

# Income Assured Key Information Document

## Purpose

This document provides you with key information about this investment. 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. It is relevant only to those that choose the investment option in addition to income protection.

## Product

The name of this product is Income Assured Enhanced. It is provided by Cirencester Friendly. Our website address, where you can find detailed information about us is, [www.cirencester-friendly.co.uk](http://www.cirencester-friendly.co.uk) and our telephone number is 01285 652492.

We are supervised by the Financial Conduct Authority in respect of the production and delivery of this Key Information Document (KID). This KID was revised on 21 December 2023.

## What is this product?

It is a Friendly Society income protection plan (categorised as a long-term product) which additionally may pay you a tax-free\* lump sum when the contract ends. It is called a Holloway income protection plan. The plan is intended if you have no income protection or are part of an employer's sick pay scheme which would not pay sufficient income, or for a long enough period, should you be unable to work because of illness or injury.

The primary objective of the plan is to provide you with sickness benefit, which will be a proportion of your normal income, if you are unable to work because of illness or injury. When the sickness benefit will commence, how much it will be and how long it will be paid for is agreed with you when the plan starts.

The secondary objective of the plan is to pay you a tax-free\* lump sum when the plan reaches its maturity date at your selected retirement age. This amount may vary dependent upon you paying all premiums, the period for which the plan runs, the investment results achieved by us, our administration expenses and the level of sickness claims experienced across all of our Holloway income protection plans. The tax-free\* lump sum is built up over the years by the addition of bonuses at the discretion of the Board of the Society each year, taking into consideration the advice of the actuary.

We invest your premiums in a pooled fund including a mix of equities, Government Gilts, corporate bonds, property and cash. This spread of assets allows a cautious investment strategy to be pursued and is designed to reduce the level of investment market risk, the level of credit risk and to ensure the fund is always liquid enough to make payments when requested to do so by plan holders.

The plan cannot be terminated by us unilaterally, provided the Rules of the Society are not broken by you. You can end the plan yourself by giving us notice of your intentions to do so.

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

### Summary Risk Indicator (SRI)



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 3 out of 7, which is medium-low risk class.

[www.cirencester-friendly.co.uk](http://www.cirencester-friendly.co.uk)

\*This is based on our understanding of the current law, and this could change in the future.

**Disclaimer:** If there is any unintended contradiction between the commentary here and that contained in the policy conditions, then the policy conditions will apply.

## Performance Information

This product is an income protection plan. It is not intended as an investment contract, but it does give you the opportunity to accumulate a tax-free\* lump sum over the term of the contract which we pay out when the plan ends.

The value of the tax-free\* lump sum is generated through the addition of bonuses. Bonuses are affected by factors that impact the performance of the Society's assets, for example:

- Movements in the capital value of the assets which may be positive or negative.
- The accrual of investment income which increases the value of the assets.
- The expenses of running the business which are met from the assets.
- Claims on sickness, death and withdrawal.
- The proportion of each contribution that is allocated to the investment and protection elements of the contract and how this might change over time.
- The profits or losses that are made on our other products.

We invest in a range of asset classes which normally include government and corporate bonds, equity shares and property. There is no single investments index that closely represents the performance of the Society's assets.

Bonuses also depend on the performance of the assets over different periods of the time and are 'smoothed'. This means that when the assets perform well in some years, we hold back a portion of the good performance to support bonuses in years where performance is weak. This reduces the volatility of bonuses when compared to underlying volatility in the assets.

## What could affect my return positively?

Returns are distributed through the bonuses credited to your plan. Any positive variance made over expectations when you bought your plan is likely to have a favourable impact on returns and therefore bonuses. For example, higher than expected investment returns or lower than expected expenses or sickness claims.

## What could affect my return negatively?

Any deterioration in experience compared with expectations when you bought your plan is likely to have a negative impact on returns and therefore business. For example, lower than expected investment returns or higher than expected expenses or sickness claims.

## Payouts in severely adverse market conditions

At any point in time, the tax-free\* lump sum will be made up of a combination of guaranteed and discretionary values. The value of the guaranteed element increases over time and is backed by safe assets with lower market volatility.

In severely adverse market conditions, the guaranteed benefits will be protected from reductions in value. However, there could be an adverse impact on the value of the future discretionary element which may impact the value paid out when your plan ends. This means the tax-free\* lump sum is protected to some extent from adverse market movement but will not be immune from them.

## What happens if Cirencester Friendly 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](http://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 Cirencester Friendly default. The investments underlying this product are currently managed on our behalf by the professional investment management firm LGT Vestra LLP. They will use other custodians and nominees in the course of their investment work for us. The investment manager and their custodians and nominees are not covered by a compensation scheme but, were they to default, and this in turn caused Cirencester Friendly to default, then you would still be covered by the FSCS because your contract is with Cirencester Friendly.

## 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 £1000 per 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 adviser or distributor.

The figures do not take into account your personal tax situation, which may affect how much you get back.

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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 £1000	If you cash in after			
	Scenarios	1 year	15 years	30 years – recommended holding period
Total costs		£228.71	£6,478.15	£17,176.04
Impact on return per year		22.89%	7.44%	5.02%

Table 2: Composition of cost

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.
- The meaning of the different cost categories.

This table shows the impact on return each year.			
One-off costs	Entry costs	N/A	The impact of the costs you pay when entering into your investment.
	Exit costs	N/A	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	N/A	The impact of the cost of us buying and selling underlying investments for the product.
	Other ongoing costs	5.02%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance/other costs	N/A	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 hold the plan for as long as the income protection it provides is needed by you. By holding the plan for the medium to long term there is a greater probability that you will achieve the level of tax-free\* cash lump sum that you expected when commencing the plan.

If you wish to cancel the plan before the end of the initial agreed term, there is a 1-month notice period and early surrender penalties will apply. If you have bonuses and you cancel your plan before you reach your selected retirement age, you will incur a penalty which will not exceed 10% of your accumulated capital sum. This penalty will reduce by 2% each year in the final 5 years of the plan.

## 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:

### The Complaints Team

Cirencester Friendly Society Limited,  
Mutuality House,  
The Mallards,  
South Cerney,  
Cirencester, Glos  
GL7 5TQ

Telephone **0800 587 5098**

Information on our approach to complaints handling can be found on our website at [www.cirencester-friendly.co.uk/Complaints-procedure](http://www.cirencester-friendly.co.uk/Complaints-procedure)

Cirencester Friendly Society Limited, Mutuality House, The Mallards, South Cerney, Cirencester, Glos. GL7 5TQ

Tel: 01285 652492/653073 Fax: 01285 641246 Email: [info@cirencester-friendly.co.uk](mailto:info@cirencester-friendly.co.uk) [www.cirencester-friendly.co.uk](http://www.cirencester-friendly.co.uk)

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