

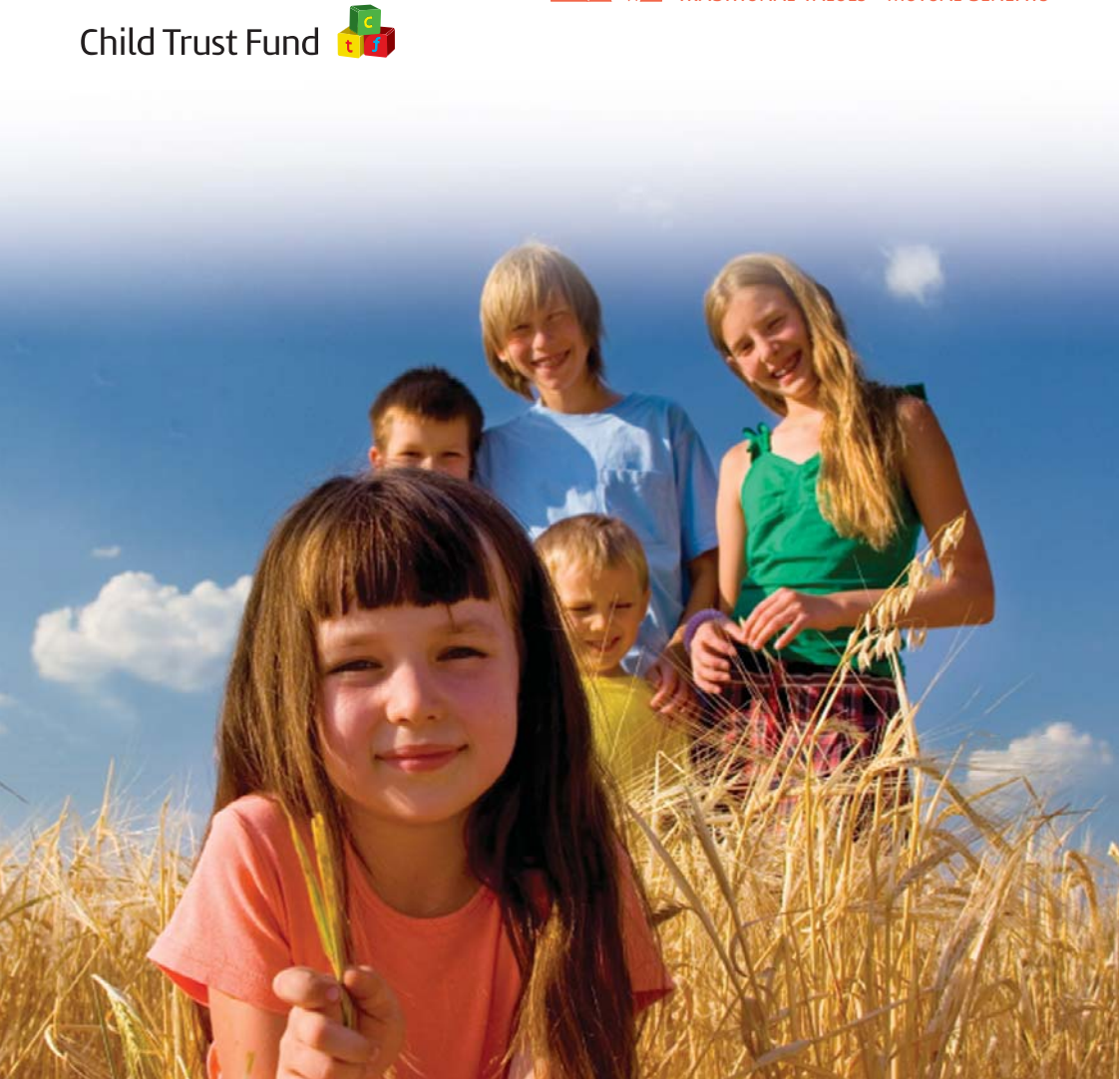


Child Trust Fund 



**KINGSTON UNITY**  
**THE FRIENDLY SOCIETY**

TRADITIONAL VALUES - MUTUAL BENEFITS



**key features and product guide for the  
Kingston Unity Child Trust Fund  
(non-stakeholder)**

## Child Trust Fund Non-stakeholder Account (also known as Kingston Unity With Profits CTF)



The above Child Trust Fund (CTF) product is only relevant if you have an existing CTF in our non-stakeholder account, or if you have a CTF which you are considering transferring to our non-stakeholder.

