

The savings plan's key features

Important info you need to read

Before applying for the Child Tax Exempt Savings Plan, please read the Key Features, which you'll find on the next few pages.

The Key Features explain how the plan works, its aims, terms and conditions and will help you decide if it's suitable for you. It also includes information on bonuses and how we aim to grow your money.

This section is full of really important information and will hopefully answer any questions you might have.



The Key Features of the Child Tax Exempt Savings Plan

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, Foresters Friendly Society, to give you this important information to help you to decide whether our Child Tax Exempt Savings Plan is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

Its aims

Providing all the contributions are paid throughout the term, a Foresters Friendly Society Child Tax Exempt Savings Plan (Child TESP) aims to provide the child with:

- A guaranteed tax free cash sum on maturity.
- Potential for additional tax free bonuses to be added to the guaranteed cash sum on a yearly basis, with a possible additional bonus being paid at maturity.

Your commitment

- You agree to pay a regular monthly contribution on behalf of the child throughout the term. The Child TESP is unsuitable as a short term investment.
- Current legislation states that the total amount that can be contributed in to all Friendly Society Tax Exempt Savings Plan(s) cannot exceed £25 per month per child.
- Your contribution is £25 a month (from £15 if you apply online) for the agreed term (minimum of 10 years, maximum of 25).

Risks

- Bonuses will depend on the future investment performance of the Order Insurance Fund, as well as any deductions and how Foresters Friendly Society decide to distribute any profit.
- The addition of bonuses is not guaranteed and therefore it is possible that the Child TESP might not receive any annual and/or final bonus
- Legislation may change, to affect the tax status of this plan.
- Your circumstances may change forcing you to stop making contributions.
- If you stop making contributions in the first year the plan will lapse with no value. You will not be able to get your contributions back. After the first year, if the plan is cashed in or you stop paying contributions, the child may get back less than you have paid in. Any payments made due to the surrender or cashing in of this plan will be paid out in the child's name, as this plan is for the sole benefit of the child.
- If you do not maintain contributions for the chosen period the child could be liable to tax on any gains made on the investment.
- Our deductions may turn out to be higher than expected.

- You should be aware that inflation will reduce what the child can buy in the future with the cash sum.
- All money paid into the plan immediately becomes the child's and contributions should be seen as a gift to the child. Once paid they cannot be returned to the person who paid them.

Your Questions Answered

What is the Child Tax Exempt Savings Plan?

The plan is a tax free savings plan. The money that you invest in this plan is invested in a fund which is free of tax on both income and capital gains, although dividends earned on equities within the fund will have been taxed at source and cannot be reclaimed. It pays a guaranteed cash sum at the end of the term, which can be on a child's specific birthday. For a child under 6, the plan will mature on or after the child's 16th birthday, otherwise the minimum term must be 10 years.

Where is the money invested?

Any money paid into the Child TESP is invested in Foresters Friendly Society's with profits Order Insurance Fund. By spreading the money paid into the fund across a number of different types of investments you benefit from the exposure to a range of asset classes which may include equities (company shares), fixed interest bonds (government and company), property and cash. A further advantage of this approach is that if the return of any one particular asset type is poor, the child's investment may be protected from the full impact of this fall as the other assets forming part of the overall investment may perform better. Thus the fall in value in one asset class (e.g. shares) may be cushioned by the potential better performance in another asset class (e.g. property).

How are bonuses decided?

Depending on how the underlying assets in the fund perform, and the costs incurred, we aim to declare an annual bonus. In addition, when the Child TESP matures we may add a final bonus depending on the overall investment growth that has been achieved and expenses incurred. This is different from a Bank or Building Society account where your savings can grow as a result of the interest rate on the account. Bonuses are added as the result of the growth performance of the underlying fund. Although in some investment conditions the growth in the Child TESP might not be as great as that on an interest paying Bank or Building Society account, investing in this way means that there is the potential for growth over and above the level which might be achieved on interest paying accounts.

How will it work?

Within this Key Features document you will find a typical illustration showing example figures on how the plan might work for a child.

Will the plan work out exactly as in the personal illustration?

- Providing you maintain the agreed levels of contributions, at maturity the child will receive at least the guaranteed cash sum based on the amount you wish to save and the term you have chosen. Any additional benefits will depend on the bonuses, if any, added to the plan which will vary.

What happens if contributions stop?

- In the first year the plan will lapse with no value.
- If contributions aren't paid, they can be restarted as long as this is done within 13 months of the first missed contribution. All the missed contributions must be paid.
- After one year you can apply for the plan to be made a paid-up plan. This means that the guaranteed cash sum will be reduced as determined by the Foresters Friendly Society Actuary. Money paid out from a plan which has been paid-up may be taxable depending upon when the contributions stopped. Bonuses may continue to be added, but will be calculated according to the reduced cash sum. Once a plan has been made paid-up it cannot be reinstated.
- After one year you can cash in the plan but the child may not get back as much as you have paid in.

What might the child get back?

The figures below compare potential maturity payouts at three different growth rates for a Child TESP for £25 per month for 15 years, which apply no matter how old the child is. You will receive a specific illustration when you receive your plan documents.

An example:

Term 15 years. Monthly contribution:	£25
Guaranteed cash sum:	£4,500
If investments grew at 2% a year the child might get back	£4,500
If investments grew at 5% a year the child might get back	£5,330
If investments grew at 8% a year the child might get back	£6,630

- These figures are only examples and are not guaranteed. They are not minimum or maximum amounts. What the child could get back depends on the length of the investment, how the investment grows and its tax treatment.
- The child could get back more or less than this.
- The guarantee is that, subject to scheduled contributions being paid when due, at maturity the child will not get back less than the guaranteed cash sum which will be at least the sum of contributions.
- The yearly growth rates are our reasonable estimate of what the investment returns could be but are subject to the maximum rates specified by the Financial Conduct Authority.
- Do not forget that inflation would reduce what the child could buy in the future with the amounts shown.

