



**KINGSTON UNITY**  
**THE FRIENDLY SOCIETY**  
TRADITIONAL VALUES - MUTUAL BENEFITS



**key features of our**  
**Investment Bond**

## What is the purpose of this document?

The Financial Conduct Authority is the independent financial services regulator. It requires us, Kingston Unity Friendly Society, to give you this important information to help you decide whether our Investment Bond is right for you. You should read this Key Features and Product information document carefully along with the illustration, so that you understand what you are buying and then keep it safe for future reference.

## Key Features of the Kingston Unity Investment Bond

### Who is the Investment Bond suitable for?

- Individuals who have a lump sum of between £1,000 and £250,000 to invest, ideally for a period of at least five years, to potentially achieve a better return than a bank or building society by taking a little more risk.
- Individuals who may wish to provide a regular income from a lump sum investment, or who may require partial withdrawals of capital.

## Its Aims

- To increase the capital value of your investment over a period of time by the payment of a Sum Assured equivalent to your initial investment which is guaranteed at certain dates and by the addition of an annual bonus which is subject to investment performance.
- To enable you to take a regular income from your investment, which subject to certain conditions being satisfied, and under current legislation, will incur no tax liability at the time of taking the income.
- To provide the option of withdrawing part of your capital.
- To provide access to a range of different assets through a single With-Profit fund to give the prospect of a better return than a bank or building society.

## Your Commitment

- You agree to invest a single premium.
- There is no fixed term but the Bond is designed to be held for at least five years.
- You may take partial withdrawals from your bond but this will reduce the Sum Assured and any bonuses allocated to the Bond.

## Risks

- Investment performance of the Bond is dependent upon investment performance of the Society and its With-Profits fund and the return may be less than that shown in the illustration.
- A Market Value Reduction (MVR) may be applied if you encash early, either fully or partially.
- Your circumstances may change forcing you to cash in early and it is possible that you would receive back less than you invested.
- Inflation may reduce what you could buy in the future.
- If you are a higher rate tax payer additional tax may be payable on the investment gain on full encashment, or on certain partial withdrawals.
- Returns may not be better than a bank or building society.
- The tax status of the Investment Bond may change in the future.

### Why should I save with the Kingston Unity Friendly Society?

Kingston Unity is a Friendly Society which was established in 1840 and is a mutual organisation owned by its members. Being mutual means that any surplus funds are used for the benefit of members and not to pay shareholders.

### What is the Investment Bond?

The Bond is a single premium investment. There is no fixed term but is designed to be held for at least five years as, whilst there are no early surrender penalties, reductions may apply due to investment performance and low market values in the short term unless any withdrawal takes place on one of the MVR-free dates. For an explanation of Market Value Reductions (also known as MVRs) you should see section **'What is a Market Value Reduction?'**. You can receive an income from the Bond by making partial withdrawals, which are paid free of tax if they are under a certain level (see section **'Can I make withdrawals?'**)

If the Bond is encashed fully on certain dates (see section **'What are the MVR-free dates?'**), the amount payable will be the guaranteed Sum Assured plus any bonuses which may be added during the life of the policy.

The final value is dependent upon investment performance but bonuses may be declared annually by the Society Board acting on Actuarial Advice.

### How much can I invest in the Investment Bond?

In each calendar year the minimum you can invest is £1000. The maximum is £250,000 (but if you have more to invest you can contact us to enquire if we are able to accept a higher amount). You cannot add to an existing Bond, therefore if you wish to make additional investments, you will need to open another Bond.

### Who can invest in the Bond?

Anyone aged 18 or over, and who has capacity, can apply in their own right to invest in a Bond.

Applications can also be made on behalf of those aged under 18. The child will be named as the policyholder and will be able to freely access the Bond at age 18.

Bonds can also be held in trust.

### Can I invest in joint names?

Yes the Bond can be held in joint names. The Bond will be held on a joint life second death basis whereby ownership of the Bond will transfer to the surviving individual upon the first death.

See section **'What happens if I die before I encash my Bond?'** for more details.

The annual statement and other correspondence will be sent to the first named holder.

