

# The Junior ISA's Important Information

## Important info you need to read

Before applying for the Junior ISA, please read the Important Information Section which you'll find on the next few pages.

The Important Information section explains how the Junior ISA works, its aims, terms and conditions and will help you decide if it's suitable for you, your child or grandchild. 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.



# Junior Individual Savings Account (Junior ISA)

## Important Information

### Its aims

- To provide your child or grandchild with a tax-free lump sum at the start of their adult life.
- To enable you to make use of your Child's Junior ISA allowance of up to £4,368 (for tax year 2019/2020).
- To achieve long-term capital growth by investing in the Foresters Friendly Society Order Insurance Fund.
- To add bonuses to the amount invested, on a yearly basis, with a possible additional bonus being paid at the end of the Junior ISA.
- To provide a child with returns that are free of income and Capital Gains Tax.

### Your Commitment

- You can invest as much as you want provided your total investments each tax year do not exceed £4,368 (for tax year 2019/2020).
- You can contribute either regular monthly amounts or one-off lump sums or a combination of both to the Junior ISA providing you do not exceed the annual limit in any one tax year.
- The minimum monthly contribution payable by Direct Debit is £10 per month.
- The minimum lump sum required to open a Junior ISA is £500 and you are able to make top ups of at least £50 thereafter.
- As the Foresters Friendly Society Junior ISA invests in our Order Insurance Fund it is classified as a Stocks and Shares Junior ISA. If you choose the Foresters Friendly Society Stocks and Shares Junior ISA you are then able to take out a Cash Junior ISA with another provider. However you must not exceed the annual limit across the two Junior ISAs. If you open this Junior ISA you cannot also subscribe to another Stocks and Shares Junior ISA for this child.

### Risks

- Once money has been paid into the Junior ISA it is locked in. It can only be taken out by the child when he or she reaches the age of 18. Any payment made into the Junior ISA cannot be returned to the donor.
- In adverse market conditions we may apply a Market Value Reduction. This could mean you get back less 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 Junior ISA may

not receive any annual and/or final bonus.

- The tax rules on Junior ISAs may change and depend on a child's individual circumstances.
- Our deductions may turn out to be higher than expected.
- You should be aware that inflation will affect what the child can buy when they cash in the Junior ISA.

## Your Questions Answered

### What is a Junior Individual Savings Account (Junior ISA)?

A savings account that allows a child to be saved for in a tax efficient manner.

### What are the tax rules that apply?

- Within a tax-efficient Junior ISA you can invest in one or both of the following two forms of savings with any provider.
  - An investment in stocks and shares or as part of a life insurance policy.
  - A cash deposit account.
- The Foresters Friendly Society Junior ISA is an investment into a life insurance policy and is categorised as a Stocks and Shares Junior ISA. This means you cannot invest in the Foresters Friendly Society Junior ISA, if the child already has a Stocks and Shares Junior ISA with another provider.

### Who is The Foresters Friendly Society Junior ISA suitable for?

The Junior ISA is suitable for any child aged under 18.

### Who can open a Junior ISA?

- A Junior ISA can be set up by anyone with parental responsibility for a child who is a UK resident. The person opening the account will be the Account's registered contact until the child turns 16 or the registered contact signs over responsibility to another adult with parental responsibility.
- Only one Stocks and Shares Junior ISA and one Cash Junior ISA can be taken out for each child subject to the annual limit set by the HMRC for Junior ISAs (£4,368 for tax year 2019/2020).
- HMRC rules do not allow the holding of a Child Trust Fund (CTF) and a Junior ISA at the same time. If the named child has a Child Trust Fund, a Junior ISA can only be opened if the CTF is transferred into the Junior ISA.

## Who can invest in a Junior ISA?

- The Junior ISA can only be opened for the child by the parent, guardian or person with parental responsibility for that child.
- Children aged 16 or 17 can open a JISA for themselves.
- Once the Junior ISA is set up, anyone can contribute into a child's Junior ISA, for example parents, grandparents, uncles, aunts.

