



# Terms and Conditions

of the Healthy Investment  
Tax Exempt Savings Plan

**HealthyInvestment**  
ethical investments since 1835

# Terms and Conditions of the Healthy Investment Tax Exempt Savings Plan

These are the full Terms and Conditions of the Healthy Investment With-profits Tax Exempt Savings Plan. It is an important document which you should 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 Tax Exempt Savings Plan and to help you compare it with other products.

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 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 The European Union Solvency II Directive requires us to make available to the public a Solvency and Financial Condition Report each year. You can get a copy of this from our website [www.healthyinvestment.co.uk](http://www.healthyinvestment.co.uk)
  - 1.5 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 policyholder becomes 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.
  - 1.6 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. We are not obliged to accept your application.
  - 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

- 2.3 it may become void in the event of a claim. 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 the policyholder 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 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 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 savings plan is right for you or your needs you should speak to your financial adviser.
- ## 3. Length of contract and age restrictions
- 3.1 For a children's plan there is no minimum age but the child must be under 16 when the plan is taken out.
  - 3.2 A children's plan must be taken out for between 10 and 25 years but the child must be at least 16 when the plan matures.
  - 3.3 The minimum age for an adult plan is 16 and the maximum age is 49 as the plan must mature before the policyholder's 65th birthday.
  - 3.4 An adult plan must be taken out for between 15 and 25 years.
  - 3.5 Plans can be taken out for a fixed number of years or to mature on a specified date, for example a special birthday or anniversary.
  - 3.6 Once you have started a plan you cannot change its term.
- ## 4. Paying your investment premium
- 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.
  - 4.9 The contributions to children's policies 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.
  - 4.10 The premiums paid into this policy are for the sole benefit of the policyholder. In the case of children's policies the proceeds on maturity or early surrender will be payable direct to the child.
- ## 5. Minimum and maximum investments
- 5.1 The minimum premium is £10 per month or £120 per year.
  - 5.2 The maximum that, under current tax legislation, each individual can save in a friendly society Tax Exempt Savings Plan is £25 per month or £270 per year.
  - 5.3 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.
  - 5.4 You can save more than this in to one of our Standard Savings Plans.
  - 5.5 The maximum that you are allowed to save in all HMRC qualifying policies is limited to £3,600 per year.
  - 5.6 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 If you do not maintain your policy until the end of the fixed term you may receive back less than you have paid in, especially in the early years.
  - 6.2 You are allowed 30 days from the date your premium is due to make payment of any premiums that have been missed.
  - 6.3 If the policyholder dies during this 30 day period the outstanding premiums must be paid before we can make payment of the claim.
  - 6.4 If you do not pay the overdue premium within this 30 day period your policy will automatically be made into a 'paid up' policy, which means that the guaranteed minimum payout and life cover, or sum assured as we call it, is reduced to reflect the contributions you have made. The bonuses already added and future bonuses are calculated based on this reduced sum assured and the policy will pay out on the original maturity date.
  - 6.5 Within 12 months of the date of your first missed payment you may reinstate your policy and recommence paying your premiums. 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.

## 7. Surrendering your policy

- 7.1 You can surrender your policy at any time, even if it has been made 'paid up', and have the proceeds paid out. If you surrender your policy before the end of the fixed term you may receive back less than you have paid in, especially in the early years.
- 7.2 You can ask us at anytime what you or the child would receive if you surrendered the policy. This is called a surrender value.
- 7.3 The Key Information Document gives some examples of possible amounts you or the child might receive if you cash in your policy early. These are only examples of possible early surrender values they are not guaranteed.
- 7.4 You can also choose to have your policy made into a 'paid up' policy at any time after it has acquired a surrender value.
- 7.5 To cancel your policy or make it 'paid up' you must write to us.
- 7.6 You may be able to sell on or trade this endowment policy on the second hand market. You might receive more by doing this rather than cashing it in. If you decide to try and sell your policy you will need to find a specialist company, which you may be able to find through your financial adviser or an internet search.

## 8. Cancelling your policy

- 8.1 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.
- 8.2 If you have arranged for us to collect your financial adviser's remuneration in addition to your premium we are not able to refund these fees.
- 8.3 After this 30 day period you cannot cancel your policy.