### Where is my money invested?

The premium is invested into the Society's With-Profits fund. This fund is made up of investments into four main asset classes; equities, commercial property, fixed interest (eg gilts, corporate Bonds, etc) and cash. The purpose of this is to reduce investment risk whilst giving exposure to assets that over a period of time are expected to generate growth and provide a balanced approach with low to medium risk. This makes an appropriate investment for someone who is not averse to a small to medium amount of risk but would like the opportunity to take advantage of potential growth in assets not given by deposit based accounts. The mix of assets will vary from time to time to reflect market conditions.

### How does it work?

Upon purchase of the Bond, you will be given an initial Sum Assured, the value of this being 100% of the investment. In addition to the Sum Assured, depending upon investment performance of the With-Profits fund, the Society's Board, in consultation with the Actuary, may declare an annual bonus which is added to the Sum Assured (see section **'How does the Bonus work?'**) Note that there is no guarantee that an annual bonus will be declared, although historically, the Society has never failed to do so.

There are set dates on which you are guaranteed to be able to fully or partially withdraw the Sum Assured and accumulated bonuses without penalty.

You may receive an income from the Bond by making partial withdrawals (see section **'Can I make withdrawals?'**). Partial withdrawals will reduce the Sum Assured and any bonuses allocated to the Bond and may also result in a tax liability. Penalties may also apply for partial withdrawals over 5% of the initial single premium.

## How does the Bonus work?

The Society's Board, in conjunction with the Actuary, will review the performance of the With-Profits fund at the end of each year and decide how much of any profits generated can be allocated after the liabilities have been covered. This is paid in the form of a bonus, the rate of which is declared generally in April each year.

The bonus is applied as a percentage of the Sum Assured plus any bonuses allocated to the Bond. You will receive a bonus statement each year advising of the amount of new bonus and current Bond value assuming it runs to an MVR-free date (see section '**What is a Market Value Reduction?**').

There may also be a terminal bonus on full encashment of your Bond, but this is not guaranteed and will depend on investment performance over the life of the Bond.

## Are there any Guarantees?

Providing the Bond runs for at least five years, the Society guarantees that you will get back a minimum Sum Assured of 100% of the initial premium, plus any bonuses allocated to date, if you encash fully on MVR-free dates (see section '**What is a Market Value Reduction?**'). If you have made withdrawals from your bond, then you will get back the revised Sum Assured plus bonuses allocated to date if you encash fully on MVR-free dates.

## What is a Market Value Reduction?

A Market Value Reduction, also known as an MVR, is a percentage based reduction in the value of your withdrawal.

The Society reserves the right to apply an MVR on policies being encashed in part or fully during times of adverse investment conditions. This applies to both capital and bonus and is designed to ensure that you receive your fair share of the fund and that withdrawals by members cashing in do not affect the value of your continuing investment.

The amount of the MVR depends on when you invested, the period over which you have invested and the investment market conditions during this time. An MVR is not applied on death or on certain withdrawals (see section '**Can I make withdrawals?**'). The level of MVR will be set by the Society's Board after receiving advice from the Society's Actuary. We will try to smooth the returns payable to members with Investment Bonds.

This practice may alter at any time and without notice. However, information on the current practice is available on enquiry.

## What are the MVR-free dates?

We guarantee not to apply an MVR if you choose to partially or fully encash your bond on the 5th anniversary and each subsequent 5th anniversary after this.

## How long does the Bond have to remain invested?

The recommended minimum investment period is 1 year but a period of 5 years is more appropriate due to the nature of the underlying investments and possible short term volatility. If you encash your Bond at dates other than the MVR-free dates, then an MVR may apply.

## Can I make withdrawals?

You can receive an income from your Bond by making partial withdrawals.

Withdrawals in any policy year that are 5% or less of the initial single premium investment are payable without penalty. Such withdrawals, under current legislation which may change in the future, will also be currently paid free of tax although there may be a deferred tax liability subject to the policyholder's tax position when fully encashing the Bond.

Withdrawals in any policy year that are over 5% of the initial single premium may have a tax liability immediately. They may also be subject to an MVR. Any unused withdrawal allowance can be carried forward. For example, if you did not make any withdrawals in years 1 and 2, you could withdraw 15% in year 3 without any immediate tax liability. However you should note that any withdrawals in excess of 5% of the original single premium investment, where you have carried forward any unutilised allowance, may still be liable to an MVR.

You should read the section '**Is there any tax liability?**' for further clarification. Withdrawals can be made monthly, quarterly, half-yearly and annually. Withdrawals will result in the initial Sum Assured and any bonuses allocated to the Bond being reduced.