## Can withdrawals be made from a Junior ISA?

Before the child turns 18 there is no legal right of access to the funds held within the Junior ISA. Therefore any value held within the plan is locked in until the child turns 18.

## What happens to the Junior ISA when the child turns 18?

When a child turns 18 the Junior ISA in their name automatically turns into an adult ISA, the effect of this is that the child has complete control over the funds that were invested in the Junior ISA and is able to control the funds under the normal adult ISA rules. The person who sets up the Junior ISA loses control over it as soon as the child turns 18.

## What happens if the child dies before reaching 18?

100% of the amount paid in contributions plus any annual and/or final bonuses which have been declared at the date of death would be paid into a child's estate if the child were to die before reaching 18. A Market Value Reduction (MVR) would not be applied to the proceeds.

## What happens if the child becomes terminally ill?

If a child is certified as terminally ill by a medical practitioner and in accordance with HMRC rules an application can be made to HMRC to have the funds released from the policy. A MVR would not be applied to the policy.

## What happens if the donor dies before the child reaches 18?

If the donor dies before the child reaches 18 another person can continue paying into the policy.

## Where is the money invested?

Any money you contribute into a Foresters Friendly Society Junior ISA is invested in the Order Insurance Fund. This is a with-profits fund. By spreading the money paid into the fund across a number of different types of investments you benefit from exposure to a range of asset classes. The Society's Board of Directors reviews and approves the asset classes that the Society is permitted to hold in pursuit of its investment strategy, taking recommendations from the Investment Committee. An advantage of this approach is that if the return of any one particular asset type is poor, your 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 a fall in value of one asset class (e.g. shares) may be cushioned by potentially better performance in another asset class (e.g. property).

## What is a Market Value Reduction (MVR)?

This is a deduction we may apply when the policyholder fully cashes in the Junior ISA when they have reached 18 and the Junior ISA has been converted to an adult ISA, or when the Junior ISA is transferred to another provider. Its purpose is to be fair to both plan holders leaving the fund and to those staying by ensuring the cash-in value is not unfairly higher than the market value of the plan's assets and that a fair share is left for the remaining plan holders. The adjustment, if made, will reduce the value of the plan at that time and in some circumstances could mean you get back less than you have paid in. We will never apply an MVR on death.

## How are Bonuses decided?

Depending on how the underlying assets in the fund perform and the costs incurred, at the end of each year we aim to declare an annual bonus. In addition, when you decide to cash in your plan we may add a final bonus depending on the overall investment growth that has been achieved and expenses incurred.

Bonuses are added as a result of the performance of the underlying fund. This is different from a Bank or Building Society account or Cash ISA where your savings can grow as a result of the interest added to your account. Although in some investment conditions the growth in the Foresters Friendly Society Junior ISA might not be as much as that on an interest paying account, investing in this way means there is a potential for growth over and above the level which might be achieved on interest paying accounts.

The addition of bonuses is not guaranteed and therefore it is possible that your Junior ISA might not receive any annual and/or final bonus.

## 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 Junior ISA, or the date the notice is received, whichever is later, in which to change your mind.

- If this was a non-advised sale a full refund of monies will be paid.
- If this was an advised sale where an advisor fee was paid from your investment, all the money invested into the Junior ISA will be returned, excluding any fee which will already have been paid to your financial advisor. You can cancel your Junior ISA by completing and returning the cancellation form to 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 advisor if you have any doubts about the Junior ISA's suitability. You may have to pay a fee for this advice.

### Tax

The tax treatment of the proceeds received from this Junior ISA is determined by the rules governing the operation of all Junior ISAs. These rules and tax legislation may change in the future. The money invested in this Junior ISA is currently invested in a tax exempt fund, although dividends earned on equities within the fund will have been taxed at source and that tax cannot be reclaimed.

### 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 Junior ISAs.
- 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 Regulatory 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 invest in their tomorrow, today

## 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/JISA](http://www.forestersfriendlysociety.co.uk/JISA)**

**Email: [memberservices@forestersfriendlysociety.co.uk](mailto: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).