

The Savings Plan's Important Information

Important info you need to read

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

The Important Information explains 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.



Important Information of the Child Tax Exempt Savings Plan

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 of 91% of premiums paid, providing all premiums have been paid.
- 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 are an existing member and apply via Member Services) for the agreed term (minimum of 10 years, maximum of 25).

Risks

- You could get back less at maturity than you have paid in.
- 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 that tax 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.

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. The minimum contribution is £25 per month by paper application. The minimum contribution is £15 per month for exsiting members applying through Member Services.

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.

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 and give your child a helping hand

You've read about how the Child Tax Exempt Savings Plan is a great way to give your child a head start in life. Why not apply now while it's fresh in your mind?

You'll find an application form attached. Simply fill in your details and return it to us by post using the freepost address below. There's no need for a stamp.

Alternatively you can apply online at www.forestersfriendlysociety.co.uk

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

The Direct Debit Guarantee (please retain this Guarantee for your records)



- This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits.
- If there are any changes to the amount, date or frequency of your Direct Debit Foresters Friendly Society will notify you 10 working days in advance of your account being debited or as otherwise agreed. If you request Foresters Friendly Society to collect a payment, confirmation of the amount and date will be given to you at the time of the request.
- If an error is made in the payment of your Direct Debit by Foresters Friendly Society or your bank or building society you are entitled to a full and immediate refund of the amount paid from your bank or building society.
 - If you receive a refund you are not entitled to, you must pay it back when Foresters Friendly Society asks you to.
- You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written notification may be required. Please also notify us.