The reduction of Sum Assured and bonuses will be in proportion to their overall proportion of the Bond value.

For example if you withdrew £500 from the Bond and the Bond was worth £10,000 in total with a Sum Assured of £9000 (i.e: 90% of the value) and bonuses were £1,000 (i.e: 10% of the value) then the Sum Assured would be reduced by £450 (i.e: 90% of the £500 withdrawal) and bonuses would be reduced by £50 (i.e: 10% of the £500 withdrawal).

## What happens if I die before I encash my Bond?

In the event of death before your Bond is fully encashed, the Society will pay out the greater of 101% of the Sum Assured, or the Sum Assured plus reversionary bonuses to date.

For Bonds written in joint names, the Bond will be transferred to the sole survivor on the first death of either of the policyholders. If the surviving policyholder then dies before encashing the Bond the Society will pay the greater of 101% of the Sum Assured, or the Sum Assured plus reversionary bonuses to date.

An MVR will not apply on death.

## Is there any tax liability?

The money which you save is invested in a fund on which the Society pays taxes. All withdrawals - either partially or in full, and either on death, maturity or surrender are chargeable events. However, taxation of these depends on your tax position at the time. All information given is subject to current legislation which may change in the future and is therefore given as a guide only.

**Encashment in full** - If you are a basic rate tax payer in the year in which you receive the proceeds of your policy, you will not be subject to further taxation unless this moves you into a higher tax band.

However, if you are a higher rate tax payer in the year in which you receive the proceeds, you may be liable to additional tax on your investment gain at the difference between the higher and basic rates of tax.

**Partial withdrawals in early years**, which did not incur a tax liability at the time, will be added to any encashment value for the purpose of calculating the investment gain.

**Partial withdrawals** - partial withdrawals in any policy year of no more than 5% of the initial single premium will incur no tax liability at the time. However, such withdrawals may incur a liability to tax when the Bond is encashed fully.

**Withdrawals in any policy year** which are greater than 5% of the initial single premium will incur a tax liability immediately, unless you are utilising unused allowance from earlier years. The amount of withdrawal above 5% of the initial single premium (or your total accumulated allowance) will be subject to tax at your highest rate of tax less basic rate.

If you encash the Bond after you have attained the age of 65 then any age-related personal allowance

you may receive could be reduced because, under current tax rules, investment gain will be treated as income.

Encashing the Bond may also affect your liability to working tax credit and child tax credit.

**Inheritance tax** - if the Bond is still in force on your death your estate may be subject to this tax.

It is not possible to reclaim the tax paid on the fund if you are a non-tax payer.

Please note that all of the above headed **'Is there any tax liability?'** is based on our understanding of current legislation which could be changed in the future. If you are in any doubt about how the legislation may affect you, we strongly suggest that you seek professional taxation advice.

## Are there any charges?

The Society deducts an equivalent charge of 0.9% per annum each year from the With-Profits Fund before any bonus rate is calculated.

## Can I change my mind?

You can change your mind within 30 days from the date you receive the policy document. You will generally receive a full refund of your investment. However, if you have taken out your plan via an IFA and you have agreed for any fees to be taken directly from your investment, then you will be receive a refund of your investment less any fees paid to your IFA.

## How to apply

If you have decided how much you wish to invest you should read this document with the illustration which gives other important facts. Providing you do not need any advice, you should complete and return the application form and send this to FREEPOST RSJC-BBGE-KSAX, Kingston Unity Friendly Society, 9 Navigation Court, Calder Park, Wakefield WF2 7BJ along with a cheque payment for your investment. For bonds to be held in trust, you will need to complete the appropriate application form, and where the bond is to be held within an existing trust we will require sight of the original document.

## What if I would like advice?

Due to regulation the Society is unable to provide Investment advice to you. If you would like advice you should consult an Independent Financial Adviser who may charge for their services.

The following websites list IFAs:

**[www.which-advisor.co.uk](http://www.which-advisor.co.uk), [www.ifa-guide.co.uk](http://www.ifa-guide.co.uk).**

Note this does not constitute a recommendation of their services.

### How can I contact you?

If you have any questions please contact our new business department at 9 Navigation Court, Calder Park, Wakefield, WF2 7BJ or telephone us on 01924 240164.

You can also email [enquiries@kingstonunity.co.uk](mailto:enquiries@kingstonunity.co.uk).

