NFU Mutual Principles and Practices of Financial Management (PPFM) Appendix

1. Introduction

This document includes additional information about NFU Mutual with-profits policies. The information contained in this Appendix should be read in conjunction with the PPFM document.

2. The Amount Payable Under a With-Profits Policy

Annual Bonus Rates

The table below shows the declared annual bonus rates for 2025 and the interim rates for 2026.

PRODUCT	2025 Declared	2026 Interim
LIFE PRODUCTS		
Endowments	**4.25%**	**5.25%**
Whole of Life – Entry date before 1983	**5.00%**	**6.00%**
Whole of Life – Entry date from 1/1/1983 – 18/1/2004	**3.25%**	**4.25%**
Whole of Life – Entry date from 19/1/2004 onwards*	**0.25%**	**0.50%**
Capital Investment Bond - Series 1	**6.50%#**	**7.25%#**
Capital Investment Bond - Series 2	**5.75%**	**6.50%**
Flexibond - Series 1 & 2	**6.50%**	**7.25%**
Flexibond - Series 3	**5.50%**	**6.25%**
Flexibond - Series 1A, 2A, 3A, 4	**4.00%**	**4.25%**
NFU Mutual Vintage Bond - Series 1 & 2 paying for guarantee	**4.50%**	**4.50%**
NFU Mutual Vintage Bond - Series 1 & 2 opted out of guarantee	**3.75%**	**4.50%**
Impaired Life Annuities in Payment (Structured Settlements)	**4.50%**	**-**
PENSION PRODUCTS **Conventional With-Profits Pensions**		
Deferred Annuities – Entry dates up to 31/12/1982	**0.00%**	**0.00%**
Pure Endowments – Entry dates 1/1/1983 onwards	**0.25%**	**0.50%**
With-Profits Annuities in Payment	**4.50%**	**-**
Unitised With-Profits Pensions		
Personal Pension Plan (PPP) - Series 1	**7.25%#**	**8.00%#**
Personal Pension Plan (PPP) - Series 2	**6.00%**	**6.75%**
With-Profits PPP - Series 3	**5.50%**	**6.25%**
Personal Pension Account - Series 4	**5.00%**	**5.75%**
Select Pension Plan – Risk Level 2 PN Series D1	**3.75%**	**4.00%**
Select Pension Plan – Risk Level 3 PN Series D1	**4.25%**	**4.50%**
SHREWD SAVINGS PLAN ISA		
Shrewd Savings Plan ISA - Series 1 & 2	**6.75%**	**7.50%**
Shrewd Savings Plan ISA - Series 3	**5.75%**	**6.50%**
Shrewd Savings Plan ISA – Series 1A & 2A	**4.75%**	**5.50%**
Shrewd Savings Plan ISA – Series 3A & 4	**4.75%**	**5.00%**

Rates quoted for Flexibond, Personal Pension Account (Series 4), Shrewd Savings Plan ISA, Select Pension Plan and Vintage Bond products are gross of the annual management charge. The annual charge is applied after the addition of the bonus quoted in the table and has the effect of reducing the bonus rate quoted.

Rates quoted for Capital Investment Bond and Personal Pension Plan Series 1, 2 & 3 are after the allowance for the annual management charge.

* For the majority of policies, the annual bonus rate is based on the entry dates above which is stated on your policy schedule. Please contact us if you would like to check the bonus rate on your policy.

Rates quoted for Series 1 Capital Investment Bond and Personal Pension Plan Series 1 are inclusive of the guaranteed accumulation rate of 3% for CIB and 4% for pensions.

The following table shows the declared rates for the Capital Access Bond (CAB) for 2023, 2024, 2025 and the interim rates for 2026 to date.

	CAB: Investment Band					
With Effect From	£5,000 -£24,999	£25,000 -£49,999	£50,000 -£99,999	£100,000 -£249,999	£250,000 -£499,999	£500,000+
2 October 2023 – 1 September 2024	2.80%	3.40%	3.85%	4.00%	4.15%	4.20%
2 September 2024 – 12 March 2025	2.60%	3.20%	3.65%	3.80%	3.95%	4.00%
13 March 2025 – 10 April 2025	2.35%	2.95%	3.40%	3.55%	3.70%	3.75%
11 April 2025 – 6 July 2025	2.15%	2.75%	3.20%	3.35%	3.50%	3.55%
7 July 2025 – 10 March 2026	1.90%	2.60%	3.05%	3.20%	3.35%	3.40%
11 March 2026 onwards	1.55%	2.25%	2.70%	2.85%	3.00%	3.05%

It is possible that changes have occurred since this document was updated. The current CAB interim rates are shown on the Annual Bonus Rates page on our website at www.nfumutual.co.uk.

How are annual bonuses added to contracts?

Annual bonuses are normally added each year to our with-profits policies.