What happens if the plan is cashed in early?

The child cannot cash in this plan until they reach the age of 16. A parent or guardian can apply for the surrender or cashing in of the plan at any time until the child reaches 16. The sum due on surrender will be paid out in the child's name at all times, as the plan is for the sole benefit of the child. If cashed in, the child could get back less than you paid in. The figures below are based on savings of £25 a month for 15 years. The last two columns assume that investments will grow at 5.0% a year.

The early years

At end of year	Total paid in to date	Effect of deductions to date	What you might get back
1	£300	£308	£0
2	£600	£290	£341
3	£900	£342	£628
4	£1,200	£399	£928
5	£1,500	£459	£1,240

The later years

At end of year	Total paid in to date	Effect of deductions to date	What you might get back
10	£3,000	£821	£3,050
15	£4,500	£1,310	£5,330

What charges are made for the Child Tax Exempt Savings Plan?

We make annual charges against the total fund which are deducted before bonuses are declared. These charges are illustrated under the 'Effect of deductions to date'.

What are the deductions for?

- The deductions include the cost of expenses, charges, any surrender penalties and other adjustments.
- The charges, expenses and other deductions used in this guide are best estimates based on current experience. They could vary in the future.
- The bottom line in the table shows that over the full term of the plan the effect of the total deductions could amount to £1,310.
- Putting it another way, this would have the same effect as bringing investment growth from 5.0% a year to 2.2% a year.

What happens if I or the child dies?

- In the event of the child's death before the maturity of the plan, the Society shall return all contributions paid to the child's parent/guardian.
- This plan does not protect against the financial consequences of death.
- If you die whilst you are paying contributions on behalf of a child, the plan can continue as long as contributions are paid by someone else.

Further Information

Cancellation rights

After your application is accepted you will receive a statutory notice of your right to cancel. You will then have 30 days from the commencement date of the plan, or the date the notice is received whichever is later, in which to change your mind. If you choose to change your mind a full refund of all monies will be paid. You can do this by completing and returning the cancellation form to us at Foresters Friendly Society, Foresters House, 29-33 Shirley Road, Southampton SO15 3EW.

Financial advice

We do not offer financial advice. You should contact a Financial Adviser if you have any doubts about this plan's suitability. You may have to pay a fee for this advice.

Contributions

Contributions are paid monthly by Direct Debit.

Tax

The fund is free of tax on both Income and Capital Gains except for tax deducted from dividend income which cannot be reclaimed. If you do not continue to pay the contributions to the end of the term the named child could be liable to tax. Do remember that tax benefits may vary as a result of statutory change and their value will depend on individual circumstances.

Qualifying policies

A qualifying policy is a life insurance policy which meets HM Revenue and Customs rules. Subject to certain conditions, the proceeds of these policies are paid to an individual free of income and capital gains tax. Such policies are regular contribution policies and have a minimum policy term of ten years.

There is an annual contribution limit for qualifying policies of £3,600 per individual. This limit applies to policies where the child is the beneficial owner i.e. the person who the proceeds belong to, usually the policyholder. If the child is a beneficiary of a policy written in trust, then they are also the beneficial owner. Policies which only provide a pay-out on death are not included within the annual limit.

The Child Tax Exempt Savings Plan is classed as a qualifying policy. You must ensure that the £3,600 limit per child is not exceeded in any one year. If, for example you take out a plan for £25 a month, this will total £300 per year which will count towards your child's £3,600 limit.

Paid-up values

If you stop paying contributions after one year you can make the plan paid-up. The guaranteed cash sum will be reduced. Bonuses may continue to be added, but will be calculated according to this reduced paid-up value.

Law

This contract is governed by English Law. We will communicate with you in English.

Legislation

All or any of the benefits, the contribution or the Plan Conditions may be adjusted as deemed appropriate:

- If there is any change in law or taxation affecting the plan.
- If any levy is imposed on Foresters Friendly Society under statute or statutory authority.

Three months notice would be given of any such adjustment.

Queries and complaints

For further information or queries on Foresters Friendly Society products or services please contact the Member Services Department, by tel: 0800 783 4162, email: memberservices@forestersfriendlysociety.co.uk or at the address at the back of this document.

If you wish to complain about any aspect of the service you have received, please contact Foresters Friendly Society. If a complaint is not dealt with to your satisfaction you can then complain to the Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London E14 9SR. Tel: 0800 023 4567, email: complaint.info@financial-ombudsman.org.uk. Making a complaint will not prejudice your right to take legal proceedings.

Compensation

The Financial Services Compensation Scheme (FSCS) covers this plan. You may qualify for compensation from the Scheme if we are unable to meet our obligations. You can get further information from us or from the FSCS (www.fscs.org.uk).

Client categorisation

We are required under the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) rules to categorise our clients. All of our clients are categorised as 'Retail Clients', which affords our clients the highest level of protection under the FCA and PRA rules.

Apply now to support your child's future

Send your completed application form to:

Foresters Friendly Society
FREEPOST RLST-SJZE-BACC
29-33 Shirley Road
Southampton
SO15 3EW

Telephone: 0800 783 4162

Visit: www.forestersfriendlysociety.co.uk

Email: memberservices@forestersfriendlysociety.co.uk

Monday - Friday, 9am - 5pm (excluding Bank Holidays)

Information, including a copy of this document, is available in large print, audio and Braille upon request.

Foresters Friendly Society is the trading name of The Ancient Order of Foresters Friendly Society Limited which is an Incorporated Friendly Society (Registration No. 511F) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Registration No. 110029).