### What law applies to my policy?

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

### Legislation

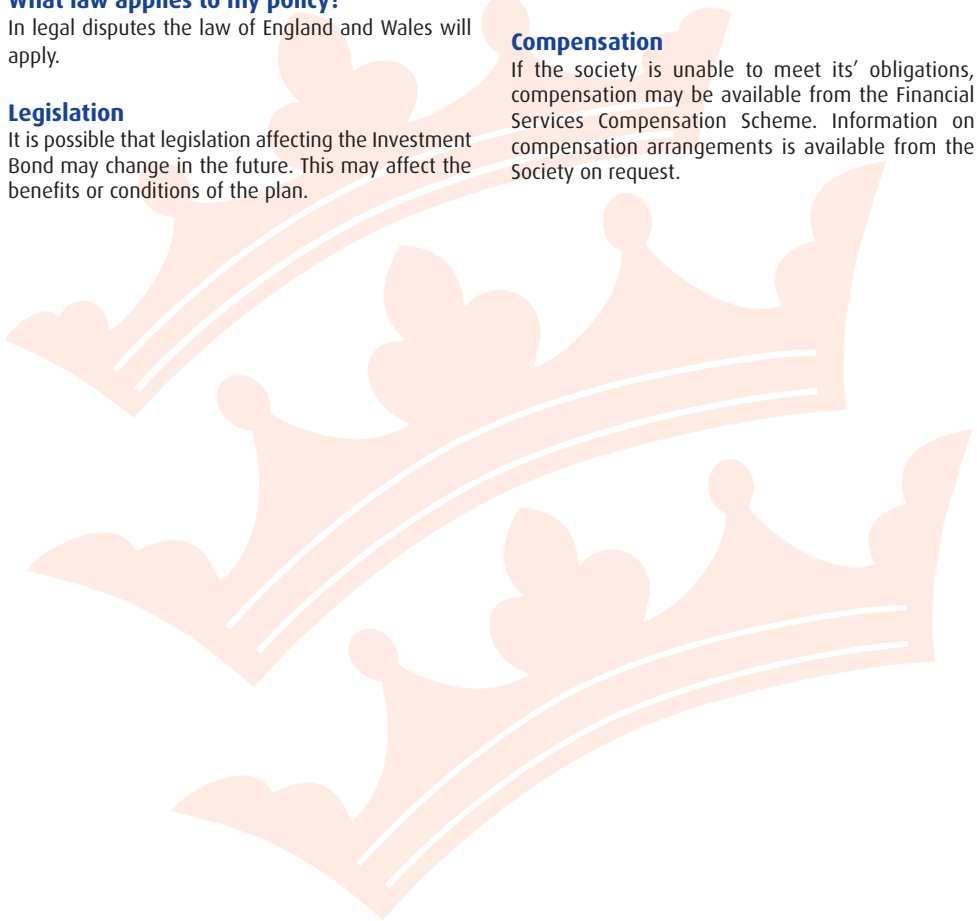
It is possible that legislation affecting the Investment Bond may change in the future. This may affect the benefits or conditions of the plan.

### How do I make a complaint?

If you need to complain, please contact the Compliance Officer at the address under the section **"How can I contact you?"**. If you're not satisfied with our response you can write to The Financial Ombudsman Service, Exchange Tower, London, E14 9SR. Making a complaint won't affect your legal rights.

### Compensation

If the society is unable to meet its obligations, compensation may be available from the Financial Services Compensation Scheme. Information on compensation arrangements is available from the Society on request.



**For more information call 01924 240164 or visit [www.kingstonunity.co.uk](http://www.kingstonunity.co.uk)**

### Kingston Unity

9 Navigation Court, Calder Park, Wakefield, WF2 7BJ. Tel: 01924 240 164 Fax: 01924 242 992  
Email: [enquiries@kingstonunity.co.uk](mailto:enquiries@kingstonunity.co.uk) Web: [www.kingstonunity.co.uk](http://www.kingstonunity.co.uk)

Kingston Unity is the trading name of Kingston Unity Friendly Society Limited, an incorporated Society within the meaning of the Friendly Societies Act 1992 (Register 775f). Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register 110056.

# Investment Bond Application Form



**KINGSTON UNITY**  
**THE FRIENDLY SOCIETY**  
TRADITIONAL VALUES - MUTUAL BENEFITS

Please complete this form **in block capitals using black ink.**

For further details about the bond, please see 'Key Features document'.

