



Terms and Conditions

of the Healthy Investment
With-profits Investment Bond

HealthyInvestment
ethical investments since 1835

Terms and Conditions of the Healthy Investment With-profits Investment Bond

These are the full Terms and Conditions of the Healthy Investment With-profits Investment Bond. It is an important document which you should read and keep with your Policy Document. You will also receive a Key Information Document which gives you the key information required by law to help you understand the nature, risks, costs, potential gains and losses of this investment bond and to help you compare it to other products.

We have made every effort to write these Terms and Conditions in plain English however, if you have any questions please contact us 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 by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register no. is 109994. You can confirm this by visiting the FSR website or by telephoning the FCA on 0800 111 6768.
- 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 (aged 18 and over) receive an invitation to our Annual General Meeting 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 You must be a UK resident in order to invest in a Healthy Investment With-profits Investment Bond.
- 2.2 By signing the application form you enter into a formal legal contract with Healthy Investment. We are not obliged to accept your investment.
- 2.3 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.

- 2.4 In the case of legal disputes the law of England and Wales will apply.
- 2.5 Nothing in these Terms and 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 We can only vary these Terms and Conditions if we have a valid reason to change them. Examples of a valid reason would be to respond proportionately to changes in taxation, insurance and other laws, decisions of the Financial Ombudsman Service, to meet regulatory requirements or to improve our service to you. We will write to you to give you advance notice of the proposed change and provide an explanation.
- 2.7 We do not assess the suitability of the policy for your needs. If you have any doubts whether this bond is right for you or your needs speak to your financial adviser.

3. Length of contract and age restrictions

- 3.1 There are no age restrictions for investing in the Healthy Investment With-profits Investment Bond.
- 3.2 The bond can be taken out on a single or joint life basis. As the bond has an element of life insurance you can only take out a joint bond where there is an insurable interest between the two parties.
- 3.3 The bond is a whole of life policy which means that the contract continues until full encashment or death. The contract is open ended which means there is no minimum or maximum term, however you should consider this a medium to longer term investment.

4. Paying your investment premium

- 4.1 You can pay your single premium investment by cheque or by bank transfer.
- 4.2 If the bond is for a child the investment in this policy can be made by anyone (parent, grandparent, family friend) however we must have the signature of one of the child's parents or guardians on the application form.
- 4.3 If the bond is for a child then the investment made in this policy is for the benefit of the child. On cashing in all the proceeds will be payable direct to the child.

5. Minimum and maximum investments

- 5.1 The minimum investment is £2,000.
- 5.2 The maximum investment is £1,000,000.
- 5.3 Once the bond has been taken out you cannot change the amount of the investment, it is fixed, although you can invest in additional Healthy Investment With-profits Investment Bonds.

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, less any fees you have agreed with your financial adviser.

6.2 After this 30 day period you cannot cancel your policy but you can cash it in at any time.

7. Cashing in or withdrawing from your policy

7.1 The policy may be fully cashed in at any time.

7.2 You can ask us at any time what you would receive if you cashed in the bond. This is called a surrender value.

7.3 When you cash in the bond 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 might then be reduced by withdrawals you have made, including agreed fees to your financial adviser and any Market Value Reduction (MVR) that we apply, see section 9.

7.4 The level of final bonus can change at any time and can be withdrawn.

7.5 You can also take out part of the money from your bond either as a one-off or as regular (monthly, quarterly, annually) withdrawals.

7.6 If you withdraw 5% or less of your initial investment in any one year we guarantee not to apply a MVR to the withdrawal.

7.7 Requests for full or partial withdrawals must be made in writing. If a MVR would apply to your withdrawal we will advise you prior to processing your request.

7.8 If our bonus rate is less than the percentage you withdraw then your capital will be eroded.

7.9 If the bond is for a child, on cashing in, the benefits will be made payable to the child.

7.10 Remember that inflation will reduce what the proceeds of the bond will buy in the future.

7.11 What cash value you get back will depend on the length of time you hold the investment, the investment growth and charges applied. You may get back less than you have invested if you do not cash in your investment on one of the guaranteed MVR free anniversaries.

