

CENTURY EDUCATION PLAN
Key Information Document

Public

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

The name of this product is Century Education Plan. It is provided by British Friendly Society Limited. Our website address, where you can find detailed information about us, is www.britishfriendly.com and our telephone number is 01234 358344. We are supervised by the Financial Conduct Authority in respect of the production and delivery of this Key Information Document. This KID was produced on 1st January 2018.

What is this product?

It is a friendly society income protection plan (categorised as a long-term product) which additionally may pay the policyholder a tax-free lump sum when the policy ends. It is called a Holloway Income Protection Plan. The Plan is designed to build up a tax free lump sum which may be used for educational costs later in the policyholders' life. The Plan is intended for people who want income protection if they have to take leave of absence from work if the policyholder falls ill from the age of 5.

The primary objective of the Plan is to provide the policyholder with the tax-free income protection payment described above. When the income protection benefit will commence, how much it will be and how long it will be paid for is agreed when the Plan starts. A secondary objective of the Plan is to pay the policyholder a tax-free lump sum when the Plan reaches its maturity date. 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 bonus amounts, at the discretion of the Board of the Society each year, taking into consideration the advice of the Appointed Actuary.

It invests your premiums in a pooled fund which is invested in 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 the policyholder. The policyholder can end the Plan themselves by giving us notice of their intention to do so.

| Summary | | | |
|-------------------------------------------|------------------------------|--|--------------------------------------------------|
| Client | BFS | | Costs |
| Product | BFS - Century Education Plan | | Initial Charge |
| Recommended Holding Period (years) | 18 | | Charge on Premiums (after initial charge) |
| Sum Assured | 0.00 | | |
| Premium | 1000 | | FMC |
| Category | 2 | | AMC |
| Years Data | 5 | | |
| Data Frequency | Daily | | Key Outputs |
| Fund statistics | | | VeV |
| Av annualised daily return (proxy) | 5.69% | | 8.856% |
| SD (annual) | 0.09 | | Model used |
| | | | Deterministic |
| | | | Market Risk Measure |
| | | | 3 |
| | | | SRI |
| | | | 3 |

What are the risks and what could I get in return?**Summary Risk Indicator (SRI)**

Lower Risk → **Higher Risk**

The Summary Risk Indicator assumes the policyholder keeps the Plan until age 21. The actual risk can vary significantly if the policyholder ends the Plan early.



The SRI is a guide to the level of risk of this product compared to other products and aims to show you how likely it is that the product will lose money because of the movement in investment markets or because we are not able to pay you.

We have classified this plan as 3 out of 7 which is “medium low”. This rates potential losses from future performance as unlikely.

The amount of the tax-free cash sum built up will depend primarily on the Society’s investment performance and the level of sickness claims made by all Members who have Holloway Income Protection Plans with us. If investment performance is poor over a long period and sickness claims are significantly higher than expected, then it is possible that no tax-free cash sum would build up.

If the policyholder does not hold this Plan until its original maturity date the risk of getting back less than originally advised to you at outset is significantly higher.

If we are not able to pay you what is owed you may lose some or all your capital but you may benefit from a consumer protection scheme (please see the later section “What happens if British Friendly Society Limited is unable to pay out”).

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Performance scenarios

| Investment £1,000 Insurance premium: £224 | | 1 year | 9 years | 18 years Recommended Holding Period |
|----------------------------------------------------|-------------------------------------|-------------|---------------|----------------------------------------|
| Survival Scenarios | | | | |
| Stress | What might you get back after costs | £0 | £2,621 | £12,730 |
| | Average return each year | -100.0% | -31.2% | -4.0% |
| Unfavourable | What might you get back after costs | £0 | £4,449 | £12,751 |
| | Average return each year | -100.0% | -16.7% | -4.0% |
| Moderate | What might you get back after costs | £0 | £5,555 | £16,642 |
| | Average return each year | -100.0% | -11.2% | -0.9% |
| Favourable | What might you get back after costs | £0 | £6,955 | £22,129 |
| | Average return each year | -100.0% | -5.9% | 2.3% |
| Accumulated Investment amount | | £667 | £5,451 | £10,745 |
| Death scenario | | | | |
| What your beneficiaries might get back after costs | | £678 | £6,732 | £16,642 |
| Accumulated Insurance Premium | | £200 | £1,987 | £4,027 |

This table shows the money you could get back over the next 18 years, under different scenarios, assuming that you invest £1,000 per year. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product. The stress scenario shows what you might get back in extreme market circumstances

What happens if British Friendly Limited is unable to pay?

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

This product is categorised as a long-term investment and under the above compensation scheme that means the policyholder is covered for 100% of loss on this product through the FSCS should British Friendly Society Limited default. The investments underlying this product are managed on our behalf by the professional investment management firm LGT Vestra LLP. They will use other nominees and custodians in the course of their investment work for us. The investment managers and their custodians and nominees are not covered by a compensation scheme but, were they to default, and this in turn caused British Friendly Society Limited to default, then the policyholder would still be covered by the FSCS because their contract is with British Friendly Society Limited.

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 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 advisor or distributor.

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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 £1,000 Scenarios | If you cash in after | | |
|-----------------------------------|----------------------|------------------|----------------------------------------------|
| | 1 year | 9 years | 18 years (at the recommended holding period) |
| Total costs | £1,014.14 | £4,939.58 | £8,232.31 |
| Impact on Return each year | -105.5% | -16.6% | -6.3% |

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;
- the meaning of the different cost categories.

| This table shows the impact on return each year | | | |
|-------------------------------------------------|-----------------------------|-------|------------------------------------------------------------------------------------------|
| One-off costs | Entry costs | 0.0% | The impact of the costs you pay when entering into your investment. |
| | Exit costs | 0.0% | The impact of the costs of exiting your investment when it matures. |
| Ongoing costs | Portfolio transaction costs | -0.9% | The impact of the costs of us buying and selling underlying investments for the product. |
| | Other ongoing costs | -5.4% | The impact of the costs that we take each year for managing your investments. |
| Incidental costs | Performance/other costs | 0.0% | This product does not have any performance or other incidental fees. |

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

The policyholder should hold the Plan for as long as the income protection it provides is needed. By holding the Plan for the medium to long term there is a greater probability that the policyholder will achieve the level of tax free cash lump sum that was expected when commencing the Plan.

The policyholder can make early withdrawals from the Plan provided their Plan has sufficient capital value to allow them and they are for specified reasons. From the age of 16, the policyholder can withdraw up to £1200 from their capital account to pay for items required in respect of their continued education without a penalty. From the age of 21, the policyholder may use the money on their capital account to repay student debts without a penalty.

If the policyholder wishes to cancel the policy before the end of the initial agreed term they can by giving 14 days' notice but early surrender penalties may apply. If the policyholder cancels the Plan before age 60 except for the above reasons a penalty will incur which is as follows: During the first 10 years of membership a penalty will be imposed which is equal to the last two years Apportionment on Units held; after 10 years membership a penalty will be imposed which is equal to the preceding year's Apportionment on Units held; after 10 years membership and within five years of maturity of the policy, a penalty will be imposed which is equal to the preceding six months Apportionment on Units held. At this stage, Membership shall then be terminated.

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 either in writing, or by telephone: British Friendly Society Limited, Activ House, 45 Bromham Rd, Bedford MK40 2AA; Phone 01234 358344.