If you would like help completing your application, please contact us on **01924 240164**

Not for IFA use. Also, if the bond is to form part of a new or existing trust, please do not use this form. You should contact us for the appropriate application form.

## 1 your details

First Applicant (to whom all correspondence will be sent)

Title

Surname

Forename(s)

Address

Postcode

Tel. No.

Day

Evening

Email

Date of birth

Male

Female

Second Applicant (if applicable)

Title

Surname

Forename(s)

Address  
(If different from  
first applicant)

Postcode

Tel. No.

Day

Evening

Email

Date of birth

Male

Female

If either applicant has been at the address(es) above for less than 3 years then please use this space to provide details of your address history for the past 3 years.

## 2 investment details

Please note: The minimum investment into each Bond is £1,000 and the maximum is £250,000. The overall maximum you can normally invest in a calendar year into our Bonds is £250,000.

I/We wish to invest £ in the Investment Bond.

Please make your cheque payable to Kingston Unity. If you use a Building Society cheque or bankers draft, ask the organisation to print your name and account number on the reverse of the cheque and endorse it with their stamp.

## 3 permission to keep you informed

Information about you will be held by **Kingston Unity** to provide the products and services for which you apply. We would also like to keep you informed of other products and services. Please tick the appropriate boxes if you **DO NOT** wish to be sent information about our products and services by: mail ☐ phone ☐ email ☐

You can change any of your choices by calling us on **01924 240164**

## 4a complete this section if you wish to make regular withdrawals

Please refer to the "Key Features document" and in particular the section "Can I make withdrawals?" before completing this section

How much do you want to withdraw?

You can choose to withdraw up to 5% of the original sum invested in any policy year as a fixed amount or percentage without charge.

Fixed amount £ Percentage %

How do you want to make withdrawals?

This option is subject to a minimum payment of £50 and will be paid by BACS credit to your bank or building society account.

Monthly ☐ Quarterly ☐ Half Yearly ☐ Annually ☐

**Don't forget to sign your declaration (section 5 overleaf) and complete your bank details.**



## 4b bank or building society account details (Only complete this section if you wish to make regular withdrawals).

Please provide the bank or building society account details that you would like regular withdrawals to be paid into.

Name of bank or building society (in block capitals)

Bank or building society address  Postcode

Account holder's name

Account number

Sort code (banks only)

Please sign your regular withdrawal authority

I/We wish to receive a regular withdrawal from the Bond. I/We understand that any withdrawal will reduce the value of the Bond and this may be below the amount of the original investment.

First applicant's signature  X Date

Second applicant's signature (if applicable)  X Date

## 5 declaration - please ensure you sign and date this section

I/We hereby apply for the Investment Bond. I/We declare that to the best of my/our knowledge and belief the answers given above are true and complete.

The Investment Bond is subject to the Key Features document. For your benefit and protection you should read these carefully before signing this application form. If you do not understand any point please ask us for further information. I/We understand that a copy of this application and rules is available on request.

I/We understand that under the current Money Laundering Legislation and other statutory requirements ID verification checks may take place if required, including by electronic means. I/We authorise such checks.

I/We declare that this application has been completed by the best of my/our knowledge and belief. I/We agree to inform Kingston Unity in writing immediately of any changes in my/our details.

We will treat you as a 'retail customer' which means that you will receive the highest level of consumer protection available under UK financial services rules and regulations.

### Client Agreement

I/We agree to be bound by this Client Agreement, which is a legal agreement, and defines our respective rights and obligations.

### Your Rights

You will be treated fairly in all of your dealings with Kingston Unity including:

- The product and associated services will be clearly described, so that you can decide whether it meets your needs
- Being provided with clear and accurate information, during and after the point of sale
- Our dealing effectively with your queries and complaints. We publish our internal complaints

handling process on our website [www.kingstonunity.co.uk](http://www.kingstonunity.co.uk) and these are also available on request. In circumstances where you feel your complaint has not been dealt with to your satisfaction, or if we have not been able to give you a final response within eight weeks, then you will have the option of contacting the Financial Ombudsman Service. Their website is [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

### Your Obligations

- To complete the application to the best of your knowledge and inform Kingston Unity in writing immediately of any changes in your circumstances
- To read the documentation that we will send to you, particularly the Key Features Document.

