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Terms and
Conditions
of the Ethical
Non-Stakeholder
Child Trust Fund

Child Trust Fund



These are the full Terms and Conditions of the Healthy Investment Ethical Non-Stakeholder Child Trust Fund. It is an important document which you should keep with your statement. It should be read in conjunction with the Key Features Document, which provides just a brief overview of the product and the personal illustration.

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.

These Terms & Conditions, together with the Application Form, form a legal agreement between you and Healthy Investment (the Account Manager) which sets out how the Child Trust Fund will be operated.

1. Definitions

The following words and expressions, when used in these Terms & Conditions, have the meanings following them.

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|---------------------------------------|---|
| Account | means a Child Trust Fund provided by the CTF Provider and opened and subscribed to on behalf of the Account Holder in accordance with these Terms & Conditions. |
| Account Holder | means the child named on the application form and voucher. |
| Account Investments | means shares, units and any other investments held in the CTF Account. |
| Account Number | means the unique reference number for the Account provided to you by HMRC. |
| Account Manager or Healthy Investment | means Healthy Investment. Healthy Investment is the trading name of The Rechabite Friendly Society Ltd. |
| Application Form | means a Healthy Investment CTF Application Form or Transfer In Application Form or Gift Application Form or Registered Contact Application Form. |
| Assets | mean investments, income, interest, cash deposits, and any other rights and entitlement from time to time held in the CTF Account. |
| Business Day | means any day when the London Stock Exchange is open for business. |
| CTF & Child Trust Fund | means a Child Trust Fund under the Regulations. |
| CTF Provider | means Healthy Investment. |
| FSA | means Financial Services Authority. |
| Fund | means any unit linked life fund established by Healthy Investment. |
| Government Contributions | means amounts received by the Account Manager from HMRC in respect of the CTF Account. |
| HMRC | means Her Majesty's Revenue and Customs. |
| Key Features | means the document describing the important characteristics of the Account including the investment aims and associated risks. |
| Price | means the price of a Unit in a fund. This is the price determined on a Valuation Day. |
| Registered Contact | means the person with parental responsibility for the Account Holder to whom the Voucher has been issued. |
| Regulations | mean the Child Trust Fund Regulations 2004 as amended or re-enacted from time to time and any other applicable regulations and statutes. |

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| Statement | means a statement of all transactions and holdings taken place in respect of the Account. |
| Subscription | means any cleared payments made by Direct Debit, Cheque, Standing Order or Direct Credit into the Account after the Account has been opened. |
| Subscription Limit | means the maximum amount that can be paid into the Account each year determined by the Regulations and further detailed in the Key Features. |
| Subscription Year | means a year running from the Child's previous birthday to the day before the next birthday. For the year in which the CTF opens the Subscription Year starts from the date of opening and ends on the day before the Child's next birthday. (For a child born on 29th February, the Subscription Year runs to 28th February for all years) |
| Terms | means these terms (as amended from time to time) together with the application form. |
| Unit | means a proportion of the relevant Healthy Investment Fund. |
| Valuation Day | means the day on which the Price of Units in a Fund is calculated. This will normally be weekly. |
| Voucher | means a CTF voucher issued by HMRC to the Registered Contact made payable to the Account Holder. |
| We, Us, Our | means the CTF Provider – Healthy Investment. |
| You and Your | means the Registered Contact. |

2. Healthy Investment

- 2.1 Healthy Investment is the trading name of The Rechabite Friendly Society Limited.
- 2.2 The organisation is an incorporated Society within the meaning of the Friendly Societies Act 1992 and is registered in the UK.
- 2.3 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 or by telephoning them on 020 7066 1000.
- 2.4 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 (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.
- 2.5 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.

3. The contract with Us

- 3.1 By signing the application form you enter into a formal legal contract with Healthy Investment.
- 3.2 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.
- 3.3 In the case of legal disputes the law of England and Wales will apply.
- 3.4 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.
- 3.5 Subject to the FSAs rules we may vary these Terms and Conditions at any time by giving you, the registered contact, 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.
- 3.6 If you have any doubts whether the plan is right for you or your needs you should seek independent financial advice.