## 9. When your policy matures

- 9.1 The policy matures at the end of the fixed period of time that you chose when you took the policy out.
- 9.2 The sum assured is the guaranteed minimum that you will receive, providing all the contributions have been paid.
- 9.3 The amount received at 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 11 of these Terms and Conditions.
- 9.4 The sum assured is clearly noted on your policy document. Your sum assured depends on the age of the policyholder, the amount saved and the length of the policy.
- 9.5 Prior to maturity we will notify you of the value of the policy and ask for the completion of a simple form so that the proceeds can be paid direct to the

- 9.6** policyholder by cheque or bank transfer. For children's plans, the proceeds are payable to the child irrespective of who has paid the premiums.
- 9.7** Remember that inflation will reduce what the proceeds of the plan will buy in the future.
- 10. Life assurance**
- 10.1** 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 the estate.
- 10.2** This amount will be the sum assured plus any regular bonuses that have been added plus any final bonus that may be payable at the date of death.
- 10.3** Life assurance cover commences on payment of the first premium.
- 10.4** The policyholder (or parent in the case of a children's plan) has the right to nominate a person or persons to whom payment should be made in the event of death. Only the first £5,000 can be nominated, the remainder is always paid to the deceased estate.
- 10.5** Once the plan has paid out a lump sum on death it would end and would have no further value and our contract with you will end.
- 11. Bonuses**
- 11.1** This plan is a traditional With-profits plan. This means that the investment grows through the bonuses which are added to your sum assured.
- 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** 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.
- 11.5** The level of bonus depends on investment performance, expenses and our solvency margin over the previous year as well as the Board's expectations of future performance.
- 11.6** The rate of bonus can change every year and could in exceptional circumstances be nil.
- 11.7** 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.
- 11.8** When a regular bonus has been added to your policy it can never be taken away, providing contributions continue to be paid.
- 11.9** We will write to you every year to tell you the level of bonus that has been added to your policy.
- 11.10** The bonus is calculated each year as a percentage of your sum assured.

- 11.11** 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.
- 11.12** 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. Financial adviser's fees**

- 12.1** Your financial adviser may have charged you for their advice or for arranging or monitoring the performance of your investment. Under HMRC rules withdrawals are not allowed from this type of policy and we are therefore unable to deduct agreed adviser remuneration from this policy.
- 12.2** We are however able to collect agreed adviser remuneration separately from your premium through your Direct Debit.
- 12.3** This can be collected in full with your first premium or monthly or annually, for part or all of the policy term, whatever you agree with your adviser.
- 12.4** If you exercise your right to cancel your policy within the first 30 days we are not able to refund any adviser fees we have collected.
- 12.5** You can cancel our collection of your adviser's fees at any time by writing to us, without affecting your policy.

## **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 and investment management, as well as a contribution to the overheads of Healthy Investment.
- 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 and smooth the effect of profits and losses on bonuses. Please see the document referred to in 11.12 if you want a full explanation of how these will be added or deducted.
- 13.5** At present in the first year between 15 and 30% 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.
- 13.6** In each following year of the plan we aim to deduct 6% of the premiums you pay from your share of the fund to cover our costs.
- 13.7** 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.

## **14. Tax**

- 14.1** The plan is described as a Tax Exempt Savings Plan. This means that if the policy is maintained until maturity, or earlier death, the value of the policy, under current tax rules, is paid out free of all UK Income and Capital Gains Tax.
- 14.2** If you cash in or make the policy paid up before the end of the term agreed you may have a tax liability on the proceeds.
- 14.3** If on death the sum assured is paid to your estate it will be included in any Inheritance Tax liability.
- 14.4** At present the fund in which your premiums are invested is not taxed on any investment income or capital gains other than overseas withholding tax.
- 14.5** 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.

## **15. Assignments**

- 15.1** 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.
- 15.2** We reserve the right to make a charge for registering an assignment.
- 15.3** 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.

## **16. Ethical Investment**

- 16.1** Healthy Investment strives to be ethical in all its business dealings.
- 16.2** In respect of this policy we will not knowingly invest your money directly in companies in alcohol, arms or tobacco industries and gambling and pornography providers.

## **17. Data protection**

- 17.1** The information you provide us with will be held by Healthy Investment.
- 17.2** 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.
- 17.3** We may be required by law to disclose information regarding you or your policy to the regulatory authorities.
- 17.4** 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.
- 17.5** We will not share your information with other third parties for marketing purposes.
- 17.6** 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.
- 17.7** The Society may also want to contact you by email. If you would like to receive information in this way please notify us.
- 17.8** We may record or monitor your telephone calls with us for training or compliance purposes.

## **18. Complaints**

- 18.1** Whilst we make every effort to provide quality products and service we recognise that on occasion things do go wrong.
- 18.2** If for any reason you are not satisfied you should contact us (see section 21) and we will try our best to sort out any problem.
- 18.3** We have a formal complaints procedure and you can have a copy of this whenever you want simply by contacting us.
- 18.4** 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**
- 18.5** Making a complaint will not prejudice your right to take legal proceedings.

## **19. Compensation**

- 19.1** The Society is covered by the Financial Services Compensation Scheme (FSCS).
- 19.2** The scheme guarantees 100% of all your benefits with the Society in the very unlikely event that the Society is unable to meet its commitments.
- 19.3** The rules of the FSCS and whether the FSCS exists at all may be changed in the future by the government. 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**

## **20. Client categorisation**

- 20.1** 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.

## **21. Contact us**

- 21.1** 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**
- 21.2** 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](mailto:enquiries@healthyinvestment.co.uk)  
[www.healthyinvestment.co.uk](http://www.healthyinvestment.co.uk)

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