### Data Protection

In order to process your application, we must obtain certain information from you. We will also need to maintain certain other records.

- You agree that the information we hold about you can be held electronically and/or in hard copy form.
- You agree that any information we hold about you may be disclosed a) to third parties for the purpose of processing your application and ongoing membership, b) to our Regulators, c) to our Compliance Consultants, d) It will not be disclosed to any other parties (even if related) without your express permission in writing.
- If your plan has been arranged as an advised sale via an IFA, then we will automatically disclose your plan information to them unless you instruct us otherwise. If in future you do not wish to give us permission to disclose your information to your IFA, or if your relationship with your IFA ceases then please advise us.
- If you have been referred to us by an IFA then we will not provide them with any details of your plan information and we will send all documentation directly to you.

**Please sign and date this declaration. If it is a joint bond, both applicants must sign and date.**

First applicant's signature  X Date

Second applicant's signature (if applicable)  X Date

## 6 Please complete this section if this is a non-advised sale:

Kingston Unity does not give advice in relation to its products and our external and Society introducers are not authorised to give advice. However, you may have received advice from an Independent Financial Advisor in relation to this plan. Where you have received advice from an Independent Financial Advisor, **please do not complete this section.**

**I/We confirm that I have not requested nor received any advice from the Society or its introducers in relation to this product.**

Signed: ..... (all applicants) Date: .....

## 7 return to us

Please return your completed application to:

**Freepost RSJC-BBGE-KSAX, Kingston Unity, 9 Navigation Court, Calder Park, Wakefield, WF2 7BJ**

IFA Ref/Name

How did you hear about us? IFA ☐ KU Agent ☐ KU Website ☐ Other (specify) ☐

**Kingston Unity**, 9 Navigation Court, Calder Park, Wakefield WF2 7BJ. Tel: 01924 240164 email: [enquiries@kingstonunity.co.uk](mailto:enquiries@kingstonunity.co.uk) website: [www.kingstonunity.co.uk](http://www.kingstonunity.co.uk)

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## A Guide to how we manage our with profits fund

### Principles and Practices of Financial Management (PPFM)

This document sets out how the Society manages it's with profit fund and can be obtained on request from head office or by download from our web site. It covers two areas; the principles which are high level statements regarding the long term management of the fund, and the practices which are statements about how we implement the principles. Over time we may amend the principles but if we do this we will write to members to advise them of the changes. If we amend the practices we will write to members at the earliest opportunity to inform them.

This guide aims to provide a simplified version of the main items contained in the PPFM.

### What are our guiding principles

- **We manage our with profit fund in a lawful, sound and prudent manner.**
- **We aim to treat all our customers fairly.**
- **We will operate in a manner to enable us to pay all guaranteed benefits when they become due.**

### What is the with profit fund

This is an investment fund where your money is combined with that of other customers and then invested in a range of different assets (see section: How is the with Profit Fund invested). The objective is to ensure that on death or maturity you will receive the guaranteed benefit under the policy along with any annual bonus that has been added. Annual bonus is not guaranteed to be paid and may vary, including the possibility of none being paid in a particular year or years, depending upon the investment performance of the fund. Some of our policies may also have a terminal bonus added but again this depends on the funds' performance.

- **Annual bonus** - The rate of bonus is set by the Society's Board after consultation with the With Profits Actuary, usually once every year. It is set by taking into account what the fund can afford both now and in the future to make sure that we can meet all the guaranteed amounts when they need to be paid. Once an annual bonus has been added it cannot be taken away providing the policy runs to maturity.
- **Interim bonus** - This type of bonus may be added if your policy matures during a period for which an annual bonus has not been declared.
- **Terminal bonus** - Any terminal bonus is again agreed by the Board following consultation with the With Profits Actuary. This type of bonus is designed to ensure that the amount that you get back fairly represents the performance of the fund during the period of your investment.

### What is an Asset Share

An asset share is calculated by taking into account the premiums you have paid, the investment performance of the fund whilst you have been investing minus the charges that we make to cover expenses. The investment returns credited reflect the level of guarantees on an individual policy. If the guaranteed benefits on a policy are high we have to adopt a safer investment approach in order to meet the guarantee (for example by investing in deposits or fixed interest assets). However where guarantees are low it allows us to invest in assets that may have a higher level of risk attached but over time could be expected to outperform the safer assets to provide a better return.