A Child Trust Fund (CTF) is a long-term investment account that was set up by the Government for children born between 1st September 2002 and 2nd January 2011. The Child Trust Fund account value is paid to the child at age 18.

Any eligible child would have been given a voucher from the Government, the amount of which varied depending on when the child became entitled to the contribution.

Parents or guardians of the child could choose a provider for their child's CTF and used the voucher to open the account. Where the voucher expired before use, or was not used at all, then the Government allocated these accounts to Child Trust Fund account providers. Any account opened in this way was opened as a stakeholder account. This type of account is known as a revenue allocated account.

If you are unsure where your child's account is held please visit the HMRC website for guidance via [www.gov.uk](http://www.gov.uk). Through the search portal type Child Trust Fund and click on the first link on the results page. This will take you to an overview of the Child Trust Fund and a form that you can complete. The HMRC will then contact you with the relevant details of which provider holds the account for your child. Whilst you can no longer open a new CTF account, you still have the option to transfer a CTF to another provider or you can transfer a CTF to a Junior NISA providing a Registered Contact is in place. There are different types of CTF available - Kingston Unity offers a non-stakeholder version and a stakeholder version. Please see our key features for the stakeholder account if you want to know more about stakeholder accounts.

The Society offers both stakeholder and non-stakeholder accounts. This document details the non-stakeholder account.



## What is the purpose of this document?

The Financial Conduct Authority is the independent financial services regulator. It requires us, Kingston Unity Friendly Society, to give you this important information to help you decide whether our non-stakeholder Child Trust Fund (CTF) is right for you. You should read this document carefully along with the rest of this booklet so that you understand what you are buying and then keep it safe for future reference.

## Key Features of the Kingston Unity Non-Stakeholder Child Trust Fund (CTF)

### Who is the non-stakeholder CTF suitable for?

- Individuals over 16 with parental responsibility for a child, who wish to invest on behalf of the child and who wish to save or invest in a fund which consists of a different spread of assets such as shares, property, cash and fixed interest.

## Its Aims

- To provide the child with a tax free lump sum on reaching the age of 18.
- To potentially provide a higher return over the medium to long term than a bank or building society deposit based account, by investing in a fund which consists of different types of investments.
- To allow you to vary or stop contributions.
- To add bonuses to your investment.

## Your Commitment

- The account was opened using a Government approved method and you agree to become the Registered Contact of the account.
- Additional contributions do not have to be made, but you can do so up to the maximum allowed in any subscription year (this runs from birthday to birthday).
- Any additional contributions to the account that exceed £5, must be accepted, and cannot be refused unless they would exceed the annual allowance.
- The initial Government investment and any additional contributions are treated as gifts to the child and cannot be withdrawn until the child reaches 18, and then only by the child.

## Risks

- Bonus rates are not guaranteed and depend on the investment performance of the fund.
- A reduction in value (known as a Market Value Reduction or MVR) may apply on transferring to another provider.
- The child cannot access the money until their 18th birthday.
- Tax treatment of the account may change in the future which may affect growth of the investment.
- Inflation may reduce what you can buy in the future.
- Your investment may not achieve a higher rate of return than a deposit based account.
- Your circumstances may change preventing you from making further payments.



### Who is responsible for a CTF account?

A person aged 16 or over with parental responsibility for the child will need to apply to become the Registered Contact for the account.

The Registered Contact will receive any account statements and is also the person who can make decisions about the account.

When a child reaches 16 they can become the Registered Contact by applying to do so. If they do not, then we will continue to take instructions from the most recent Registered Contact.

Where HMRC opens an account on your behalf, you will need to apply to become the Registered Contact of the account.

We cannot accept a transfer request for a CTF unless a Registered Contact is in place.



### How much can be saved in a CTF?

Further contributions can be made each subscription year into the account, up to the maximum set by the Government. Please see our website or contact us for the limit in force at this time.