8. Financial adviser's fees

8.1 If your financial adviser has charged you for their advice or for arranging or monitoring the performance of your investment we are able to facilitate the payment of their fees.

8.2 Fees can be remitted by us prior to making your investment.

8.3 Initial and regular withdrawals for the agreed charges can be deducted from your investment.

8.4 If you exercise your 30 day right to cancel the investment we will not return any adviser fees agreed with your adviser.

8.5 You can cancel any withdrawals for adviser fees at any time by writing to us.

9. What is a Market Value Reduction?

9.1 Your bond includes valuable MVR free anniversaries, however if you cash in all or part of your bond at another time 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.

9.2 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 and that those members leaving their investment in the fund are not disadvantaged by those withdrawing.

9.3 A MVR might be applied if there is a fall in the value of stocks and shares or other investments we have invested in.

9.4 If you withdraw all or part of the policy on the 10th anniversary of the investment and any 5th anniversary after that, we guarantee that a MVR will not be applied to your withdrawal.

9.5 Up to 5% per annum of the initial investment can be withdrawn, including withdrawals for any fees to be paid to your financial adviser, without a MVR being applied.

9.6 MVRs are never applied on death.

10. Life assurance

10.1 Whilst primarily an investment this policy includes life assurance on the life of the investor, which means that should the investor die, an amount will become payable to the estate.

10.2 This amount will be the greater of 101% of the amount you invested, less any withdrawals, or your fund value plus any final bonus that may be payable at the date of death. If you were 80 or over when you made your investment the amount paid on death will be the greater of 100.1% of the amount you invested, less any withdrawals, or the full value of the bond at the date of death.

10.3 Life assurance cover commences on our acceptance of the investment.

10.4 Once the bond has paid out on death it would end and would have no further value and our contract with you will end.

10.5 On the death of a joint bondholder, the surviving bondholder becomes the sole holder of the bond.

10.6 Single life bondholders have the right to nominate a person or persons to whom payment should be made in the event of the death of the investor. Only the first £5,000 can be nominated, the remainder is always paid to the deceased's estate. For children's policies the parent/guardian has this right.

11. Bonuses

11.1 This bond is a traditional With-profits investment. This means that the investment grows through the bonuses which are added.

11.2 There are two different types of bonuses, regular (reversionary) bonuses and final (terminal) bonuses.

- 11.3** Your investment is placed within Healthy Investment's With-profits Fund which is invested in a mix of UK and overseas stocks and shares, government and company fixed interest bonds, commercial property and bank deposits. The % of each type of asset class held changes over time based on the view of the Board, Investment Managers and our With-profits Actuary.
- 11.4** All income is reinvested in the fund.
- 11.5** At the end of every year our With-profits Fund is valued and a bonus rate is agreed by the Board, after taking professional advice from our With-profits Actuary.
- 11.6** The level of bonus depends on investment performance, our expenses and our solvency margin over the previous year as well as the Board's expectations of future performance. It also reflects the guarantees we have made on this bond.
- 11.7** The rate of bonus can change every year and could in exceptional circumstances be nil.
- 11.8** The Board aims to provide a consistent return by smoothing the investment return to avoid volatile fluctuations in the value of your investment. Smoothing may not protect you against long term or sustained falls in the value of investments.
- 11.9** When a regular bonus has been added to your bond it can never be taken away.
- 11.10** We will write to you every year to tell you the level of bonus that has been added to your bond.
- 11.11** The bonus is calculated each year as a percentage of your fund value.
- 11.12** Your fund value is the value of your initial investment plus the bonuses that have been added to the policy less any withdrawals you have made.
- 11.13** An additional final bonus may also be added on partial and full withdrawals or in the event of the death of the investor. The rate of final bonus can be changed at anytime or can be withdrawn.
- 11.14** The principles which Healthy Investment follows in managing its With-profits Fund include: managing the fund and determining bonus payments in a lawful, sound and prudent manner, treating all policyholders fairly and ensuring that we can pay all guaranteed benefits when they become due.
- You can obtain a copy of our Principles and Practices of Financial Management, which gives you more information on how we manage our With-profits Fund and calculate bonuses, from this office or from our website.

