

The Financial Conduct Authority and the Prudential Regulation Authority are the independent financial services regulators. They requires us, The Red Rose Friendly Society Ltd., to give you this important information to help you to decide whether our Child Trust Fund Account 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.

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## Key Features of The Red Rose Friendly Society Ltd Child Trust Fund Account



This document explains the key features of the **Child Trust Fund Account**. Please read it carefully, and keep it in a safe place. You may want to refer to it in the future.

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### Its aims

- To assist parents in teaching their children about savings and investments and ensure that, when the child reaches the age of 18 years he/she has a lump sum investment available for entry to adult life.
- To provide a tax-efficient way to invest to achieve this lump sum through the government's Child Trust Fund Scheme. (CTF).

### Your commitment

- To use the voucher sent to you by the government to open a Child's Trust Fund account you should contact Red Rose Friendly Society as early as possible to ensure that your child's voucher starts to earn money immediately.
- You, or someone else who has parental responsibility for your child, must agree to become the "Registered Contact". The Registered Contact will be the person who makes all of the decision about the account until the child reaches the age of 16. At this age the child can make his/her own decision but the account cannot be closed (except for special reasons) until the child reaches the age of 18 years.
- You, or any other person such as a relative or friend, can make additional payments into the account and this would help the fund to increase.

### Risks

- The value of the child trust fund is not guaranteed and can move up or down during the period as we have no control over the stock market performance.
- At 18 the child could get back less than had been paid in
- The child cannot withdraw the money until he/she reaches the age of 18
- The tax rules which at present apply to the child trust fund account and its investments could change depending on government legislation.

## Terms & Conditions of the Red Rose Friendly Society's Child Trust Fund.

### 1. Setting up a Child Trust Fund Account (CTF)

The Red Rose Friendly Society Limited. Parkgates, 52a Preston New Road, Blackburn, Lancashire BB2 6AH.

Tel 01254 222702. Fax 01254 222705

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Established 1863. Incorporated under The Friendly Societies Act 1992. Reg No 43 Coll

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- An application to set up a CTF must be made on an application form.
- Your child's CTF will be managed in accordance with your instructions on that form.
- These Terms & Conditions come into force on the day we receive, accept and validate that form.
- As soon as the account has been opened you will be sent a receipt and you can then make other payments, if you wish into the account.

## 2. Account Manager

- Red Rose Friendly Society will appoint a person to advise on or perform any of its functions or responsibilities under these terms and conditions and will provide information about you and the CTF account. Red Rose Friendly Society will ensure that any person to whom it delegates any of its functions or responsibilities under the terms agreed with you is competent to carry out those functions and responsibilities.
- Your child's Trust Fund Account will meet the voluntary stakeholder standards published by HM Treasury. A copy of these standards is available on request.

## 3. Subscriptions

- You, your relatives and friends, and the child may subscribe a maximum amount of £9,000 in the current tax year in your child's CTF account.
- The minimum subscription is £10 and these additional payments can be made by Direct Debit, Standing Order, Cheque, Postal Order or in cash. If you are paying by Direct Debit or Standing Order you can choose the date you wish us to collect the subscription. To avoid the possibility of you breaching the annual limit we will only collect Direct Debits up to this amount in any one year. If we received more than the annual limit in any one year by any payment method the money will be returned to you as we will not be able to accept it.
- You should inform us immediately if you wish to change the amounts collected by Direct Debit or inform us and your bank immediately of any changes to Standing Orders.
- Any money paid in your Child's Trust Fund account is treated as a gift and the payer loses all rights to that money. There is no contractual obligation on anyone to pay additional money into a CTF.

## Ownership of the Account.

- The Child Trust Fund shall be in the beneficial ownership of the child.
- The title to the CTF investments will be registered in the name of the Red Rose Friendly Society Limited.
- The CTF cannot be transferred to another person or persons.

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## Taxes and Other Special Circumstances.

Red Rose Friendly Society Limited, acting on the advice of its Actuary, will make any deductions from these funds to cover any actual or potential liability to any tax or levy which the Actuary considers relevant. The Actuary will determine the amounts of these levies or taxes.

## Access to the Account.

Only the child will have access to the account and he/she cannot make any withdrawals from that account until he/she has reached the age of 18. As soon as the child reaches the age of 18 the CTF will mature and will lose its tax-free status.

If unfortunately your child becomes terminally ill you may be able to use this account for the benefit of the child. For permission to do so you should The Child Tax Credit Department

## Void accounts.

- Red Rose Friendly Society Limited will immediately contact you, the Registered Contact, if they believe for any reasons the provisions of the CTF regulations have been breached and the CTF has or shall become void.
- If you have inadvertently breached the CTF Regulations you should contact HMRC immediately for their advice.
- Where a CTF account has breached the regulations the Registered Contract may lose their rights to tax credits.

## Transfer out

- We will transfer, without charge, the CTF to another CTF provider at your written request. You will not lose the tax free status under present legislation but you must transfer the whole account.
- If you do decide to transfer the CTF to another provider, we will sell the investment and pay the proceeds to the new provider. We cannot pay the proceeds to you.

## Transfer in

You may transfer a CTF, held with another provider to us. We can only accept such transfers in the form of payment by Cheque from the previous CTF provider. You will then have 30 days from the date we receive the completed Transfer Form to change your mind and cancel the transfer. On the 31<sup>st</sup> day after the day of receipt of your transfer form we will process the transfer and your CTF will then be held by this Society.

