

Key Features of the

Regular Savings



Regular Savings

The Financial Services Authority is the independent financial services regulator. It requires us, Police Mutual Assurance Society, to give you this important information to help you to decide whether our Regular Savings plan is right for you. You should carefully read this document along with 'A guide to investing in the Police Mutual Life Fund' so that you are comfortable you understand what you are buying, and then keep it safe for future reference.

Who is it for?

The PMAS Regular Savings plan is designed for people who want to save regularly in a plan that provides a payout guarantee at the end of the term.

Its aims

- To build up a lump sum that will provide a profit on your payments when the plan ends
- To provide a lump sum if you die during the term of the plan

Your commitment


- To maintain regular payments for your chosen term between ten and thirty years
- To tell us in writing of any tax-exempt payments you make to other friendly societies (see 'What about tax?')

Risk factors

- You may get back less than illustrated when the plan ends because:
 - Investment growth affecting bonuses could be lower than illustrated
 - Our charges may turn out to be higher than expected (see 'What are the charges?' section)
 - Losses on other business activities of the Society could reduce payouts
- Your circumstances may change, forcing you to cash in early. The guarantees built up in the plan will not apply if you do this
- You may get back less than you paid in because:
 - Investments could fall in value
 - Our charges could reduce the value of your investment
- In general, the earlier you cash in your plan, the more likely it is that you will get back less than you've paid in

 Call us on:
0845 88 22 999†
(Monday–Friday,
8.30am–5.30pm)

 Visit our website:
www.pmas.co.uk

 Write to us at:
PMAS
Alexandra House
Queen Street
Lichfield
Staffordshire
WS13 6QS

 Fax us on:
01543 305 349

An example

Data for the example

Age next birthday: **30**

Guaranteed minimum payout: **£2,655**

Plan term: **10 years**

Weekly payment: **£5.00**

This example shows you how a Regular Savings plan might work in practice.

If our investments grow each year at:	3%	5%	7%
Your final payout could be:	£2,770	£3,050	£3,350

- You'll get back the guaranteed minimum payout plus any added regular bonuses when the plan ends. The plan may also have a final bonus added at the end of its term. If so the amount you might get back will be increased. To get the full benefit it is important to continue for the full term
- These figures illustrate what you might get back from your plan after ten years. They assume that you keep paying to the end of the term
- Lower than standard projection rates have been used due to market conditions
- Charges may vary (see 'What are the charges?' section)
- The figures are only examples and are not guaranteed – they are not minimum or maximum amounts. What you'll get back depends on how your investment grows, on our charges and on the tax treatment of the investment
- You could get back more or less than this
- Don't forget that inflation would reduce what you could buy in the future with the amounts shown
- You are guaranteed to get back at least £2,655

Questions and Answers

What is the Regular Savings plan?

- It's a savings plan with a fixed term
- It pays a guaranteed minimum amount when it reaches the end of its term
- It gives you life cover – if you die during the term the guaranteed minimum payout plus all added bonuses will be paid
- The guaranteed minimum payout depends on your payment and your age and at some ages may be less than has been paid in
- Income or capital gains tax will not be payable on the proceeds as long as the plan runs until the end of the fixed term (see 'What about tax?')
- The minimum age for opening a plan is 16
- The plan term must end before your 80th birthday

How flexible is it?

- The Regular Savings plan is not designed to be flexible

What might I get back?

- You'll get back the guaranteed minimum payout plus any regular bonuses when the plan reaches the end of its term. The bonuses are calculated as a percentage of the guaranteed minimum payout
- This plan may have a final bonus added at the end of its term. If so the amount you might get back will be increased.

To get the full benefit it is important to continue for the whole of your chosen term

- The amount you receive will depend on the performance of the Life Fund, our charges, the impact of tax and the outcome of our other business activities. See your personal illustration or the example in this document for more information

What life insurance is included?

