's premium. These are the current charges that we apply but they may vary in future years in line with the expenses of the Society. Please see the CFPPFM for more information.

The last line of the table shows that over the term to the plan's end date, the effect of the deductions could add up to £2010. Putting it another way, leaving out the cost of life benefits this would have the effect of bringing investment growth down from 7.0% to 4.6%.

The figures below assume the investments will grow at 7.0% per year.

Example of deductions			
The figures below assume the investments will grow at 7% a year			
Age (next Birthday)	1		
Monthly premium	£25		
Contract term	18 years		
At the end of year	Total paid in to date	Effect of deductions to date	What you might get back
1	£300	£311	-
2	£600	£367	£276
3	£900	£425	£574
4	£1200	£488	£893
5	£1500	£554	£1230

The later years:

Year	Total paid in to date	Effect of deductions to date	What you might get back
10	£3000	£961	£3330
15	£4500	£1520	£6290
18	£5400	£2010	£8530

These figures are only examples; they are not minimum or maximum amounts. What you will get back depends on how your investments grow.

How much will any advice cost?

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

The amount will depend on how much you are paying each month and the length of your plan.

Where can I find out more?

Before the child's plan starts we will send you the full terms and conditions. These explain how the 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

Email: info@shepherdsfriendly.co.uk

Website: www.shepherds.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, Shepherds House,
Stockport Road, Cheadle, SK8 2AA

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
(Tel: 0845 080 1800).

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

Past Performance - please note that past performance is not a guide to future performance. It is important to understand that future bonuses depend on profits yet to be earned and as a result cannot be guaranteed.

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 90% of the claim with no upper limit. Further information about the scheme is available from the FSCS -

7th Floor
Lloyds Chambers
Portsoken Street,
London
E1 8BN.

Financial Crime - we will take measures to protect members against financial crime. We may need proof of identity 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.



**THE SHEPHERDS FRIENDLY SOCIETY IS
INCORPORATED UNDER THE 1992
FRIENDLY SOCIETIES ACT NO.240F.**

**AUTHORISED AND REGULATED BY THE
FINANCIAL SERVICES AUTHORITY AND
ENTERED ON THE FINANCIAL SERVICES
AUTHORITY REGISTER, NO:109997.**

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