The Children's Tax Exempt Plan Important Information

Important info you need to read

Before applying for the Children's Tax Exempt Plan, please read the Important Information which explains how the plan works, its aims, the commitment you will need to make and the risks involved. It will help you decide if it's a suitable plan for you.

This section is full of really important information and will hopefully answer any questions you might have.

Children's Tax Exempt Plan Important Information

Its aims

- To enable you to invest for a child tax efficiently.
- To provide a child with a tax free cash sum at the end of the term you have chosen.
- To achieve long term growth whilst spreading risk across a wide range of investments.

Your commitment

- You agree to pay a regular weekly or monthly contribution on behalf of the child throughout the term. The CTEP is not designed to be a short term investment.
- Current legislation states that the total amount that can be contributed to all Friendly Society Tax Exempt Savings Plan(s) cannot exceed £25 per month for each child.
- Your contribution is £25 a month and you cannot increase or reduce this amount at any time.

Risks

- As the contributions you make are invested in a fund which holds assets including stocks and shares that can vary in price from day to day, the value of the plan may fall as well as rise and your child may get back less than you have paid in.
- Your circumstances may change forcing you to stop making contributions.
- If you stop making contributions during the first year, the plan will be closed and the value of the plan, if any, will be paid to the child.
- If you stop making contributions after the first year, the plan becomes paid-up. Charges will continue to be taken which increases the chance of the plan falling in value.
- If you do not keep making contributions, we will stop providing life cover.
- Our charges may turn out to be higher than expected.
- All money paid into the plan immediately becomes the child's and contributions should be seen as a gift to the child. Once paid they cannot be returned to the person who paid them.
- Inflation will reduce what the child can buy in the future with the cash sum.
- Legislation may change to affect the tax status of the plan and tax rules depend on your individual circumstances.

Your Questions Answered

Where is the money invested?

When you invest money in the CTEP you are purchasing units within the POIS Flexible Growth Fund. The aim of the POIS Flexible Growth Fund is to achieve long term growth, whilst spreading risk across a wide range of investments.

For more information on the fund and investments please see page 6.

What is a unit?

The value of the fund is divided into units. The price of each unit is based on the value of the fund, divided by the number of units in issue. Every contribution you make will buy a certain number of units. The number of units bought will depend on the price of those units on the day the units are bought. The value of the investment is calculated by multiplying the number of units held by the current unit price. The price of the units may go down as well as up.

What happens if the plan is cashed in early?

The child cannot cash in this plan until they reach the age of 16. The parent or guardian can apply for the surrender or cashing in of the plan at any time until the child reaches 16. The sum due on surrender will be paid out in the child's name at all times, as the plan is for the sole benefit of the child. If the plan is cashed in before its 10th anniversary a charge will be deducted before the cash sum is paid. The amount of the charge will depend on how long you have held the plan, and the charges are shown in the charges section of the Key Information document. In the early years, it is possible the Plan value may be less than the surrender charge due. In that instance, no Plan value will be paid out and no further charge will be payable. If cashed in early your child may be liable for tax on any growth. For further information see 'Tax' on page 12.

What happens if contributions stop?

If your salary deductions stop or are suspended, or your Direct Debit is cancelled, you should contact us immediately to discuss your options.

If you stop making contributions, life cover will cease, so, if the child dies, the only payment made will be the value of the plan. You do however, have 13 months to pay the missing contributions, altogether in one lump sum, and continue paying into the plan. If, at the end of the 13 months, you have not made up the missing contributions the following will apply:

- If you have made less than one year's contributions, or the plan has no value, the plan will be closed. A charge of £125 will be deducted and any remaining plan value will be paid to the child.
- From year two until the end of the term chosen, as long as there is a value, the plan becomes paid up. This means that it will remain invested with no further contributions being made until it is cashed in. We will continue to deduct charges including the £1.50 monthly administration charge. The plan's value will continue to fluctuate in line with the movement of the unit price. If the value falls to £0, we will close the plan.
- Your child may be liable for tax on any growth.

What happens if I or the child dies?

If you die whilst you are paying contributions, someone else can take on the responsibility of continuing payments into the plan.

If the child dies during the term of the plan, the child's estate will receive a cash pay-out. Depending on the value of the child's estate, Inheritance Tax may be payable.