4. Account Manager

- 4.1 Healthy Investment will act as the Account Manager for the CTF Account. We are regulated by the Financial Services Authority in the conduct of our investment business. Our business address is Healthy Investment, 2 The Old Court House, Tenterden Street, Bury, Greater Manchester BL9 0AL.
- 4.2 Healthy Investment may appoint any person to advise on or perform any of its functions or responsibilities under these Terms and Conditions and may provide information about you and the account to such person. We will satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under these Terms is competent to carry out such functions or responsibilities.

5. Setting up an Account

- 5.1 An application to set up a CTF Account must be made on an Application Form and it must be accompanied by the original Voucher. Subject to the Regulations, the CTF Account will be managed according to the Terms and Conditions agreed with you. These Terms and Conditions come into force when your completed Application Form is accepted and validated and will normally be on the date of receipt. We will also start a Stakeholder CTF Account if instructed to do so by HMRC.
- 5.2 For the purposes of the Account becoming active, you enter an agreement with Healthy Investment for the management of the CTF Account, by completing an Application Form and signing the declaration, the CTF Voucher is received by Healthy Investment and the cancellation period has expired.
- 5.3 If you fail to provide the CTF Voucher within 6 weeks of making the application, Healthy Investment will close the CTF Account. In this case you will be able to open a CTF Account with another provider.

- 5.4 You will be sent an acknowledgement when you set up a CTF Account or you make an additional lump sum payment.
- 5.5 If the child is eligible, a voucher will be sent to the person claiming Child Benefit, who will usually be the parent, which can be used to open a Child Trust Fund account. The voucher will have a value of £250.
- 5.6 If the child is part of a household receiving Child Tax Credit with a household income below the current Child Tax Credit limit, the child will also receive an extra £250. This will automatically be added to the CTF account once the Child Tax Credit award has been finalised.

6. Subscriptions

- 6.1 You, family, friends and the Account Holder may collectively subscribe up to a maximum of £1,200 into a CTF Account in any Subscription Year. This is in addition to the money the Account Holder receives from the Government. If any oversubscriptions are received we will refund them to the payer or if we cannot identify the payer, to the Registered Contact.
- 6.2 The minimum Subscription to the Account is £10. Regular payments can be made by Direct Debit, Cheque, Standing Order or Direct Credit. All Subscriptions will be collected on the 1st or 15th of every month if you are paying by Direct Debit.
- 6.3 All amounts received will be invested by us in the relevant Fund at the price on the Valuation Day following receipt of the money. You should inform Healthy Investment if you wish to make any changes to your regular payments. All payments are treated as gifts so the payer loses all ownership and other rights attached to it. There is no contractual obligation to make further payments within a Subscription Year. No interest is payable on your payment prior to investment in the CTF Account.
- 6.4 If a contribution is received and part or all of that contribution will exceed the subscription limit, then the contribution will be rejected. If possible, Healthy Investment will purchase units with part of the contribution, ensuring that the overall subscription limit is not exceeded.
- 6.5 Contributions or part-contributions which exceed the subscription limit will either be returned directly to the payer, or, if contact details for the payer are not known, to the payer 'care of' the Registered Contact.
- 6.6 Multiple over-subscriptions will be dealt with in accordance with the guidance set out by HMRC.
- 6.7 Please note that any part of the limit that is not used in a CTF account year is lost and cannot be carried forward or back to other years.

7. Cancellation

- 7.1 You have the right to change your mind and withdraw the application within 14 days after we receive your Application Form. If you exercise your right to cancel, the Voucher will be returned to you along with any additional Subscriptions you may have paid. Any Subscriptions sent to us for the CTF Account by anyone else will be sent back to them.

- 7.2 The CTF Account will not be opened until the 14 day cancellation period has expired. Any additional Subscriptions paid into the CTF Account after the cancellation period has expired will have no cancellation rights, but you are able to transfer the Account to another provider at any time, free of charge

8. The Account

- 8.1 Non-Stakeholder CTF Accounts will be invested in a Healthy Investment life policy which invests in one or more of the Healthy Investment unit-linked life funds.
- 8.2 The money from Government Contributions, as well as that from any additional Subscriptions donated by family and friends, will be wholly invested in units in the Healthy Investment Ethical Fund.
- 8.3 This is an actively managed unit linked life fund that invests in a varied mix of bonds, gilts (loans to the government and other companies) shares and property. This fund does not knowingly invest directly in alcohol, tobacco and arms companies.

