

keyfacts®



# Terms and Conditions of the Adult Tax Exempt Savings Plan



Invest for your future

These are the full Terms and Conditions of the Healthy Investment with profits Adult Tax Exempt Savings Plan. 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 web site [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 you become a member of the Society. All members (aged 16 and over) 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 rule book which sets out the way we are governed. You can request a copy of the rule book at any time or download one from our web site [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 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 As the savings plan includes an element of life insurance you must tell us if there is something that you think we should know or that you would reasonably be expected to tell any company providing you with life cover. If you do not then the life cover may be invalid. If you are in any doubt whether to tell us something please disclose it.
- 2.4 In the case of legal disputes the law of England and Wales will apply.
- 2.5 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.
- 2.6 The premium, term and Healthy Investments policy conditions are fixed at commencement of the policy.
- 2.7 We may have to make changes to your policy if there is a change in the law or taxation affecting the policy.

2.8 If you have any doubts whether the plan 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 so there is a minimum age of 16.

3.2 The maximum age for taking out a tax exempt savings plan is 65 next birthday.

3.3 Subject to 3.1 and 3.2 and your age, the plan can be taken out for between 10 and 25 years.

3.4 The plan must mature by the time you are 70 years of age unless at commencement you are over 60, then it can run for 10 years.

3.5 Once you have started a plan you cannot change its term.

### **4. Paying your premiums**

4.1 You can pay your premiums monthly or annually by Direct Debit.

4.2 To comply with UK money laundering regulations the account holder from which the Direct Debit is paid must be the same person as the applicant.

4.3 The monthly premium will be collected in advance from your bank account.

4.4 We also accept annual payments by cheque.

4.5 To comply with UK money laundering regulations the cheque must be payable to Healthy Investment and must be drawn on an account in the name of the applicant.

4.6 Premiums are due from the date we accept your application and are payable on the dates stated on your policy.

4.7 We will use the first available date, after giving you the required 10 working days notice, however if you prefer an alternative date in the month simply write this on your application form or contact us.

4.8 Direct Debits are governed by very strict rules and are subject to the Direct Debit Guarantee. This means that we have to give you 10 working days written notice of any changes to your Direct Debit and that in the event of any error you are entitled to an immediate refund.



#### **Direct Debit Guarantee**

- This Guarantee is offered by all Banks & Building Societies that take part in the Direct Debit Scheme. The efficiency and security of the Scheme is monitored and protected by your own Bank or Building Society.
- If the amounts to be paid or the payment dates change, Healthy Investment will notify you normally 10 working days in advance of your account being debited or as otherwise agreed.
- If an error is made by Healthy Investment or your Bank or Building Society, you are guaranteed a full and immediate refund from your branch of the amount paid.
- You can cancel a Direct Debit at any time by writing to your Bank or Building Society. Please also send a copy of your letter to us.

### **5. Minimum and maximum premiums**

5.1 The minimum premium is £10 per month or £120 per year.

5.2 The maximum that, under current tax legislation, can be saved in a friendly society tax exempt savings plan is £25 per month or £270 per year.

5.3 You can save more than this but anything over the limit will be saved into one of our standard savings plans.

5.4 Whilst you can have tax exempt savings plans with more than one friendly society the total you can save in all the plans added together cannot exceed the £25 per month limit.

5.5 Once the policy has been taken out you cannot change the amount of the premium, it is fixed. You can however take an additional policy, subject to the maximum tax free allowance.

## **6. Failing to pay your premiums**

- 6.1 You are allowed 30 days from the date your premium is due in order to make payment of any premiums that have been missed.
- 6.2 If the policyholder dies during the 30 day period the outstanding premiums must be paid before we can make payment of the claim.
- 6.3 If you do not pay the overdue premium within this 30 day period the policy will be lapsed, which means that the entitlement to life cover ceases.
- 6.4 Within 12 months of the date of your first missed payment you may reinstate your policy. You can do this by making payment of all the outstanding contributions plus interest at 5% (we can calculate this for you if you want us to). We may also ask for a declaration that the health of the policyholder has not changed since the original application was submitted to us.
- 6.5 After 12 months from the date of your first missed payment your policy will be forfeited. This means that it is cancelled.
- 6.6 If your policy is cancelled or lapsed before 1 full years contributions have been made it will have no value.
- 6.7 Once you have made 13 monthly or 2 annual contributions the policy may have some value, although it may be less than what you have paid in. You can have this cash in value paid out to you or it can be converted into a 'paid up policy'. This means that the sum assured (which we explain in section 8.2) is reduced to reflect the contributions you have made and all bonuses are calculated based on this new sum assured.
- 6.8 Your personal illustration gives some examples of possible amounts you might receive if you cash in the policy early.

## **7. Cancelling the policy**

- 7.1 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 contributed.
- 7.2 You may cancel your policy at anytime, although if it does not run the full term you may get less back than you have paid in.
- 7.3 You can lapse it and make up the premiums with interest within 12 months, you can request payment of any cash in value the policy has or you can make the policy into a 'paid up policy' (see section 6.7 for an explanation).
- 7.4 You can not sell on or trade this endowment policy.
- 7.5 If you want to cancel your policy you must write to us (see sections 7.1 and 7.2), enclosing your policy document.
- 7.6 You can ask us at any time what you would receive if you cancelled the policy. This is called a surrender value.

