

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



This document explains the key features of the **Individual Savings 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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### Our ISA aims to:

- provide an increase over the medium to long term (5 years plus) to the value of the money you have invested with us by the addition of yearly and final bonuses from the fund
- provide the proceeds of the investment free of Income and Capital Gains Tax under current ISA Rules
- provide you with an accessible tax efficient investment from which you can take withdrawals

### Your investment

You can invest up to £20,000 for the 2017/18 tax year. Although the plan has no fixed term it should be considered as a medium (5 years plus) to long-term investment.

Your circumstances may change forcing you to withdraw the investment early, which may mean that you get back less than you expected.

If you want to stop or withdraw from the ISA you must inform us.

### Risks

The value of your ISA depends on the future performance of the investments held in the fund and the bonuses we distribute from any profits arising from these investments.

HM Revenue and Customs may change the tax status of an ISA in the future.

If you make regular withdrawals from the ISA at a higher level than the bonuses we have added then you will erode the value of your investment. You should also be aware that inflation may have an effect on the purchasing value of your investment in the future.

We may apply a Market Value Reduction (MVR) when you withdraw your investment in poor investment conditions, and this could mean that you get back less than you have paid in.

### Questions and Answers

#### What is the Red Rose ISA?

An Individual Savings Account (ISA) is a tax-efficient way in which you can save without having to pay any income tax. The Red Rose ISA is a Stocks and Shares ISA.

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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## Who can have an ISA?

Anyone over the age of 18 can open a Red Rose Stocks and Shares ISA provided you live in the UK and are ordinarily resident here for tax purposes.

Warning: A Stocks and Shares ISA carries a higher risk than a bank or building society Cash ISA.

An ISA can only be held in the name of one person. Joint ISAs are not permitted. You cannot save on behalf of a company, club, charity etc.

## How much can I invest?

The ISA allowance for 2017/18 tax year is £20,000. You may invest this in a Stocks and Shares ISA. You can only have one Stocks and Shares ISA per tax year with one provider.

OR

You are permitted to invest up to £20,000 into a Cash ISA with another provider, but you could only then invest the balance of the overall £20,000 limit into a Stocks and Shares ISA.

OR

You can transfer an existing ISA.

## How do I transfer an existing ISA to the Red Rose ISA?

To transfer an existing ISA to us from another company simply complete a transfer form. We will then contact the existing company and write to you when we have received the money. The transfer may take up to 30 days.

Warning: You should not withdraw the money yourself, as an ISA registered company must perform the transfer in order to maintain the tax benefit.

If you wish to transfer the ISA away from Red Rose to another company please ask them to request the transfer.

## How will my investment grow?

We will invest your money in our With Profit Fund, which holds a mix of assets including stocks and shares, property, gilts, bonds and cash. The market values of these assets move up and down over time but such movements are outside our control. These movements may affect how much we add to investments as bonuses.

The aim of the fund is to provide customers with steady investment growth over the full savings period of their investment. To do this we keep back some of the investment returns we make in good years so that we can pass them on in years when performance is not so good.

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We add the returns as a yearly bonus. When you decide to end your plan, we may pay a final bonus depending on how the fund has performed.

## What might the benefits be after 5 and 10 years?

An example of £5,000 invested
If the investment grew at 2% a year the value after 5 years would be £5,120 and after 10 years would be £5,250
If the investment grew at 5% a year the value after 5 years would be £5,930 and after 10 years would be £7,050
If the investment grew at 8% a year the value after 5 years would be £6,850 and after 10 years would be £9,380

## Will my investments work out exactly as in the example?

The example we have provided is only an illustration of what your investment may be worth. What you will actually get back depends upon how our investments perform.

You could get back more or less than this.

Do not forget that inflation could reduce what you could buy in the future.

## What happens if I die?

Should you die whilst your ISA is still invested then a death benefit will be paid to your estate. The amount payable will be 100% of your initial investment plus all yearly bonuses we have added and any final bonus we may pay, subject to a minimum payment of 101% of your initial investment. We will deduct the amount of any withdrawals you have taken from this total.

## How will I be kept informed about my ISA?

Each year you will receive a statement showing the amount and value of any bonus payments, withdrawals and the total value of your ISA.