- For conventional with-profits business, the bonus is added as a percentage addition to the basic sum assured (or pension) plus attaching bonuses.
- For unitised with-profits business, annual bonuses are added in two ways. Depending on the type of policy, bonuses are added by either increasing the price of the with-profits units each day or by adding additional with-profits units to the policy. A combination of the methods is used for products such as Personal Pension Plan and Capital Investment Bond that have a guaranteed minimum bonus rate.

How are terminal bonuses added to contracts?

Terminal bonuses are added only when the benefits under a policy become payable or when with-profits funds are switched into an alternative fund.

- For conventional with-profits business, the terminal bonus is usually calculated as a percentage of the total value of the *annual bonuses*.
- For unitised business, the *terminal bonus* is calculated as:
  - a percentage of the total unitised with-profits policy value before *terminal bonus* for Flexibond, Shrewd Savings Plan ISA, NFU Mutual Vintage Bond, Select Pension Plan and Personal Pension Account business.
  - a percentage of the total value of *annual bonus* units for all other products.

3. Investment Strategy

The asset mix backing with-profits policies shown below was correct as at 1 October 2026. It is possible that changes have occurred since that date, resulting from market movements, the investment of new money and changes in our general investment strategy.

Investment strategy for assets backing the assets shares of with-profits policies (other than the Capital Access Bond)

The *With-Profits Committee,* after considering advice from the *Actuary,* is responsible for setting asset allocation limits for the part of the long-term business fund that backs *asset shares* of with-profits policies.
The asset mix is set at least quarterly by the Investment department. The current asset mix as at 1 October 2026 is shown in the table below:

	NFU Mutual With-Profits (Risk Level 2) PN Series D1	All Other Products
UK Equities	10.5%	21.0%
Overseas Equities	15.5%	34.5%
UK Property	9.5%	13.5%
Overseas Property	1.0%	1.0%
Fixed Interest Gilts	16.0%	6.0%
Index-Linked Bonds	4.5%	3.0%
UK Corporate Bonds	21.8%	7.5%
Overseas Bonds	7.2%	2.5%
High Yield Bonds	4.5%	3.0%
Emerging Market Debt	4.5%	3.0%
Infrastructure Equity	1.0%	1.0%
Private Debt	0.5%	0.5%
Cash and Other Assets	3.5%	3.5%
Total	100%	100%

The mix of security ratings (the second highest if there is more than one rating) for the bond holdings (excluding UK government bonds) at 1 October 2026 was as follows:

	NFU Mutual With-Profits (Risk Level 2) PN Series D1	All Other Products
AAA	3.6%	2.6%
AA	15.7%	14.0%
A	24.6%	21.1%
BBB	36.1%	31.5%
Sub#	20.0%	30.8%
Total	100%	100%

The asset mix backing the Capital Access Bond at 1 October 2026 was as follows:

Floating rate notes	82.9%
Cash deposits	17.1%
Total	100%

Sub refers to sub-investment grade bonds of ratings BB and below.

4. Charges and Expenses

Flexibond

Products with an original application date prior to 31 December 2012 – Open to top ups to existing contracts only

- The annual management charge differs depending on the original application date of the policy and on the date of any investment as follows:

Series	Original Application Date	Date of Investment	Annual Management Charge
1	Prior to 1 October 2005	Prior to 2 October 2017	1.0%
1A	Prior to 1 October 2005	On or after 2 October 2017	1.1%
2	From 1 October 2005 to 30 December 2012	Prior to 2 October 2017	1.1%
2A	From 1 October 2005 to 30 December 2012	On or after 2 October 2017	1.2%

- Each month, part of the fund management charge will be rebated for larger policies by adding units to the Flexibond. The monthly rebate will be 1/12 of the rebate percentage shown in the table below, multiplied by the amount of fund to which the rebate applies:

Part of fund to which rebate applies	Rebate (% p.a.)
The first £90,743	Nil
The next £90,744	0.125%
The next £272,231	0.25%
The next £453,718	0.375%
Any value above this	0.5%

These bands will increase in April each year in line with the Average Weekly Earnings index as published in January of that year. The bands shown above are those that applied from 6 April 2026.

Products with an original application date on or after 31 December 2012 – Open to New Business

- If an initial advice charge is paid for out of the lump sum or regular payment, this will be deducted from the lump sum or regular payment before it is invested in the plan and before product charges are taken.

- An initial charge can be deducted from each payment made. Currently this is not being deducted but we may introduce or change an existing charge if the cost of managing the plan changes.

- The annual management charge differs depending on the original application date of the policy and on the date of any investment as follows:

Series	Original Application Date	Date of Investment	Annual Management Charge
3	From 31 December 2012 to 21 May 2017	Prior to 2 October 2017	1.0%
3A	From 31 December 2012 to 21 May 2017	On or after 2 October 2017	1.1%
4	On or after 22 May 2017	On or after 22 May 2017	1.1%

NFU Mutual Vintage Bond – This is a tranche product, which is only available at certain times

The following charges currently apply to the NFU Mutual Vintage Bond:

- An annual fund management charge of 1%.
- An annual charge for the guarantee of 0.75%, or 0% if you have opted out of the guarantee.