## **8 When the policy matures**

- 8.1 The policy matures at the end of the fixed period of time that you chose when you took the policy out.
- 8.2 The sum assured is the guaranteed minimum that you will receive, providing all the contributions have been paid, at maturity.
- 8.3 The amount you receive upon maturity is the sum assured plus any regular bonuses that have been added during the term of the policy plus any final or terminal bonus that might be payable. We explain how bonuses work in section 10 of these Terms and Conditions.
- 8.4 The sum assured is clearly noted on your policy document. Everyone's sum assured will be different; it depends on your age, the amount you save and the length of the policy. It does not depend on gender.
- 8.5 Prior to maturity we will write to you to tell you the value of the policy, asking you to sign a simple form. The proceeds will be paid direct to the policyholder by cheque or bank transfer.
- 8.6 Remember that inflation will reduce what the proceeds of the plan may buy in the future.

## **9 Life assurance**

- 9.1 Whilst primarily a savings plan this policy includes life assurance, which means that should the policyholder die during the term of the policy and all premiums are paid up to date, an amount will become payable, to your estate.
- 9.2 This amount will be the sum assured plus any regular bonuses that have been added plus any final bonuses that may be payable at the date of death, subject to section 10.10.
- 9.3 A small part of your monthly contribution is used to pay for the cost of this life assurance. The actual cost of this cover may be affected by your gender and is calculated in compliance with the EU Gender Directive.
- 9.4 Life assurance cover commences on payment of the first premium.
- 9.5 You have the right to nominate a person or persons to whom payment should be made in the event of the death of the policyholder. Only the first £5000 can be nominated the remainder is always paid to the deceased's estate.
- 9.6 Once the plan has paid out a lump sum on death it would end and would have no further value.
- 9.7 The maximum sum assured we can provide on this type of contract is £20,000.

## **10 Bonuses**

- 10.1 This plan is a traditional 'with profits' plan. This means that the investment grows through the bonuses which are added to the sum assured.
- 10.2 There are two different types of bonuses, regular, or reversionary bonuses and final or terminal bonuses, to give them their correct names.
- 10.3 All the various monies that are invested within Healthy Investments 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.
- 10.4 At the end of every year this fund is valued and a bonus rate is agreed.
- 10.5 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.
- 10.6 The level of bonus depends on investment performance, expenses and our solvency margin over the last year as well as the Boards expectations of future performance.
- 10.7 When a regular bonus has been added to your policy it can never be taken away, providing contributions continue to be paid.

- 10.8 We will write to you every year to tell you the level of bonus that has been added to your policy.
- 10.9 The bonus is calculated each year on the original sum assured.
- 10.10 An additional final bonus may also be added at maturity or in the event of a death claim. The rate of final bonus can be changed at any time or can be withdrawn.
- 10.11 Healthy Investment has written a guide to how we manage our with profits business and how we calculate our bonuses. This is called our 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 web site or from our offices.

## **11 Charges**

- 11.1 Part of your monthly contribution is used to pay for the cost of the life cover which is automatically included in your plan.
- 11.2 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.
- 11.3 Our charges cover the cost of administration, investment management and commission. If you have arranged this plan through a financial adviser they may have received commission from us.
- 11.4 The actual amount of charges is based on the costs to the Society, and depends on the term of the plan, the premium, the plan's value and the sum assured. 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 10.11 if you want a full explanation of how this will be done.
- 11.5 In the first year between 50 and 100% of the premiums you pay, depending on the term, are taken from your share of the fund to meet the costs of setting up the plan.
- 11.6 In each following year of the plan, 6% of the premiums you pay are taken from your share of the fund to cover our administration costs.
- 11.7 We will decrease the value of the policy to allow for any other costs not covered by the charges in 11.5 and 11.6. We will also increase the value of the policy for any profit made other than investment returns.

## **12 Tax**

- 12.1 This means that if the policy is maintained until maturity or death the value of the policy is paid out, under current tax rules, free of all UK income and capital gains tax.
- 12.2 If you cash in the policy before the end of the term you may have a tax liability on the proceeds.
- 12.3 At present the fund in which your premiums are invested is not taxed on any investment income or capital gains.
- 12.4 There is a possibility that these tax rules may be changed in the future by HM Revenue and Customs.
- 12.5 If you are in any doubt about the tax implications of taking this plan we recommend that you seek professional tax advice.

## **13. Assignments**

- 13.1 This policy may be assigned. This means that you may be allowed to use it as security for a mortgage or a loan with say a bank or building society.

- 13.2 We reserve the right to make a charge for registering an assignment.
- 13.3 If the policy is assigned the value of the policy at maturity or death is paid to the bank, building society or person to whom you have assigned the policy.

## **14 Ethical Investment**

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

## **15 Data Protection**

- 15.1 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.

## **16 Complaints**

- 16.1 Whilst we make every effort to provide quality products and service we recognise that on occasions things do go wrong.
- 16.2 If for any reason you are not satisfied you should contact us (see section 19) and we will try our best to sort out your problem.
- 16.3 We have a formal complaints procedure and you can have a copy of this whenever you want simply by contacting us.
- 16.4 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)**

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

## **17 Compensation**

- 17.1 The Society is covered by the Financial Services Compensation Scheme (FSCS).
- 17.2 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.

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

**Financial Services Compensation Scheme**  
**7th Floor**  
**Lloyds Chambers**  
**Portsoken Street**  
**London**  
**E1 8BN**  
**Telephone: 020 7892 7300**  
**Web: fscs.org.uk**

## **18 Client categorisation**

18.1 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.

## **19 Contact us**

19.1 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)**

19.2 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.  
Authorised and regulated by the Financial Services Authority FSA register no. 109994