

# IMPORTANT INFORMATION

The Financial Conduct Authority is the independent financial services regulator. It requires us, Transport Friendly Society, to give you this important information to help you to decide whether our Savings Plan is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

## TFS Savings Plan

### Its aims

- To build a tax-free cash sum.
- To allow you to take advantage of your friendly society tax exempt savings allowance.
- To provide a guaranteed tax free cash lump sum for your loved ones should you die during the term of the Plan. Death payment for children under the age of 10 is limited to a return of all contributions paid.

### Risk factors

- The final proceeds of the plan cannot be guaranteed as the return depends on investment performance.
- Your circumstances may change, forcing you to stop contributing to the policy. If you do so you may not get back as much as you paid in.
- Charges under the plan may be changed in the future by the Board of Management acting on the advice of the Society's Actuary.
- The tax treatment of friendly societies may change in the future.

### An example

What you might get back after 10 years: Age 40, Weekly Contribution: £5.00

*If investments grew at 2% a year, you would receive: £2,370*

*If investments grew at 5% a year, you would receive: £2,730*

*If investments grew at 8% a year, you would receive: £3,140*

- These figures are only examples and are not guaranteed - they are not minimum or maximum amounts. What you will get back depends on how your investment grows.
- You could receive more or less than the figures shown.
- All friendly societies use the same rates of growth for illustrations except where they believe a reduced rate is more appropriate and is not guaranteed but their charges may vary.
- Do not forget that inflation would reduce what you could buy in the future with the amounts shown.
- The absolute guarantee is that if the plan is held to full term with all premiums paid you will get back at least £1,950.

## THE TFS SAVINGS PLAN IN BRIEF

### Who can have a TFS Savings Plan?

The Plan is available to anyone, under the age of 65, associated with passenger transport their family and friends.

### When will the Plan Mature?

The Plan will mature on the date you selected. It must run for a minimum of 10 years and finish before your 75th birthday.

### How are bonuses added to the Guaranteed Sum Assured?

The Guaranteed Sum Assured may be increased by the addition of bonuses. The amount of the bonus is declared each year by the Board of Management. Providing you pay into the Plan until the maturity date (or if you die), bonuses added cannot be taken away. An additional terminal bonus may be added upon death or at the Plan's Maturity Date.

### What is the minimum or maximum I can save?

The minimum you can save is £2.30 per week or £10.00 per month and the maximum you can save is £5.75 per week or £25 per month. Contributions are payable by monthly Direct Debit or weekly pay deduction.

### Can I make any partial withdrawals during the term of the Plan?

No.

### **Can I cash my Plan early?**

It is important to remember that this Plan is a long term contract. If you decide in the first year that you do not want the Plan you will not be entitled to a return of any of the money you had paid in. However, if after one year but before two years have elapsed, you decide that you want to cash it in early you would be entitled to a refund of one third of what you have paid in. After you have paid in for two years or more you would have the choice of one of the following two options:

1. Leave the money you had already paid in with a correspondingly lower sum assured or
2. Surrender the Plan for its surrender value. If you surrender the Plan, particularly in the early years, you may get back less than what you paid in.

### **How are the contributions invested?**

The Society invests in a wide range of shares, government stocks (sometimes called gilts), property and cash deposits with leading banks. The investment aim of the Society is to maximise long-term growth whilst investing in a balanced portfolio of investments. The following table demonstrates the likely effect of charges and expenses over the term of the Plan for the example shown above.

<i>At end of year</i>	<i>Total paid in to date</i>	<i>Total actual deductions to date</i>	<i>Effect of deductions to date</i>	<i>What you might get back</i>
<b><u>THE EARLY YEARS</u></b>				
1	£260	£199	£199	£68
2	£520	£216	£226	£321
3	£780	£235	£257	£584
4	£1,040	£258	£292	£858
5	£1,300	£284	£333	£1,140

### **THE LATER YEARS**

<i>At end of year</i>	<i>Total paid in to date</i>	<i>Total actual deductions to date</i>	<i>Effect of deductions to date</i>	<i>What you might get back</i>
10	£2,600	£467	£625	£2,730

Assumed that investments will grow at 5% per year

### **What are the deductions for?**

- The deductions include the cost of life cover, expenses, charges, any surrender penalties and other adjustments.
- The last line in the table shows that over the full term of the Plan the effect of the total deductions could amount to £625.
- Putting it another way, leaving out the cost of life cover, this would have the same effect as bringing the investment growth from 5% a year down to 1.1% a year.

### **Does the Society give Advice?**

No advice will be given to you by the Society regarding this Plan. It is your responsibility to ensure that the Plan meets your needs. If you require advice, you should consult an Independent Financial Advisor.

## FURTHER INFORMATION

### **Cancellation Rights**

After the proposal is accepted you will receive a Notice of your right to cancel. You will then have 30 days in which you can change your mind. If you cancel within this 30 day period you will receive a full refund.

### **Bonuses**

Bonuses, calculated on the basis of investment performance, are added to your Plan following each valuation at the discretion of the Board of Management acting on the advice of the Actuary. Once a bonus is added it cannot be taken away. These bonuses are expressed as a percentage of the sum assured. A terminal bonus may also be paid.

### **Charges**

All charges and expenses as set out in the Society's rules and Tables have been taken into account in the illustrations in this leaflet.

### **Tax**

If the Plan is maintained in full force until death or maturity the benefits payable are currently free of all UK income and capital gains taxes. In addition, the fund in which contributions are invested is tax exempt and thus free from taxes on income and capital gains, with the exception of tax deducted from dividends on shares.

### **Law**

In any legal disputes, the law of England and Wales will apply.

### **Complaints procedure**

If you have a complaint, feel you have been treated unfairly or are not satisfied with any aspect of the Society, its products or services please contact us at the address below. If the complaint is not dealt with to your satisfaction you can refer your complaint to the Financial Ombudsman Service, Exchange Tower, London E14 9SR (Telephone 0800 023 4567). Following this complaint procedure does not affect your rights to take legal action.

### **Compensation**

If the Transport Friendly Society is unable to meet its liabilities, compensation may be payable by the Financial Services Compensation Scheme. Further information on the scheme is available from the Financial Services Compensation Scheme on 020 7892 7300 or at [www.fscs.org.uk](http://www.fscs.org.uk)

### **Regulation**

The TFS is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered and incorporated under the Friendly Societies Act 1992, register number 434F.

When you take out a Plan with TFS you become a Member of the Society and are subject to its rules, a copy of which is available on request.

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### **Please Note**

This leaflet is based on the Society's understanding of current law and Inland Revenue practice, which may be subject to change. This leaflet provides a guide to the key features of the product. Full details are contained in the Policy Schedule and Terms and Conditions. This Plan is a legally binding contract between you and the Transport Friendly Society Limited.