9. Title

- 9.1 The CTF Account investments will be in the beneficial ownership of the Account Holder who will become a member of Healthy Investment. Children under the age of 16 are not entitled to vote within the Society.
- 9.2 The title of the CTF Account investments will be registered in the name of the provider or, the name of the provider's nominee. Any share certificate or other document evidencing title that may be issued will be held by Healthy Investment or as Healthy Investment may direct.
- 9.3 The CTF Account cannot be transferred to another person.

10. Statements

- 10.1 We will send the Account Holder a statement every year around their birthday showing the value of the CTF Account and details of all transactions that have taken place since the previous statement. The statements will not include a measure of performance.
- 10.2 We will send a statement if you transfer the CTF Account from Healthy Investment.

11. Reports & Voting

- 11.1 If the Registered Contact so elects, we will arrange for them to receive copies of the full annual report and accounts of Healthy Investment. We reserve the right to make a reasonable administration charge for making such arrangements. These are also available from our website.

- 11.2 If the Registered Contact so elects, we can arrange for them to receive a copy of the annual report and accounts issued by companies in respect of shares, securities or units which are held directly in the CTF Account. We may make a reasonable charge for providing this service. Subject to any legal restrictions Healthy Investment will arrange, if the Registered Contact so elects, for them to attend shareholders', securities holders' or unit holders' meetings. Healthy Investment may make a separate charge for this.

12. Access

- 12.1 Only the Account Holder will have access to the money and this will be locked in until they reach age 18. You are not permitted to make withdrawals prior to maturity except as detailed below (terminal illness).
- 12.2 On the Account Holder's 18th birthday, the Child Trust Fund Account will mature and the Account Holder will be entitled to the value. He or she will be able to take the proceeds or, if available, we will offer them the chance to re-invest the proceeds in an appropriate investment.
- 12.3 In the unfortunate event of the death of an Account Holder before the maturity date, the tax exemptions of the CTF Account cease. When we are informed of the Account Holder's death, the account will close and no further tax benefits shall accrue. 101% of the proceeds of the account will be payable to or at the direction of the Account Holder's legal personal representatives once they have established their title to the payment.
- 12.4 The Registered Contact may be able to make withdrawals from the Child Trust Fund Account for the benefit of the Account Holder if the Account Holder has been or is accepted by HMRC as entitled to the terminally ill persons entitlement to the care component of disability living allowance or you have received a letter from HMRC authorising withdrawals under the Treasury's Regulations. The investment balance will be permitted to reduce to nothing. The CTF Account will still be able to accept contributions while any withdrawals are being made under this condition.

13. Transfers to a different type of CTF Account

- 13.1 We will transfer a Healthy Investment Non Stakeholder Ethical CTF Account to a Healthy Investment Stakeholder CTF Account on receipt of instructions from the Registered Contact.
- 13.2 The new CTF Account will be a new contract between us and the Registered Contact.
- 13.3 Healthy Investment will wait 14 days from receipt of the instructions before making the transfer, during which period the Registered Contact will have the right to change their mind.
- 13.4 There is no separate charge for making such transfers to a new CTF Account but our standard charges for a Stakeholder CTF Account will apply.

14. Transfers in

- 14.1 You may transfer a Stakeholder CTF Account or a Non-Stakeholder CTF Account, held with another provider, to us. Transfers can only be accepted in the form of payment by cheque or Direct Credit from the previous CTF provider.

14.2 Upon receipt of a completed Transfer Form, you will have 14 days in which to change your mind and cancel the transfer. After this period has expired, the transfer will be processed.

15. Transfers Out

15.1 On the instructions of the Registered Contact, we will transfer the CTF Account to another CTF provider, without the loss of tax status in line with the current CTF rules. There is no charge for this service.

15.2 When we receive your completed transfer form, we will sell the investment and pay the proceeds directly to the new provider within 30 days.