12. Charges

- 12.1** All the charges we make are reflected in the annual bonus that we apply to your policy.
- 12.2** The charges we make include the cost of setting up and running the policy, administration and investment management, as well as a contribution to the overheads of Healthy Investment.
- 12.3** 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 bond.

- 12.4** 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 and smooth the effect of profits and losses on bonuses. Please see the document referred to in 11.14 if you want a full explanation of how these will be added or deducted.

- 12.5** At present we aim to deduct 0.9% 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 Healthy Investment.

13. Tax

- 13.1** Currently we pay tax on income and gains within the With-profits Fund which means that, if you are a basic rate taxpayer when you cash in all or part of your bond, you should not be subject to further taxation. It is not possible to reclaim the tax paid in the fund if you are not a tax payer.
- 13.2** If you are a higher rate taxpayer when you receive the proceeds from your bond you may have an additional tax liability on your investment gain at the difference between the higher and basic rates of tax. Details of the gain will be provided within a Chargeable Events Certificate for you to include in your tax return.
- 13.3** Under current tax legislation, no matter what your rate of tax is, it is possible to withdraw 5% of the initial investment per year without any immediate tax consequences. If you are making withdrawals for your financial adviser's fees they fall within this 5% limit. It is possible to roll over the 5% limit from one year to the next, up to a maximum of 100% of the initial investment.
- 13.4** On withdrawal, investment gains are treated for tax purposes as income. This may have an impact on your personal allowance, age related allowance and your tax band. It may also affect your eligibility to tax credits, pension credits and other state benefits.
- 13.5** The value of your bond may form part of your estate for Inheritance Tax purposes. If you have a joint bond and you are not husband and wife or civil partners when the first person dies, there could be an Inheritance Tax liability.
- 13.6** Special considerations apply to bonds in trust which you should discuss with your financial adviser.
- 13.7** Your circumstances and tax rules could change in the future.
- 13.8** This information is provided as a guide based on our understanding of current tax legislation which could change in the future. It should not be relied upon for tax calculation or planning purposes. If you are in any doubt about the tax implication of this investment speak to your financial adviser or seek specialist tax advice.

14. Assignments and trusts

14.1 This investment can 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.

14.2 We reserve the right to make a charge for registering an assignment.

14.3 If the bond is assigned the value of the bond on cashing in or on death is paid to the bank, building society or person to whom you have assigned the policy.

14.4 If the investment is to be held in trust the trustees will become the legal owners of the bond. When the bond is cashed in it will be paid out to the beneficiaries of the trust. You should always take specialist advice if you are setting up or investing in a trust.

15. Ethical Investment

15.1 Healthy Investment strives to be ethical in all its business dealings.

15.2 In respect of this bond we will not knowingly invest your money directly in companies in alcohol, arms or tobacco industries and gambling and pornography providers.

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. Some information from credit reference agencies may be 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 bond 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 our own adviser, by post or telephone, regarding your investment, financial and insurance needs. If you do not wish to receive this information then please notify us.

16.7 The Society may also want to contact you by email. If you would like to receive information in this way please notify us.

16.8 We may record or monitor your telephone calls with us for training or compliance purposes.

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 any 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 can then refer your complaint to the Financial Ombudsman Service. Their address and contact details are:

Financial Ombudsman Service
Exchange Tower
London

E14 9SR

Telephone: 0800 023 4567

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 100% of the value of your investment 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 the government.

18.4 Further information is available from us or the FSCS.

Financial Services Compensation Scheme
PO Box 300

Mitcheldean

GL17 1DY

Telephone: 0800 678 1100

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 answerphone is available outside of these hours.



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, an incorporated friendly society (register no. 218f) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
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