- We'll pay out a lump sum if you die during the plan term
- The lump sum is the guaranteed minimum payout plus all bonuses added
- You can choose who the plan covers and how we pay out the life insurance:
 - Just yourself: we only pay the lump sum if you die during the term of the plan
 - Just someone else: we only pay the lump sum if the person (your husband, wife or partner) covered by the plan dies during the term of the plan
 - Yourself and someone else: we only pay the lump sum if you or the other person (your husband, wife or partner) covered by the plan dies during the term of the plan (we pay out on the first death)

Questions and Answers continued

- If we pay out the life insurance the plan ends and has no further cash value

What other benefits can I choose?

- The plan does not provide any other benefits

How much can I pay in?

- There is no minimum or maximum payment
- You can make payments directly from pay or pension (in most forces) or by Direct Debit

Where are my payments invested?

- We pool your money with other investors in our Life Fund. We make a deduction from the fund for charges and the cost of the life cover (see *'What are the charges?'*)
- The fund invests mainly in a mix of company shares, property, bonds (which are a type of loan to governments or companies) and cash
- As a mutual organisation, the Society's with-profits plan holders share in the results of all the Society's business activities
- We smooth plan payouts to reduce the impact of changes in the value of the underlying assets on payouts. In other words, we use profits from the good years to improve the return in the bad years
- The experience of the Life Fund will determine the level of bonuses added to your plan. Regular bonuses may be added to your guaranteed minimum payout each year. A final bonus may be paid when the plan reaches the end of the term or if you die beforehand (For further information see *'A guide to investing in the Police Mutual Life Fund'*)

What are the charges?

- We make charges to cover the expenses of running the plan, any reduction on cashing in and other adjustments, for example to cover the costs of providing the guaranteed minimum payout
 - These charges are allowed for when calculating the value of your plan and do not need to be paid separately by you
 - We review these charges regularly, usually once a year and any changes made will be in accordance with the *'When can the charges be varied?'* section
- The charges for your plan may be different from this example but we apply the same bonus rate to all plans of the same type, regardless of their size. This means that there is not necessarily a direct link between these charges and the payout you receive
- We also make a charge to cover the cost of providing the guaranteed minimum payout.

Currently this charge is a deduction of 0.5% per year from the investment return we achieve. For example, if the underlying investment return of the Society's fund is 5%, your plan grows by 4.5%

- We aim to charge a fair share of our expenses to each investor. We estimate that charges for each contract for the current year will be:
 - A charge of £74.00 at the start of each new contract
 - A yearly contract charge of £12.90
 - A charge of £14.00 at the end of each contract
- The current estimated charges are detailed in a personal illustration, which can be obtained prior to taking the plan out. Alternatively, the post-sale illustration will also contain this information
- The most recent estimates for renewal and claim charges will be set out in your yearly statement. Each year we will tell you the most up to date charges for your plan

When can the charges be varied?

- We can at any time vary our charges if it is to your advantage, for example if we reduce or abolish any charge
- Where we make a change to our charges that is to your disadvantage or we add new charges, it will be for any one or more of the following reasons:
 - To take account of changes in our costs in running the service for which the charge is made
 - To take account of variations in costs for any changes or improvements we make to the services we already provide to our with-profits plan holders, including making technological changes
 - To take account of any changes we may reasonably make in activities we carry out or new activities
 - To take account of any changes in the law or the interpretation of the law, codes of practice or regulations
 - To take account of any decision, requirement or recommendation by a court, ombudsman or regulator with which we intend to comply
 - To correct an error, if it is reasonable to do so
 - To enable us to maintain our financial strength in the interests of all our customers
 - To take account of increases in inflation
 - By agreement with you
 - To enable us to harmonise the charges concerned following any acquisition or transfer of with-profits business or any takeover of, or merger with, another with-profits plan provider

- These reasons may relate to circumstances existing at the time or those that we reasonably expect to apply in the near future
- Where we change our charges for one or more of these reasons, we will do so in a reasonable and proportionate manner
- We will tell you about any changes to existing charges or about the introduction of a new charge for any reason mentioned above in your yearly statement

How will charges affect my plan?

- The example below shows what you might get back from your Regular Savings plan

An example

The early years

Warning – if you cash in you could get back less than you have paid in, especially during the early years, and the guarantees you have built up in the plan will not apply if you do this.

