

Dear Member

I am writing to you to outline the reasons why the board of Tees Mutual is proposing a transfer of engagements with Oddfellows Friendly Society.

First and foremost, it is important to address the financial sustainability of Tees Mutual. As noted in previous annual reports, the society's capital position has declined, which has resulted in the suspension of annual bonuses since 2019 and some volatility in terminal bonuses. It would not be fair to members to allow this to continue, and it also makes it difficult for the board to effectively manage the society.

Furthermore, the management costs of a small society like Tees Mutual are disproportionately higher compared to larger and better-resourced friendly societies. The cost of complying with regulations and managing the various aspects of the society impacts our members more than those of larger societies.

In considering the long-term future of Tees Mutual, the board explored two options: a transfer of engagements or a runoff. (Please see the glossary on page 20 for further information on an explanation of these two options). After careful consideration and discussions with advisors, the board believes that a transfer of engagements to Oddfellows Friendly Society offers certainty and security to members which could not be guaranteed by going into a runoff process.

Oddfellows is a financially robust society with an experienced senior management team that has successfully undertaken previous transfers of engagements. They offer similar products to Tees Mutual under their Unity Mutual brand, ensuring that our members will have continued access to life and savings products. By transferring to Oddfellows, our members will benefit from the economies of scale that come with being part of a larger society.

The financial offer presented by Oddfellows is also advantageous to our members. They have agreed to pay fixed bonuses for the duration of all with-profits products, and this provides members with certainty and security as to their eventual claim or maturity value.

In terms of member engagement, we recognise that the way our society engages with members has changed. With the rise of electronic payments and non-face-to-face contact, most members now prefer these methods over home collections. Oddfellows understands this shift and offers various payment options, including direct debit, while still providing the option to pay by cash if desired. They have also assured us that their member service team will provide efficient and effective support to our members.

In conclusion, the financial, strategic, and operational challenges facing Tees Mutual necessitate a transfer of engagements to Oddfellows Friendly Society. This transfer will ensure the long-term financial sustainability of our society and provide members with access to a financially robust society that offers similar products and services.

I understand that this is an important decision, and I encourage you to carefully consider the information provided. If you have any questions or concerns, please do not hesitate to contact us.

I look forward to your participation in the upcoming vote.

Yours sincerely

**Phil Carey**  
**Chief Executive**

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Tees Mutual is a trading name of The Kensington Friendly Collecting Society Limited (KFCSL). KFCSL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. KFCSL's Financial Services Register number is 110058. KFCSL is a member of the Association of Financial Mutuals. The head office of KFCSL is 1-3 Kensington Road, Linthorpe, Middlesbrough, North Yorkshire TS5 6AL.