

Tax-Exempt Savings Plan

Key Information Document



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

Tax-Exempt Savings Plan - National Friendly

National Friendly is a trading name of National Deposit Friendly Society Limited.

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Registered in England and Wales no. 369F. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. This document is correct as of 06/04/2025.

What is this product?

Type: A friendly society tax-exempt with-profits endowment policy. It has a minimum 10 year term, or until the policyholder's 16th birthday, whichever is longer, and a maximum 25 year term. Payments into the policy are limited to £25 a month or £270 if you pay once a year.

There's a guaranteed maturity value payable if customers make all the payments they are required to over the life of the policy. This lump sum may be increased through the possible addition of annual bonuses and a final bonus.

Objectives: It aims to pay the policyholder a tax-free lump sum at the end of the term when the policy matures. It offers a guaranteed maturity value and the possible addition of annual bonuses and a final bonus, depending on the growth achieved in a with-profits fund. This fund aims to achieve growth by investing in a mixed portfolio. We use a smoothing mechanism to pass this growth on to investors as bonuses.

Intended retail investor: Those who would like to build up savings tax-efficiently over a period of 10 to 25 years and who accept the medium risks of investing in a mix of equities, commercial property, and fixed interest securities (government and corporate bonds). In addition, these individuals expect to be able to afford to invest a fixed regular sum for the duration of the term. It is not for those who want life cover.

Investors should not have a tax-exempt savings policy with any friendly society at the same time which combined with ours would be more than £25 a month or £270 a year and should be aware of the limit for tax relief of £3,600 for payments made in any year into qualifying policies.

Insurance benefits: This plan has no insurance benefits and will pay out only a return of premiums in the event of the policyholder's death.

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

Risk Indicator:



The risk indicator assumes you keep the product for the full term selected - between 10 and 25 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may lose a significant amount by cashing in early.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 4 out of 7, which is a medium risk class.

This rates the potential losses from future performance at a medium level, and poor market conditions could impact our capacity to pay you.

There is a guaranteed amount payable at maturity providing you make all the payments due. However this protection against future market performance will not apply if you cash in before maturity or fail to make your payments in time and the policy lapses (ends). If you do not keep up with payments due for any thirteen-month period your policy will lapse which means we will end your policy and you won't be able to re-start it.

If we are not able to pay you what is owed, you could lose your entire investment. However, you may benefit from a consumer protection scheme (see the section 'What happens if National Friendly is unable to pay out?'). The indicator shown on the previous page does not consider this protection.

Performance Information

Main factors likely to affect future returns:

Generally speaking how much you get back will depend on how the money is invested across a mix of stocks and shares, property and fixed interest investments and how that mix performs.

We will assess changes in these markets throughout your time with us and will change the mix as necessary.

The value of the fund changes over time due to:

- Investment returns – the value of the fund can move up or down and the impact will vary depending on financial markets and our subsequent approach and mix of the fund.
- Any deductions that we take to cover investment management fees, ongoing management costs and the cost of guarantees on your policy and on other with-profit policies in the fund.

How the mix within the fund could impact performance and risk

The actual mix of assets will change throughout the policy lifetime to maintain a healthy balance between risk and reward.

Payouts on with-profits policies are 'smoothed' to reduce the impact of ups and downs in market performance. This means that when profits from the fund are strong, some will be held back to be used to support payouts when profits are weak. When we can we will award annual bonuses, but we won't award any if we think this isn't fair or affordable. Once added we cannot take them away unless your policy ends before the maturity date.

What could affect my payout positively?

You may receive a better payout on your savings if the fund performs well over the period you hold the policy.

You may receive a better payout if our investment management fees and cost of guarantees are lower than we anticipate.

What could affect my payout negatively?

You may receive a lower payout on your savings if the fund performs poorly over the period you hold the policy.

If you surrender your policy early, you are likely to get back less than you've paid in, but if you have made a gain, you may have to pay tax on it.

You may receive a lower payout if our investment management fees and cost of guarantees are higher than we anticipate.

Payouts in difficult market conditions

Your policy's guaranteed maturity benefit means that no matter how bad markets get, you will receive at least the guaranteed amount for your payout at maturity, provided you have made all payments due. We will monitor the market at all times and will alter the mix within the fund as necessary.

You may not receive annual bonuses if markets perform poorly but where you do and you hold your policy to maturity, these cannot be taken away.

What happens if National Friendly is unable to pay out?

In the event that National Friendly is unable by reason of insolvency to pay what we owe, you have the protection of the Financial Services Compensation Scheme (FSCS). Insurance business is covered

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. They include potential early exit penalties. The figures assume you invest £1,000 each year. The figures are estimates and may change in future.

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.

Investment £1,000 each year Scenarios	If you cash in after 1 year	If you cash in after 5 years	If you cash in at the end of 10 years
Total costs	£299	£522	-£513
Impact on return (RIY) per year	50.46%	5.06%	-0.42%

Table 2: Composition of Costs

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

This table shows the impact on return per year

One off costs	Entry costs	0.60%	The impact of the costs you pay when entering your investment. This includes the costs of distribution of your product.
	Exit costs	0.00%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.43%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	-1.44%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance fees	0.00%	The impact of the performance fee.
	Carried interests	0.00%	The impact of the carried interests.

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

Recommended holding period: At least 10 years

You should hold the plan for a minimum of 10 years and ideally to its maturity date. You should also make all the required payments to ensure you get the guaranteed maturity value and also the tax advantages this policy provides under life insurance qualifying policy rules.

If you cash in your policy before maturity (the recommended holding period) or if it lapses you will receive the surrender value and you will not be entitled to the guaranteed maturity value.

You cannot make partial withdrawals. You can withdraw all of your investment at any time after the first year. During the first year you will receive nothing back. After the first year you will receive the surrender value of the product, which will reflect a fair share of the fund based on the length of time you've held it and the amount you have paid in. You may have to pay income tax on any gain made if you withdraw all of your investment before the end of the term. If you die before maturity we will refund all the payments we've received

How can I complain?

If you have a complaint about this product or the person who sold it to you, you can: call us on 0333 014 6244 8am-6pm Monday to Friday excluding bank holidays; or email us at complaints@nationalfriendly.co.uk; or write to us at: National Friendly, 11-12 Queen Square, Bristol BS1 4NT; or via our website at www.nationalfriendly.co.uk/contact-us

Other relevant information

Further information about the product is set out in the Your Policy Explained document. We are required to make certain information in that document available to you before you buy this product. In addition you can download it from our website or we can provide a copy by email or post at your request. You can also request a personalised illustration for your chosen term, both before you buy this product and at any time during this term. Please ask us for details.

We are required to send you the Policy Conditions for the product, which we do after you have purchased it. You can also request a copy before buying the product. If you want more detail on how we invest your money and manage the fund, please read our Principles and Practices of Financial Management document and/or our With-Profits Guide, both of which can be found on our website or obtained from us upon request.

Our contact details are on page 1 of this Key Information Document.