- In the table below the last two columns assume that investments grow at 5.0% a year
 - This example is based on someone aged 30 next birthday at the start of the plan saving £5 a week for ten years

At the end of the year	Total paid in to date	Effect of deductions to date i	What you might get back
1	£265	£122	£145
2	£525	£163	£385
3	£785	£210	£632
4	£1,045	£248	£903
5	£1,305	£282	£1,190
10	£2,610	£308	£3,050

i What are the deductions for?

- The deductions include the cost of life cover, charges, any reduction on cashing in and other adjustments, for example to cover the costs of providing guaranteed benefits
- The last line in the table shows that over the full term of the plan the effect of the total deductions to date could amount to £308
- Putting it another way, leaving out the cost of life cover, this would have the same effect as bringing the investment growth from 5.0% a year down to 2.5% a year

If you cash in at the end of year:

5
10

Charges will reduce investment growth:

from 5.0% to -3.1%
from 5.0% to 2.5%

Do you provide advice on the Regular Savings Plan?

- You can discuss the general features of the product with us, but we will not assess your personal and financial circumstances. We will also be unable to advise you whether the product is suitable for you. If you are in any doubt about the suitability of the product you should contact a financial adviser. Police Mutual does not provide advice on this product and will not pay commission to intermediaries in respect of this product
- Once you have made payments for six months, you can make your plan paid-up (to do this you must contact us as it will not happen automatically). This means that payments stop and the plan continues with a reduced payout
 - The reduced guaranteed payout plus any bonuses earned to the date the plan was made paid-up are payable at the end of the plan term or on earlier death
 - Paid-up plans don't qualify for further bonuses
 - We will write to you and tell you the value of your plan at the time it is made paid-up
- If your payments are a month in arrears we'll tell you. If you don't clear the arrears within 14 days we'll only pay the cash-in value in the event of a claim

What if I stop paying?

- You can cancel your plan at any time but in the short term the cash-in value may be zero. We will work out the cash-in value at the time (see 'What if I cash in my plan early?')

Questions and Answers *continued*

If you still haven't cleared the arrears after 3 months and 14 days the plan will be cancelled and we'll write to offer you the cash-in value. Alternatively, you may wish to make your plan paid-up (see previous bullet)

What if I cash in my plan early?

- If you cash in you could get back less than you have paid in, especially during the early years, and the guarantees you have built up in the plan will not apply if you do this (see *'The early years'* section)
- The cash-in value will depend on:
 - The investment return
 - The amount you have paid in
 - Our charges
 - The cost of life cover
 - The results from other business areas where the Life Fund shares the risks and rewards
- You can cancel your plan at any time but it may not have a cash-in value straight away. The time before one is available depends on the charges we make and the experience of the Life Fund
- If you wish to cash in your plan you should contact us for a claim form
- We will apply a 5% reduction to the share of the Life Fund that applies to your plan, which makes it more likely that you may get back less than you've paid in. We apply this reduction as well as the end of contract charge referred to in the *'What are the charges?'* section

What about tax?

- At the end of the payment term or earlier death the payout will be free of all income and capital gains tax
- We pay tax on the investment growth within the Life Fund
- You won't be able to recover any income or capital gains tax we pay on the fund
- If you stop payments or cash in within ten years (or three-quarters of the term if less):
 - You may have to pay income tax on the proceeds
 - Your entitlement to age allowance (if applicable) may be affected if the amount payable is more than the payments made
- If the value of your estate when you die is more than your individual allowance there may be inheritance tax to pay
- Police Mutual is a friendly society so your plan may be issued on a tax-exempt basis. Payments made

under a tax-exempt plan go into a tax-exempt fund. This means that no tax is paid on capital gains or income received from cash deposits and fixed interest securities

- You can invest up to £25 a month in tax-exempt plans. All, part or none of your new payment will go into a tax-exempt plan, depending on how much of your £25 allowance you have already used. You must tell us in writing of any tax-exempt payments you are making to any other friendly society
- The bonus rate will be the same whether the plan is tax-exempt or not. However, the tax-exempt returns we receive increase our profits and so allow us to pay a higher bonus rate to all plan holders
- If we allocate just part of your payment to a tax-exempt plan, we will treat each part of your payment as a separate contract
- The benefit from each contract is calculated according to its share of your total payment. Each contract may be dealt with separately, but you'll only receive one Certificate of Membership
- In respect of any tax-exempt element of the plan, if you stop payments or cash in within ten years (or three-quarters of the term if less), income tax may be payable on any profit over the premiums paid at the highest rate of income tax you pay
- This represents the current position, but taxation legislation may change
- Different tax regulations apply in the Channel Islands and the Isle of Man

Can I change my mind?

