

The Tax Exempt Savings Plan

Important Information

Important info you need to read

Before applying for the Tax Exempt Savings 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.



Tax Exempt Savings Plan Important Information

Its aims

- To enable you to invest tax efficiently.
- To provide you with a tax free cash sum at the end of 10 years.
- 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 for 10 years. The TESP 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 investor.
- 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 you 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.
- 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.
- Inflation will reduce what you 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

What is the Tax Exempt Savings Plan?

The plan is a tax free unit linked savings plan and is a way of investing over the long term. The money that you invest in this plan is invested in a fund which is

free of tax on both income and capital gains, although dividends earned on the equities within the fund will have been taxed at source and the tax deducted cannot be reclaimed. Contributions must be made for at least 10 years.

The plan also provides life cover. Please see page 12 for further details about the life cover.

Who can take out a plan?

You can take out a plan as long as you are aged between 16 and 74 inclusively and a UK resident. You cannot hold more than one tax exempt plan with POIS or any other friendly society.

Where is the money invested?

When you invest money in the TESP 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 at the end of the term?

You have three choices:

1. Extend the plan term by another 10 years.
2. Leave the money invested in the fund until it is needed, but make no more contributions.
3. Cash in the plan.

If the plan hasn't already been cashed in, it will end on the plan anniversary before your 85th birthday.

What happens if the plan is cashed in before 10 years' contributions have been paid?

If the plan is cashed in before its 10th anniversary, a charge will be deducted before the cash sum is paid to you. The amount of the charge will depend on how long you have held the plan. In the early years, it is possible the Plan value may be less than the surrender charge due. In that instance, no policy value will be paid out, and no further charge will be payable. You may be liable for tax on any growth. For further information, see 'Tax' on page 13.

What happens if I stop making contributions?

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 you die, 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 balance will be paid to you.
- From year two, 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.
- You may be liable for tax on any growth.

What happens if I die?

If you were to die the value of the plan or, if higher, the life cover will be paid. This will normally form part of your estate and may be subject to Inheritance Tax, depending on your individual circumstances.

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 is included up to a maximum amount of £2,250.

- It is calculated as 75% of the contributions you are

due to make over the initial 10 year term.

- The amount of life cover is reduced if you apply for the plan when you are aged 56 or over. It is reduced by 2% for each year. For example, if you are 56, you will receive life cover based on 73% of the contributions you are due to make over the initial 10 year term. If you are 57 you will receive 71%.
- As long as you keep making contributions, your life cover continues.
- If you die and the value of your plan is higher than the amount of life cover, we will pay the current value.

If you wish, you can nominate a beneficiary to receive the value of your plan if you die. They can receive up to £5,000 immediately following your death. This can be done without having to wait for your estate to be administered, which can often be a lengthy process at a difficult time. Any excess would become part of your remaining estate and have to wait for probate.

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 anytime 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. The final cash sum you receive is free of tax on both income and capital gains. 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. This means that if you were to cash in your initial 10 year plan after seven and a half years, there would be no tax to pay. You should 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 you are a beneficiary of a policy written in trust, then you are also the beneficial owner. Policies which only provide a pay-out on death are not included within the annual limit.

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