

keyfacts®



Terms and  
Conditions  
of the  
With profits  
Junior ISA



These are the full Terms and Conditions of the Healthy Investment With profits stocks and shares Junior ISA. It is an important document which you should keep with your Policy Document. It should be read in conjunction with the Key Features Document, which provides just a brief overview of the product, the personal illustration and 'A guide to how we manage our With profits business'.

We have made every effort to write these Terms and Conditions in plain English however, if you have any questions please contact this office and we will be able to help you.

## **1. Healthy Investment**

- 1.1 Healthy Investment is the trading name of The Rechabite Friendly Society Limited.
- 1.2 The organisation is an incorporated Society within the meaning of the Friendly Societies Act 1992 and is registered in the UK.
- 1.3 We are authorised and regulated by the Financial Services Authority (FSA). Our FSA registration number is 109994 and you can confirm this with the FSA by visiting their website [www.fsa.gov.uk](http://www.fsa.gov.uk) or by telephoning them on 020 7066 1000.
- 1.4 Healthy Investment is a mutual organisation which means that all members have a say in the way that the organisation is run. Through having this policy the child becomes a member of the Society. All adult members, over the age of 18, receive an invitation to our AGM and are entitled to vote on various issues, including the appointment of Directors. As a Friendly Society we have a rulebook which sets out the way we are governed. You can request a copy of the rulebook at any time or download one from our website [www.healthyinvestment.co.uk](http://www.healthyinvestment.co.uk).
- 1.5 When the Society was formed in 1835 we only allowed members to join who signed a pledge to abstain from alcohol. Whilst we now allow anyone to join we still ask all our new adult members to sign, as part of their application, that they either drink alcohol moderately or abstain altogether. We also support a number of charitable initiatives that promote healthy living.

## **2. The contract with Us**

- 2.1 By signing the application form you enter into a formal legal contract with Healthy Investment.
- 2.2 An application to open a Junior ISA can only be made by the person with parental responsibility for the child, who becomes the registered contact, or by the child themselves if they are 16 and over.
- 2.3 In certain circumstances or with the permission of the existing registered contact it is possible to change registered contacts. Please contact us for further details.
- 2.4 You must ensure that all the information on your application form is correct. If it is not we may not be able to accept your contract in the first place or it may become void in the event of a claim.
- 2.5 In the case of legal disputes the law of England and Wales will apply.
- 2.6 Nothing in these conditions will reduce your statutory rights. For further information about your statutory rights contact your local authority's trading standards department or a Citizens Advice Bureau.
- 2.7 Subject to the FSA's rules we may vary these Terms and Conditions at any time by giving you 90 days written notice together with an explanation of the proposed changes. A valid reason might be to reflect any changes in taxation, insurance or other law affecting our obligations under it.
- 2.8 If you have any doubts whether the investment is right for you or your needs you should seek independent financial advice.

## **3. Length of contract and age restrictions**

- 3.1 Junior ISAs are only available to children and young people who do not have Child Trust Funds.
- 3.2 They can be opened for children born on or after 3 January 2011 and for children born before 1 September 2002.
- 3.3 When the child reaches the age of 18 the investment will automatically become an 'adult' ISA investment and they will then be able to access the funds.
- 3.4 When the child reaches the age of 16 they are able to become the registered contact themselves and take control of the account.

#### **4. Paying your premium**

- 4.1 Anyone can make contributions to a Junior ISA.
- 4.2 Single premium investments can be made by cheque or bank transfer.
- 4.3 Regular premiums can be paid by cheque, bank transfer or direct debit.
- 4.4 To make investments by internet/telephone bank transfer please contact us for our account details.
- 4.5 All premiums invested in a Junior ISA are a gift to the child. The child will be the beneficial owner of the investments held in the Junior ISA. The premium payer has no right to their return (after the cancellation period) or any benefit from the investment.