## Liability

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Red Rose Friendly Society Limited shall not be liable for any losses suffered by you through a fall in the value of investments held within the CTF arising from the exercise by Red Rose Friendly Society of its discretion in managing the investment or from changes in market conditions.

## Changes to the CTF Regulations

These Terms & Conditions may be altered where any changes in law, regulatory requirements or taxation affect your CTF or the Society. This also applies if there are any other changes in circumstances which, in our opinion make it impossible or impractical to carry out one or more of these Terms & Conditions. In this case the Society may make reasonable amendments to these Terms & Conditions as it considers appropriate. Any such change would be notified to you in writing at least one month before the change became effective.

## Money Laundering

Under the current Money Laundering Legislation and other statutory and regulatory requirements, the Society is required to obtain proof of identity of any person opening a CTF or wish to take out a life or investment contract. You may therefore be requested to supply proof of identity documents as evidence of your identity and residence.

## Best Execution

We will arrange for our Fund Manager to buy and sell units/shares at his discretion.

## Authorised Provider

Red Rose Friendly Society is a Friendly Society incorporated under the 1992 Friendly Societies Act. The registered office is Parkgates, 52a Preston New Road, Blackburn BB2 6AH

## Client's Money.

All monies received from clients for investing in the CTF will be held on deposit at the Royal Bank of Scotland in a client's account until they are invested.

## Conflict Of Interest

Should any of our employees have an interest, relationship or arrangement that is material in relation to the investment contract or service concerned they are required to comply with a policy of independence and disregard any such interest when making recommendations to you.

## Child Trust Fund Accounts Explained

### Stakeholder

This type of CTF account is designed for inexperienced investors so it must meet certain government requirements including.

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- i. Investment must be diversified, such as a Stock Market Index Tracker.
- ii. The CTF account manager can't require the minimum single contribution to be more than £10.
- iii. The CTF account manager can't charge more than 1.5% of the account's value each year.
- iv. The CTF account manager can't require the minimum single contribution to be more than £10.

## Maturity of your Child Trust Fund

In accordance with our regulator's instructions (the Financial Conduct Authority) we are required to give you examples of your money growing at different rates. The figures shown are not guaranteed but do take our charges into account. We believe that these are realistic growth rates but you should remember that your child could get back more or less than the figures shown. Inflation will affect what you could buy with this money

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Type of payment.	What your child could get back at age 18 if the investment grew at :		
	5% (Low)	7% (Middle)	9% (High)
Government contribution of £250 at birth and aged 7	£821	£1,090	£1,440
Government contributions of £250 at birth and aged 7, plus voluntary regular payments of £50 per month	£15,700	£19,100	£23,400

Our charges of 1.5%	Effect of deduction for charges on a growth rate of 7%		
	Government contributions at outset and age 7		
At end of year	Investment to date	Effect of deductions to date	What the value of the account may be
1	£250	£3	£263
3	£250	£13	£292
5	£250	£25	£325
10	£500	£81	£716
15	£500	£187	£931
18	£500	£279	£1,090

Our charges of 1.5%	Effect of deduction for charges on a growth rate of 7%		
	Government contributions of £250 at outset and age 7 plus voluntary payments of £50 per month		
At end of year	Investment to date	Effect of deductions to date	What the value of the account may be
1	£850	£9	£880
3	£2,050	£60	£2,240
5	£3,250	£165	£3,760
10	£6,500	£767	£8,630
15	£9,500	£2,000	£16,600
18	£11,300	£3,400	£19,100

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## Tax

There is no income tax or capital gains tax for you or your child to pay on any growth in the value of your Child's Trust Fund. The investment fund may have already paid tax on dividends earned by the shares and this cannot be reclaimed. Future government legislation may change the way in which tax is treated however. At the present time your child will not pay any tax on the amount he/she receives at the age of 18.

## Cost of advice

The Society does not pay any commission to our own advisors or to Independent Financial Advisors for new business relating to the Child Trust Fund. The annual 1.5% charge on all investments in the Child Trust Fund is to cover the cost of administering the fund and investment charges.

## Maturity of CTF

In the month before your child's 18<sup>th</sup> birthday we will send him/her information on what options are available to him/her. We will also ask him/her to provide evidence of identity. They do not need to withdraw their money straight away.

## Compensation

We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations you child may be entitled to compensation under the scheme. For further information telephone 020 7892 7300

## Complaints

If you are not happy about something, please tell us immediately so that we can try to sort out the problem for you. The contact details are

Complaints and Compliance Officer,  
Red Rose Friendly Society Limited,  
Parkgates,  
52a Preston New Road, Blackburn. Lancashire, BB2 6AH

If you are not satisfied with our final response you can then take your complaint to:

The Financial Ombudsman Service  
Exchange tower  
London E14 9SR.

A copy of our complaints procedure is available on request.

## Law

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The Child Trust Fund is governed by the Law of England and a court in England or Wales will decide on any dispute

## Data Protection Act

Under the Data Protection Act, you have the right to ask to see any personal information that we may hold about you, and to have any mistakes in this information corrected. You can do this by writing to the data protection officer at our head office. There may be a charge for this.

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