## How do I cash in or withdraw money from my ISA?

You have access to your ISA at any time. The minimum amount you can withdraw at any one time is £100. There are no fixed penalties applied to a withdrawal but we may apply a market value reduction (please see section 'What is a Market Value Reduction' (MVR)).

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Please note that if you withdraw some money from an ISA invested in the current tax year you will still only be allowed to invest up to the limit of £20,000 regardless of the amount withdrawn.

You can phone 01254 222702, write to us, or email us at [info@redroseassurance.co.uk](mailto:info@redroseassurance.co.uk) - and we will send you a form for you to complete. As soon as we have received your form we will arrange for the money to be sent to you.

## How will charges affect my investment and what are the deductions?

We deduct charges from your investment to cover our expenses associated with administering and managing your investment.

We currently charge an annual fee of 1.5% of the value of your plan to cover our on-going management costs.

The figures below assume the investment will grow at 5.0% a year.

At End of Year	Total Paid in to Date	Effect of deductions to date	What you might get back
1	£5000	£75	£5170
2	£5000	£156	£5350
3	£5000	£244	£5540
4	£5000	£339	£5730
5	£5000	£442	£5930
10	£5000	£1090	£7050

The last line of the table above shows that over the term illustrated the effect of the deductions could amount to £1090. Putting it another way, this would have the same effect as bringing the investment growth from 5.0% a year down to 3.5% a year.

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

If our investment returns have been low we may use a Market Value Reduction to make sure you do not leave the fund with more than your fair share of its assets. This is to protect plan holders who still have money in the

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fund, but it may mean that you receive less than you expected. We would not use a market value reduction if you died.

## What if I want to change my mind about opening my ISA?

From the date you open your account you have 30 days in which to cancel your plan and your money will be returned. If you cancel within the 30 days, you will be treated as though you had not used your ISA allowance and would be able to subscribe to another ISA in the current tax year. If you cancel your ISA after the 30 days under ISA rules you will be treated as though you have subscribed to a Stocks and Shares ISA and will therefore not be able to have another one in the current tax year. You would be allowed to open a Cash ISA with any unused allowance.

## How much will the advice cost?

We do not give advice on our products. If you do need advice you should consult an Independent Financial Advisor and agree a fee with him. If you open an ISA online we will waive the initial 5% charge and only charge you the 1.5% annual administration fee.

## Where can I find out more?

Before your plan starts we will send you the full terms and conditions. These explain how the plan works. If you would like to see these terms and conditions please contact us:

**Phone:** 01254 222702  
**Fax:** 01254 222705  
**Email:** [info@redroseassurance.co.uk](mailto:info@redroseassurance.co.uk)  
**Web:** [www.redroseassurance.co.uk](http://www.redroseassurance.co.uk)

## More information Claims

To make a claim please contact us by phone on 01254 222702 and ask for the Claims Department. They will explain the claims process and send out a claim form.

## Cancellation Rights

After we accept your application, we will send you a notice of your right to cancel. You will then have 30 days to change your mind and leave the plan.

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## Complaints

If you wish to make a complaint please contact:

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

If we do not deal with your complaint to your satisfaction, you can complain to the:

Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR  
Phone: 0845 080 1800

Making a complaint will not affect your right to take legal action.

## The Financial Services Compensation Scheme

We are covered by the Financial Services Compensation Scheme (FSCS), which means you may be entitled to compensation under the terms of the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. For long term plans such as this the scheme covers 90% of the claim with no upper limit.

Further information about the scheme is available from the:

Financial Services Compensation Scheme  
10<sup>th</sup> Floor Beaufort House  
15 Saint Botolph Street  
London  
E1 8BN

## Financial crime

We will take measures to protect members against financial crime. We will need proof of identity on application or claim and if required we may gather this proof by electronic means, for example checking electoral registers.

## Tax

Any information we have provided in this leaflet about taxes in the UK is based on our understanding of current laws and HM Revenue and Customs practice which may change in the future.

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## 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.

## Legal

The plan is governed by the laws of England and Wales.

The head office and registered office of The Red Rose Friendly Society is based in the United Kingdom.

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