#### **5. Minimum and maximum investments**

- 5.1 By law every eligible child can only have 1 Junior cash ISA and 1 Junior stocks and shares ISA.
- 5.2 The minimum investment in Healthy Investments Junior ISA is £10.
- 5.3 Due to the tax advantages of investing in a Junior ISA the government limits the amount that can be invested each year in a Junior ISA.
- 5.4 This annual limit increases every year in line with the Consumer Prices Index.
- 5.5 For details of the current limit please contact this office.
- 5.6 Whilst a child can also have a cash Junior ISA with another provider the total that can be invested in both added together cannot exceed the annual limit.

#### **6. Cancelling your policy**

- 6.1 After your application is accepted you will receive a notice from us explaining your right to cancel the policy. You then have 30 days in which to change your mind. If you cancel your policy within this 30 day period you will receive a full unconditional refund of any money invested.
- 6.2 After this 30 day period you will not be able to access your child's money although you may cancel your policy with us by transferring it to a Junior ISA with another provider.
- 6.3 You can ask us at any time what the value of the ISA is.

#### **7. Cashing in the policy**

- 7.1 The policy can not be cashed in or withdrawals made from it until after the child reaches the age of 18, except in cases of the child's death or terminal illness.
- 7.2 When the child cashes in the policy the amount they will receive will be the initial investment plus any subsequent investments plus the regular bonuses we have added plus any final bonus that might be payable. This amount might then be reduced by any early surrender penalty, see section 9 and any Market Value Reduction (MVR) that we apply, see section 8.
- 7.3 The level of final bonus can be changed or withdrawn at any time.
- 7.4 After 18 the child can also take out part of the money from their ISA, subject to a minimum single withdrawal amount of £50.
- 7.5 They can also arrange to have a regular income (monthly, quarterly or annually) paid to them. The minimum regular payment is £50. If our bonus rate is less than the percent they withdraw their capital will be eroded. Regular withdrawals made within the first 3 years will be subject to an early surrender penalty, see section 9.
- 7.6 The child must leave a minimum of £50 invested in the ISA.
- 7.7 Remember that inflation may reduce what the proceeds of the ISA may buy in the future.

#### **8. What is a Market Value Reduction?**

- 8.1 If the child cashes in all or part of the ISA or you transfer the Junior ISA we may apply an MVR to the investment. This will reduce the amount of money the child receives back and may mean that they get back less than invested, especially in the early years.
- 8.2 The MVR is designed to ensure that the amount the child receives is fair and reflects the value of the actual investments that make up their share of the With profits Fund.
- 8.3 MVRs also ensure that members leaving their investment in the fund are not disadvantaged by those withdrawing.
- 8.4 An MVR might be applied if there is a fall in the value of the investments we have invested in.

- 8.5 If the policy is cashed in on or transferred on the child's 18th birthday, and the investments have been held for over 5 years, we guarantee that we will not apply an MVR. This means that they are guaranteed to receive all of the initial investments plus all the bonuses that have been added, if the policy is cashed in on the child's 18th birthday and any subsequent 5th anniversary of it becoming an adult ISA. If the investment is less than 3 years old then an early surrender penalty will apply.
- 8.6 If the individual investment has been made for less than 5 years when the child reaches 18 the first MVR free guarantee will apply on the 5th anniversary of the investment and every 5th anniversary thereafter.
- 8.7 MVRs are never applied on payouts on death or terminal illness.

## 9. What are the surrender penalties?

- 9.1 If, when they are over 18, the child cashes in all or part of the ISA, or if they or the registered contact transfers the ISA in the first three years of the investment, an early surrender penalty will be applied. This will reduce the amount they receive.
- 9.2 The early surrender penalty is a percentage of the amount withdrawn or transferred at the following rates:
- |        |    |
|--------|----|
| Year 1 | 3% |
| Year 2 | 2% |
| Year 3 | 1% |
- 9.3 After the ISA investment has been invested over three full years there are no early surrender penalties if the child cashes in all or part of their ISA, or it is transferred.