On average we aim to pay out the full asset share to policyholders but we also use smoothing (see section on smoothing) to make sure that payouts, wherever possible, do not alter significantly from year to year. The Society's Board sets the target range for payouts and these are detailed in the PPFM.

### What is smoothing

Smoothing helps to protect policyholders from short term fluctuations in the value of assets within the fund but will not protect from long term and sustained falls in value. We do this by retaining some of the surplus during a good year and distributing a similar amount during a poorer year. It can be used to:

- **Reduce the variation in maturity values between policies maturing at the same time with different contribution levels and type.**
- **Reduce the variation in maturity values at different maturity dates.**
- **Reduce the differences in payouts over time.**

### What are charges

Charges are there to cover the expense of selling and setting up the policy, investment and ongoing administration. We assess what these are likely to be over the period of the policy but they can vary. If actual expenses are higher than those shown in the illustration any excess will be charged against the asset share and therefore any future bonus credited.

### What happens if you end the policy before it matures

If you want to stop paying the premiums on your policy (another name for this would be surrender) we have to calculate how much to pay you to be fair both to you and the other members remaining in the fund. We do this by using an asset share approach with a target range of 100% though this may vary slightly. Unlike on maturity there is no guarantee that you will receive a certain amount and particularly during the early years you may not get back as much as you have paid in.

### What happens if you die before the end of the policy term

You will receive the guaranteed sum assured or fund value depending on the type of policy along with all regular bonus that has been added up to the date of death.

### What is a Market Value Reduction (MVR)

At certain times we may apply an MVR to reduce the surrender value of with profit investment bonds and ISA's. We do this to bring the overall payout closer to the asset share when the underlying value of the assets in our fund is lower to ensure that:

- **The surrender value is not unfairly higher than the market value of the assets in the fund.**
- **To protect the remaining members by making sure that a fair share remains.**

We will advise you if we are applying an MVR when you ask for a surrender value but this can change at any time if there is a sudden drop in the value of assets in the fund.

Our with-profit bond has guaranteed MVR free dates at every fifth anniversary and the ISA on the tenth anniversary and each subsequent five years. In addition we do not apply an MVR on death.

### How is the With Profit fund invested

The with profit fund is invested in a range of different assets such as shares, property, fixed interest type investments for example Government and corporate bonds and cash. We vary the proportions held in each particular asset class depending upon:

- **The level of guarantees on the fund.**
- **The current and future financial position to ensure that we meet the reasonable expectations of our customers. We aim to maximise the investment return whilst providing a safe route to meeting commitments.**

We operate the fund within an investment matrix agreed by the Actuary and review the percentage of assets held in a particular class formally each year and more frequently when there is volatility in the market. You can find out the split of where the assets are held at a specific time by contacting head office.

### **Do we have more assets than the total asset shares.**

We always hold more assets than we need to pay policyholders to meet the benefits promised to them. These extra assets are sometimes referred to as the 'estate' and this provides the Society with working capital and extra security to cover unforeseen risks. They may also be used to smooth out policy payouts and absorb losses and profits. Over the long term the Society Board will credit or debit any difference in the estate back to or from the asset shares of policyholders.

### **What risks are there to the With Profit Fund**

As the Society does not have shareholders the With Profit members receive the benefits but also bear the risk of running the fund. The main risks to which the fund is exposed are:

- **New business:** The cost of acquiring new business may be higher than the immediate charges that flow from the policy. We manage this by ensuring that the cost of selling and maintaining new business can be supported by the fund without damaging the interests of existing policyholders. This may result in restrictions being made on the amount of new business that we accept during a particular period.
- Any other business ventures that the Society undertakes such as new products or establishing new ways to market our products may be supported by the with profit fund with any profits or losses accruing to the fund. The Board will take advice before approving any activity from the With Profit Actuary who has to report whether such ventures are consistent with our Principles and Practice of Financial Management.  
Any profits or losses are normally added to the individual asset share by a smoothed addition or subtraction from the asset share.
- The general risks of carrying out insurance business such as operational or compliance failures.



The full version of our PPFM is available either on request by calling our number or by visiting the website shown below.

**For more information call 01924 240164 or visit [www.kingstonunity.co.uk](http://www.kingstonunity.co.uk)**

#### **Kingston Unity**

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