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Terms and Conditions of the Single Premium Stocks and Shares ISA



Invest for your future

These are the full Terms and Conditions of the Healthy Investment With profits Single Premium Stocks and Shares 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 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 you become a member of the Society. All adult members 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.
- 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 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 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.
- 2.3 In the case of legal disputes the law of England and Wales will apply.
- 2.4 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.
- 2.5 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.
- 2.6 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 This is an adult contract. Only UK residents 18 or over can have one.
- 3.2 There is no maximum age for taking out a Single Premium Stocks and Shares ISA.
- 3.3 The contract is open ended which means there is no minimum or maximum term.

4. Paying your single premium

- 4.1 You can pay your single premium investment by cheque.
- 4.2 To comply with UK money laundering regulations the account holder from which the cheque is paid must be the same person as the applicant.

5. Minimum and maximum investments

- 5.1 The minimum initial investment is £500.
- 5.2 The minimum subsequent investment is £200.
- 5.3 Due to the tax advantages of investing in an ISA the government limits the amount you can invest each year in an 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 In each tax year you can only invest in a stocks and shares ISA with any one provider.
- 5.7 Whilst you can also have a cash ISA with another provider the total you can save in both added together cannot exceed the annual limit.
- 5.8 Once the policy has been taken out you cannot change the amount of the investment, it is fixed. You can however take an additional policy with us.
- 5.9 Transfers in from other ISA providers are accepted subject to the ISA being eligible and a maximum transfer value of £500,000.

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 you invested.
- 6.2 You may cancel your policy at anytime, although if you do you may get less back than you have paid in.
- 6.3 You can not sell on or trade this policy.
- 6.4 If you want to cancel your policy you must write to us enclosing your policy document.
- 6.5 You can ask us at any time what you would receive if you cancelled the policy. This is called a surrender value.

7. Cashing in your policy

- 7.1 The policy may be fully cashed in at any time.
- 7.2 When you cash in the policy the amount you receive will be your initial investment plus any regular bonuses we have added plus any final bonus that might be payable. This amount might then be reduced by any Market Value Reduction (MVR) that we apply, see section 8 and any early surrender penalty, see section 9.

- 7.3 The level of final bonus can change at any time and can be withdrawn.
- 7.4 You can also take out part of the money from your ISA, subject to a minimum one off withdrawal of £500. You must leave a minimum of £500 invested in the ISA.
- 7.5 You can arrange to have a regular income (monthly, quarterly or annually) paid to you, providing your initial investment was £5000. The minimum regular payment is £50 and you must leave at least £500 invested in the ISA. If our bonus rate is less than the percent you withdraw your 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 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 you cash in all or part of your ISA we may apply a MVR to your investment. This will reduce the amount of money you receive back and may mean that you get back less than you invested, especially in the early years.
- 8.2 The MVR is designed to ensure that the amount you receive is fair and reflects the value of the actual investments that make up your 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 stocks and shares we have invested in.
- 8.5 If the policy is cashed in on its 10th anniversary or any 5th anniversary after that we guarantee that a MVR will not be applied to your withdrawal.
- 8.6 MVRs are never applied on death.

9. What are the surrender penalties?

- 9.1 If you cash in all or part in the first three years of your investment an early surrender penalty will be applied. This will reduce the amount you receive.
- 9.2 The early surrender penalty is a percentage of the amount you withdraw at the following rates:

Year 1 3%

Year 2 2%

Year 3 1%

- 9.3 After your ISA investment has been invested over three full years there are no early surrender penalties if you cash in all or part of your ISA.

10. Can I transfer money in to 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 Under normal circumstances we will be able to accept transfers into our ISA. Within the rules for ISAs, you can transfer from one Stocks and Shares ISA to another and from a Cash ISA to a Stocks and Shares ISA but you cannot transfer from Stocks and Shares ISAs to Cash ISAs.
- 10.4 We accept transfers from other ISA providers but this will depend on the old ISA provider and the ISA being eligible and subject to the maximum transfer value of £500,000.

11. Life assurance

- 11.1 Whilst primarily a single premium investment this policy includes life assurance, which means that should the policyholder die an amount will become payable, in this case to your 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, subject to section 12.10.
- 11.3 Life assurance cover commences on acceptance of the investment.
- 11.4 Once the plan has paid out a lump sum on death it would end and would have no further value.

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 your 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 company 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 your policy it can never be taken away.
- 12.8 We will write to you every year to tell you the level of bonus that has been added to your policy.
- 12.9 The bonus is calculated each year on the fund value.
- 12.10 An additional final bonus may also be added on cashing in or in the event of a death 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 at any time or can be withdrawn.
- 12.11 Healthy Investment has written a guide to how we manage our With profits business and how we calculate our bonuses. This is called our Principle 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 Part of your investment is used to pay for the cost of the life cover which is automatically included in your policy.
- 13.2 Our additional costs are deducted from the overall fund and are taken into account when we calculate the level of bonus we are able to pay.
- 13.3 Our charges cover the cost of administration, investment management and commission. If you have organised this policy through a financial adviser they may have received commission from us.
- 13.4 The actual amount of charges is based on the costs to the Society, and depends on the length of the policy, the premium and the policy's value. Healthy Investment is a mutual insurer and its members who have With profits policies share in its profits and losses. The Board will try to smooth the effect of profits and losses on bonuses. Please see the documents referred to in 12.11 if you want a full explanation of how this will be done.
- 13.5 We will deduct an allowance for the expenses of running the policy and the marketing costs. Currently, we deduct a level of 1.65% of the fund value each year from the fund before considering the level of bonuses we declare. This can be changed in the future and the bonuses will be subject to smoothing and discretion by the Board.

14. Tax

- 14.1 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.
- 14.2 When you cash in your ISA you will not have a tax liability on the proceeds.
- 14.3 At present the fund in which your premiums are invested is not taxed on any investment income or capital gains.
- 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 for you 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 Society will use the information provided in your application (and any associated documents) to process the application and to administer the policy. Some of this information may include sensitive personal data as defined in the Data Protection Act 1998. We will process and store information in accordance with the Act and will not disclose it to any third party without explicit consent. We may contact you in the future by adviser, post, telephone, e-mail or fax regarding your investment, financial and insurance needs.

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

- 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

Portsooken Street

London

E1 8BN

Telephone: 020 7892 7300

Web: 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

Web: 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

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. Authorised and regulated by the Financial Services Authority FSA register no. 109994