## 10. Can I transfer money into or out of this ISA?

- 10.1 Transfers to another provider will depend on the new ISA Manager and their Terms and Conditions.
- 10.2 Transfers to another provider within the first three years will be subject to an early surrender penalty.
- 10.3 A request to transfer a Junior ISA to another provider can only be made by the registered contact or by the child themselves if they are over 16.
- 10.4 We accept transfers from other ISA providers but this will depend on the old ISA provider and the ISA being eligible.

## 11. Life assurance

- 11.1 Whilst primarily an investment this policy includes life assurance, which means that should the policyholder die an amount will become payable, in this case to the child's estate.
- 11.2 This amount will be the greater of 101% of the initial investment and regular bonuses or the fund value plus any final bonuses that may be payable at the date of death.
- 11.3 Life assurance cover commences on acceptance of the investment.
- 11.4 Once the policy has paid out a lump sum on death it would end and would have no further value.
- 11.5 If the child is diagnosed with a terminal illness the registered contact may be able to access the funds in the Junior ISA for the benefit of the child.
- 11.6 In the event of terminal illness the amount payable will be the greater of 101% of the initial investment and regular bonuses or the fund value plus any final bonuses that may be payable at the date of withdrawal.
- 11.7 Terminally ill has the meaning as defined in section 66(2) (a) of the Social Security Contributions and Benefits Act 1992.

## 12. Bonuses

- 12.1 This ISA is a traditional With profits investment. This means that the investment grows through the bonuses which are added to the initial investment.
- 12.2 There are two different types of bonuses; regular, or reversionary bonuses and final or terminal bonuses, to give them their correct names.
- 12.3 All the various monies that are invested within Healthy Investment's With profits policies are pooled together into one fund which is then invested in a number of different ways; stocks and shares, property, government and corporate bonds and bank deposits.
- 12.4 At the end of every year this With profits Fund is valued and a bonus rate is agreed.
- 12.5 It is the responsibility of the Society's Board, after taking professional advice from our With Profits Actuary, to agree the level of bonus rate.
- 12.6 The level of bonus depends on investment performance, expenses and our solvency margin over the last year as well as the Board's expectations of future performance.
- 12.7 When a regular bonus has been added to the policy it can never be taken away.

- 12.8 We will write to the registered contact every year to tell them the level of bonus that has been added to the policy.
- 12.9 The bonus is calculated each year on the fund value of your investment.
- 12.10 The rate of bonus can change every year and could be nil.
- 12.11 An additional final bonus may also be added on transfer, cashing in or in the event of a death or terminal illness claim, in order to increase the payout and ensure that the amount of the payment is fair. The rate of terminal bonus can be changed or withdrawn at any time.
- 12.12 Healthy Investment has written a guide to how we manage our With profits business and how we calculate our bonuses. This is called our Principles and Practices of Financial Management (PPFM). We have also produced a customer friendly version of it called 'A guide to how we manage our With profits business'. You can get a copy of these from our website or from our offices.

### **13. Charges**

- 13.1 All the charges we make are reflected in the annual bonus that we apply to your policy.
- 13.2 The charges we make include the cost of setting up and running the policy, administration, investment management and any commission paid to an adviser or introducer as well as a contribution to the overheads of the Society.
- 13.3 Part of the charges we deduct from your bonus is used to pay for the cost of life cover which is automatically included in your policy.
- 13.4 Healthy Investment is a mutual insurer and its members who have With profits policies share in the profits and losses of the Society. The Board will try to smooth the effect of profits and losses on bonuses. Please see the documents referred to in 12.12 if you want a full explanation of how this will be deducted.
- 13.5 At present we aim to deduct 1.65% of the fund value from your bonus each year to cover our charges. As this is a With profits policy this charge can be reduced or increased by the Board dependent upon the actual costs incurred by the Society.

### **14. Tax**

- 14.1 When the child cashes in their ISA they will not have a tax liability on the proceeds.
- 14.2 When the plan is paid out on death the value of the policy is paid out free of all UK income and capital gains tax.