- It is your legal right to change your mind within 30 days. We will give you your money back if you sign and return the cancellation notice, or confirm your wishes in writing. Send it to the address overleaf (see the *'How to contact us'* section) within 30 days of receiving your plan documentation. If you do not do this within 30 days and wish to cancel your plan before the end of the term, you will be entitled to a cash-in value, which may be less than the payments paid (see the *'What if I cash in my plan early?'* section)

How will I know how my Regular Savings plan is doing?

- We'll send you a yearly statement to show how your plan is doing
- You can call us on **0845 88 22 999†** if you want a statement at any other time

How to contact us

- If you have any questions you can contact us in a number of ways



Call us on:

0845 88 22 999†

(Monday–Friday, 8.30am–5.30pm)



Visit our website:

www.pmas.co.uk



Write to us at:

PMAS

Alexandra House

Queen Street

Lichfield

Staffordshire

WS13 6QS



Fax us on:

01543 305 349

If you wish to cash in your plan please call us on **0845 88 22 999†**

Other information

How to complain

- If you wish to complain about any aspect of the service you receive please contact us on the details above
- A copy of our complaint handling procedure is available on request
- If you're still not satisfied you can complain to:
 - Financial Ombudsman Service
 - South Quay Plaza
 - 183 Marsh Wall
 - London
 - E14 9SR
- Complaining to the Ombudsman will not affect your legal rights

Terms and conditions

- This Key Features document and the application form you sign contain legally binding terms and conditions governing the PMAS Regular Savings plan
- We may vary these terms and conditions (other than in respect to charges) at any time for the following reasons:
 - To take account of changes in the products or services we provide or the way we provide them
 - To take account of any changes or improvements we make to the services we already provide to our with-profits plan holders, including making technological changes

- To take account of any changes in the law or the interpretation of the law, codes of practice or regulations
- To take account of any decision, requirement or recommendation by a court, ombudsman or regulator with which we intend to comply
- To correct errors, if it is reasonable to do so
- If we reasonably believe the change is necessary in the interests of our business as a whole, for example to protect our financial strength
- If the change is to your advantage
- By agreement with you
- To enable us to harmonise the terms and conditions following any acquisition or transfer of with-profits business or any takeover of, or merger with, another with-profits plan provider

- We will tell you about any changes to these terms and conditions for any reason mentioned above in your yearly statement
- Where we change our terms and conditions for one or more of these reasons, we will do so in a reasonable and proportionate manner

Law

- In any legal disputes this plan is subject to the law of England and Wales unless the parties agree otherwise

Language

- For the duration of your plan, all correspondence will be communicated in English

Compensation

- We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. There are various levels of compensation available, which depend on the type of business and the circumstances of the claim. For compensation purposes the Regular Savings Plan is classed as a long-term insurance product. This means you are entitled to receive 90% of the whole of the claim
- Further information is available from the Financial Services Authority or the Financial Services Compensation Scheme

Registered Office:
Alexandra House
Queen Street
Lichfield
Staffordshire
WS13 6QS
Call: **0845 88 22 999†**
(Monday–Friday,
8.30am–5.30pm)

www.pmas.co.uk

†Calls provided by BT will be charged at up to 4 pence per minute at all times. A call set-up fee of up to 8 pence per call applies to calls from residential lines. Mobile and other providers' charges may vary.

For your security, all telephone calls are recorded and may be monitored. Police Mutual Assurance Society Limited is an incorporated friendly society authorised and regulated by the Financial Services Authority (FSA register number 110050).

April 2010

ABKTKFD