16. Fund Management Charges & Expenses

16.1 The annual Non-Stakeholder CTF Account management charge is currently 1.5%. There is an additional charge of 5% of all contributions to cover any commissions paid, initial set up and other costs associated with running this account. This means that 95% of all contributions are allocated to the account. This charge also applies to transfers into this account. We may only add to or amend the above charge if we have a valid reason to do so and only after we have given you 90 days notice in writing.

16.2 Other fees and charges are taken from the Fund and reflected in the Unit price. These are any stamp duty, stamp duty reserve tax or other charges incurred directly or indirectly in the sale or purchase of investments held under the CTF Account.

17. Unit Prices – Non-Stakeholder CTF Account

17.1 The price of units held within Funds is calculated at least weekly. This is the valuation point. The unit price will be the value of the assets within the fund allowing for the buying and selling costs of the assets and less the following adjustments:

- Any tax or levy that could be deemed to apply to the assets in the fund of the Society;
- Any direct charges associated with ownership of the assets;
- Any interest charged on any loans made to the fund by the Society;
- The annual management charge.

17.2 The unit price will be calculated by taking the value of the assets within the Fund as calculated above after adjustments and dividing by the number of units created within the Fund of the Society. The unit price will then be rounded up or down to the nearest 0.1p.

17.3 The annual management charge will be calculated each time a unit price is calculated as being $(n \times 3/730)\%$ of the value of the assets within the Fund (as adjusted above) at the last unit price calculation. N is defined as the number of days between the two pricing calculations.

17.4 Any unit creation or destruction within the Fund by the Society will be carried out at the unit price calculated on the date of that creation or destruction.

17.5 Unit prices are published weekly on our website healthyinvestment.co.uk

18. Void CTF Accounts

- 18.1 We will void the CTF Account if told to do so by HMRC. We will notify the Registered Contact if, by reason or any failure to satisfy the provisions of the CTF regulations, a CTF Account has, or will, become void.
- 18.2 If any of the details on the application form are incorrect or missing, Healthy Investment may not be able to set up the CTF account and may have to return the Voucher to the Registered Contact.
- 18.3 If, after the CTF is set up, we find that any of the details supplied on the application form were incorrect, the account may be deemed invalid.

19. Notices or Requests

- 19.1 We will send any notices or other correspondence to the address you have provided as Registered Contact or to a new address provided you have notified us in writing of the change.
- 19.2 Notices and instructions to us should be in writing and signed by the Registered Contact.

20. Liability

- 20.1 Healthy Investment shall not be liable for any losses suffered by you through the fall in value of investments held within the CTF Account from changes in market conditions. However, we are responsible for any loss incurred as a result of fraud or wilful neglect on the Society's behalf.

21. Direct Debit Guarantee

- 21.1 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 Bank or Building Society.
- 21.2 If the amount 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.
- 21.3 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.
- 21.4 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.

22. Data Protection

- 22.1 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.

23. What about tax?

- 23.1 Under current regulations, all investments held in a CTF account are free from income and capital gains tax for UK residents, and the child will have no personal tax liability on their 18th birthday provided they are resident in the UK.
- 23.2 The CTF account and the income and gains from that account will not affect family benefit and tax credits during the time the CTF is open.
- 23.3 The current tax treatment of CTF accounts is not guaranteed to continue in the future.

24. Will any commission be paid?

- 24.1 Yes commission may be paid. If you sought advice from an Independent Financial Adviser (IFA) you may be charged for this by the Adviser. This will have been explained to you prior to signing the application form.

25. Complaints

- 25.1 Whilst we make every effort to provide quality products and service we recognise that on occasion things do go wrong.
- 25.2 If for any reason you are not satisfied you should contact us (see section 28) and we will try our best to sort out your problem.
- 25.3 We have a formal complaints procedure and you can have a copy of this whenever you want simply by contacting us.
- 25.4 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

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

26. Compensation

- 26.1 The Society is covered by the Financial Services Compensation Scheme.
- 26.2 You may be entitled to compensation from the scheme if we cannot meet our obligations. The maximum level of compensation for this type of plan is 100% of the first £30,000 and 90% of the next £20,000 subject to a maximum of £48,000.
- 26.3 Further information is available from us or from the Financial Services Compensation Scheme.

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

27. Client Categorisation

27.1 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.

28. Client Categorisation

28.1 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

28.2 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. 1099994