- 14.3 At present, no tax will be deducted from the investment return made in the fund when determining the bonus other than overseas with-holding tax.
- 14.4 There is a possibility that these tax rules may be changed in the future by HM Revenue & Customs.
- 14.5 If you are in any doubt about the tax implications of taking this policy we recommend that you seek professional tax advice.

### **15. Ethical Investment**

- 15.1 Healthy Investment strives to be ethical in all its business dealings.
- 15.2 In respect of this policy we will not knowingly invest your money directly in companies in the arms, tobacco or alcohol industries.

### **16. Data Protection**

- 16.1 The information you provide us with will be held by Healthy Investment.
- 16.2 It will be used for setting up and administering your policy. This may include use of credit reference agencies used to establish your identity in accordance with anti money laundering rules.
- 16.3 We may be required by law to disclose information regarding you or your policy to the regulatory authorities.
- 16.4 If you have arranged this policy through a financial adviser we will continue to share information with them to enable them to give you advice, until you tell us otherwise.
- 16.5 We will not share your information with other third parties for marketing purposes.
- 16.6 The Society may contact you in the future by adviser, post, email or telephone regarding your investment, financial and insurance needs. If you do not wish to receive this information then please notify us.

### **17. Complaints**

- 17.1 Whilst we make every effort to provide quality products and service we recognise that on occasion things do go wrong.
- 17.2 If for any reason you are not satisfied you should contact us, see section 20 and we will try our best to sort out your problem.

17.3 We have a formal complaints procedure and you can have a copy of this whenever you want simply by contacting us.

17.4 If we do not deal with your complaint to your satisfaction you may refer your complaint to the Financial Ombudsman Service. Their address and contact details are:

**Financial Ombudsman Service**

**South Quay Plaza**

**183 Marsh Wall**

**London**

**E14 9SR**

**Telephone: 0845 080 1800**

**Web: [financial-ombudsman.org.uk](http://financial-ombudsman.org.uk)**

17.5 Making a complaint will not prejudice your right to take legal proceedings.

**18. Compensation**

18.1 The Society is covered by the Financial Services Compensation Scheme (FSCS).

18.2 The scheme guarantees 90% of all your benefits with the Society in the very unlikely event that the Society is unable to meet its commitments.

18.3 The rules of the FSCS and whether the FSCS exists at all may be changed in the future by government.

18.4 Further information is available from us for the FSCS.

**Financial Services Compensation Scheme**

**7th Floor**

**Lloyds Chambers**

**Portsoken Street**

**London**

**E1 8BN**

**Telephone: 020 7892 7300**

**Web: [fscs.org.uk](http://fscs.org.uk)**

**19. Client Categorisation**

19.1 As a member of the society we must assign a client classification to you. The available classifications are retail client, professional client and eligible counterparty. We have classified you as a retail client which gives you the highest level of protection under current legislation.

**20. Contact us**

20.1 There are a number of ways in which you can contact us:

**Healthy Investment**

**2 The Old Court House**

**Tenterden Street**

**Bury**

**BL9 0AL**

**Telephone: 0161 762 5790**

**Fax: 0161 764 3557**

**Email: [enquiries@healthyinvestment.co.uk](mailto:enquiries@healthyinvestment.co.uk)**

**Web: [healthyinvestment.co.uk](http://healthyinvestment.co.uk)**

20.2 Our office is open Monday to Friday from 9am until 5pm. An answer phone is available outside of these hours.



***“ethical savings and investments”***

2 The Old Court House, Tenterden Street, Bury, BL9 0AL  
Tel: 0161 762 5790 Fax: 0161 764 3557  
Email: [enquiries@healthyinvestment.co.uk](mailto:enquiries@healthyinvestment.co.uk)

[www.healthyinvestment.co.uk](http://www.healthyinvestment.co.uk)

Healthy Investment is the trading name of The Rechabite Friendly Society Limited and is an incorporated Society within the meaning of the Friendly Societies Act 1992.  
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