Life cover

Although the plan does not protect against the financial consequences of death, for the plan to qualify for its tax exempt status, life cover must be included for the child once they reach the age of ten.
Until the age of ten, the life cover will be limited to the return of contributions received. After the age of ten, the life cover is calculated at 75% of the contributions you are due to make over the term you have chosen. In both cases life cover is only available so long as contributions are being paid. In addition, if the value of the plan is greater than the life cover we will pay the plan value.

Further information

Cancellation rights

After your application is accepted you will receive a statutory notice of your right to cancel. You will then have 30 days from the commencement date of the plan, or the date the notice is received whichever is later, in which to change your mind. If you choose to change your mind a full refund of all monies will be paid. You can do this by completing and returning the cancellation form to us at POIS, 29-33 Shirley Road, Southampton, SO15 3EW.

You can cancel the plan any time after the 30 days but there is a risk you could get back less than you have paid in.

Financial advice

We do not offer financial advice. You should contact a financial adviser if you have any doubts about this plan's suitability. You may have to pay a fee for this advice.

Contributions

Contributions can be made monthly by Direct Debit or weekly/monthly salary deductions for Royal Mail employees or if your employer allows.

Contributions will buy units in the POIS Flexible Growth Fund, the table below shows when these contributions are invested.

Payment type:	Day Invested:
Direct Debit	The collection date
Salary deduction weekly	The last Friday of the month in which the salary deductions are made
Salary deduction monthly	The last working day of the month in which the salary deduction is made

The unit price used to purchase units is the price calculated on the working day before the payment is invested.

Tax

The fund is free of tax on both income and capital gains except for tax deducted from dividend income which cannot be reclaimed. Under 'qualifying policy' rules, if you do not continue to pay the contributions for 10 years or three quarters of the term of the plan, if this is shorter, the cash sum may be liable to tax. You should also be aware that tax rules might change in the future and depend on individual circumstances.

Qualifying policies

A qualifying policy is a life insurance plan which meets HM Revenue and Customs rules. Subject to certain conditions, the proceeds of these policies are paid to an individual free of income and capital gains tax. Such policies are regular contribution policies and have a minimum plan term of ten years.

There is an annual contribution limit for qualifying policies of £3,600 per individual. This limit applies to policies where you are the beneficial owner i.e. the person who the proceeds belong to, usually the policyholder. If the child is a beneficiary of a policy written in trust, then they are also the beneficial owner. Policies which only provide a pay-out on death are not included within the annual limit.

The CTEP is classed as a qualifying policy. You must ensure that the £3,600 limit per child is not exceeded in any one year. If, for example you take out a plan for £25 a month, this will total £300 per year which will count towards your child's £3,600 limit.

Law

This contract is governed by English Law. We will communicate with you in English.

Legislation

All or any of the benefits, the contribution or the Plan Conditions may be adjusted as deemed appropriate:

- If there is any change in law or taxation affecting the plan.
- If any levy is imposed on Foresters Friendly Society under statute or statutory authority.

Notice would be given of any such adjustment.

Client categorisation

We are required under the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) rules to categorise our clients. All of our clients are categorised as 'Retail Clients', which affords our clients the highest level of protection under the FCA and PRA rules.

Apply now to make the most of tomorrow

Send your completed application form to:

POIS
FREEPOST RLST-SJZE-BACC
29-33 Shirley Road
Southampton
SO15 3EW

Telephone: **0800 622 417**
Email: **memberservices@pois.co.uk**
www.pois.co.uk

The Direct Debit Guarantee (please retain this Guarantee for your records)

- This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits.
- If there are any changes to the amount, date or frequency of your Direct Debit Foresters Friendly Society will notify you 10 working days in advance of your account being debited or as otherwise agreed. If you request Foresters Friendly Society to collect a payment, confirmation of the amount and date will be given to you at the time of the request.
- If an error is made in the payment of your Direct Debit by Foresters Friendly Society or your bank or building society you are entitled to a full and immediate refund of the amount paid from your bank or building society.

  – If you receive a refund you are not entitled to, you must pay it back when Foresters Friendly Society asks you to.
- You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written notification may be required. Please also notify us.