Shrewd Savings Plan ISA

Products with an original application date prior to 31 December 2012 – Closed to New Business

- An initial charge of 3% on each contribution paid to 6th April 2021, 0% charge after this date.
- An annual fund management charge, which is 1% for policies with an original application date prior to 1 October 2005, and 1.25% for all other policies.

Product with an original application date on or after 31 December 2012 – Open to New Business

- If an initial advice charge is paid for out of the lump sum or regular payment, this will be deducted from the lump sum or regular payment before it is invested in the plan and before product charges are taken.
- An annual fund management charge of 1.25%.

Capital Investment Bond (CIB) – Closed to New Business

For unitised with-profits investments in the CIB product the charges currently are:

- An implicit charge applied to asset shares equal to the explicit fund management charge under the unit-linked fund options which is currently 0.75% a year. Although there is no explicit fund management charge for the With-Profits Fund, any bonuses added will reflect an implicit charge to cover expenses.
- An initial bid offer spread of 2% applied when investments were made into the product.

Personal Pension Plan – Closed to New Business

For unitised with-profits investments in the Personal Pension Plan, the charges currently are:

- An initial charge of up to 5% on each contribution paid for existing regular premiums, paid until 15th July 2026, 0% charge after this date.
- The actual initial charge currently depends on the amount of your total gross contribution, according to the table overleaf.

Monthly Contributions	Annual Contributions	Contribution Charge
Less than £400	Less than £4,800	5%
£400 to £799	£4,800 to £9,599	4%
£800 to £1,199	£9,600 to £14,399	3%
£1,200 or more	£14,400 or more	2%

- An implicit charge applied to asset shares equal to the explicit fund management charge under the unit-linked fund options, which is currently 0.625% a year. Although there is no explicit fund management charge for the With-Profits Fund, any bonuses added will reflect an implicit charge to cover expenses.

- A 3% annual charge if waiver of premium benefit is selected.

- A charge if life cover benefit is selected.

With-Profits Personal Pension Plan – Closed to New Business

The charges for the With-Profits Personal Pension currently are:

- An implicit annual charge of 1% applied to asset shares. Although there is no explicit fund management charge for the With-Profits Fund, any bonuses added will reflect an implicit charge to cover expenses.

Personal Pension Account – Closed to New With-Profits Investments

The following charges apply to unitised with-profits investments in the With-Profits Personal Pension Account:

- If an initial advice charge is paid for out of the lump sum or regular payment, this will be deducted from the lump sum or regular payment after it is invested in the plan.

- An annual fund management charge of 1%.

Group Personal Pension Plans – Open to New business for existing schemes only and Executive Pension Plans - Closed to New Business

For unitised with-profits investments in the Group Personal Pension Plan and Executive Pension Plan products, the charges currently are:

- An initial charge of up to 5% on each contribution paid until 15th July 2026, 0% charge after this date.
- The actual initial charge currently depends on the amount of your total gross contribution, according to the table below.

Monthly Contributions	Annual Contributions	Single Contributions	Contribution Charge
Less than £400	Less than £4,800	Less than £4,800	5%
£400 to £799	£4,800 to £9,599	£4,800 to £9,599	4%
£800 to £1,199	£9,600 to £14,399	£9,600 to £14,399	3%
£1,200 or more	£14,400 or more	£14,400 or more	2%

- An implicit charge applied to asset shares equal to the explicit fund management charge under the unit-linked fund options, currently 0.625% a year. Although there is no explicit fund management charge for the With-Profits Fund, any bonuses added will reflect an implicit charge to cover expenses.

Additional Voluntary Contributions Plan (AVC) – Open to New Business

For unitised with-profits investments in the AVC plan the charges are:

- An initial charge of 2% on each contribution paid until 15th July 2026, 0% charge after this date.

- An implicit charge applied to asset shares equal to the explicit fund management charge under the unit-linked fund options, currently 0.625% a year. Although there is no explicit fund management charge for the With-Profits Fund, any bonuses added will reflect an implicit charge to cover expenses.

Capital Access Bond (CAB) – Closed to New Business

For CAB there is an implicit fund management charge, with the charge varying by fund size. The expenses of issuing and administering the bond are reflected in the bonus rates added.

With-Profits Trustee Investment Plan – Open to New Business

The annual management charge for the NFU Mutual With-Profits (Risk Level 2) PN Series D1 and NFU Mutual With-Profits (Risk Level 3) PN Series D1 funds available in the With-Profits Trustee Investment Plan is currently 0.7%.

All products

Special terms and charges may apply to products sold within campaign periods. Any such terms will be detailed in the policy documentation.

Other attributable expenses (OAE) are applied to all investments in the NFU Mutual With-Profits Fund.

As at 1 October 2026, the OAE are:

- 0.09% for the NFU Mutual With-Profits (Risk Level 2) PN Series D1 fund.

- 0.11% for all other investments in the With-Profits Fund, excluding CAB.