These contributions are in addition to the Government's initial contribution. However, it is important to remember that these are gifts to the child and cannot be accessed until the child reaches age 18 (unless exceptional circumstances apply - please see the sections regarding Terminal Illness or Early Death).

You do not have to make additional contributions into the account, but where you do so this must be a minimum of £5.00.



### How can I save into a CTF?

You can make regular payments by cheque, direct debit, standing order or cash. We cannot accept cash through the post and we do require that you contact us in advance if you wish to pay cash into the account so we can talk you through the process.

One-off payments can also be made by cash, cheque or internet banking. Details for internet banking should be confirmed with us in advance.



### What is a Non-Stakeholder Account?

- A non-stakeholder account does not have to comply with the Government standards for stakeholder accounts. Stakeholder accounts have to meet the following standards:
- Most of the investments being held in shares.
- Lifestyling from the age of 15.

- Charges must not exceed 1.5% of the value of the account each year.
- Additional contributions can be made by cash, cheque, direct debit or standing order.

Kingston Unity's non-stakeholder account invests in our With-Profits fund.



### Where are contributions invested?

Premiums are invested into the Society's With Profits Fund. This fund is made up of investments into four main asset types; shares, commercial property, fixed interest investments and cash.

The purpose of this type of investment is to try to reduce investment risk by spreading investments into assets that over time are expected to generate growth with low to medium risk. It means that investment is not just concentrated into shares.

The mix of assets will vary from time to time depending on market conditions.



### How does it work?

In addition to the premiums paid into the CTF, the Society's Board, in conjunction with the Actuary, may declare a bonus which is added to the CTF.

This bonus depends on the performance of the With-Profits fund.



### How does the bonus work?

Depending on investment performance, the Board may declare a bonus rate, from time to time and any resulting bonus will be added to your policy.

The rate is declared in advance and may be varied during the year.

Any bonus will be added to the CTF on the child's birthday and the amount will depend on daily balance of the account and the bonus rate in force on each day.

Once added, this bonus cannot be taken away except in the case of a Market Value Reduction (MVR) being applied (see section "What is a Market Value Reduction?").

It is important to remember that past performance is not a guide to bonus rates that will be declared in the future. There is a possibility that a rate may be declared at zero percent.



### What might the child get back?

What the child will be paid at age 18 depends on the performance of the fund during the life of the investment.



## What is Lifestyling and how does it work?

Lifestyling will be carried out from the age of 15 to try to lessen the effects of any stock market losses around the time the child reaches age 18. The process involves the gradual switching of investments away from more potentially volatile assets (such as stocks and shares) towards more stable assets (such as government bonds and cash). All stakeholder Child Trust Fund accounts must be capable of lifestyling.



## Are there any guarantees?

As long as the account remains within the non-stakeholder fund the Society guarantees that if the child withdraws their account on their 18th birthday, then they will receive all premiums paid into the account over its lifetime plus any bonuses that have been allocated to the account.

If an account is rolled-over into an adult NISA it will be subject to the terms and conditions of the NISA.



## What is a market value reduction (MVR)?

A market value reduction (also known as an MVR) reduces the amount that is paid out and is designed to ensure that your child receives their fair share of the With-Profits fund. An MVR is a percentage based reduction.

For example we could apply an MVR if our regular bonuses have been higher than actual investment returns.



## When could an MVR be applied?

An MVR could be applied at any time that you transfer out of the Kingston Unity non-stakeholder account before your child reaches the age of 18. The amount of MVR, which may be zero, depends on investment conditions at the time.



## Are there any times that an MVR will not be applied?

We will not apply an MVR on the child's 18th birthday, when the account will either be paid out to the child or can be rolled-over into an ISA.

We will not apply an MVR if the child dies before the age of 18, or suffers a terminal illness that permits early access to the account.



## How do I know the value of the CTF account?

You can contact us at any time for a valuation (please see "How can I contact you" for details).

Where requested, or if contributions have been made during the subscription period, a statement showing the value of the CTF will be sent within 60 days of the child's birthday. A statement will automatically be sent on the child's 4th, 10th and 15th birthday.

The statement will also provide details of all the payments made into the account that year. As well as being able to see the value of the account each year in the statement, you can ask at any time for the value of the account by email or in writing.



## Are there any charges?

Yes, the Society takes into account a charge of 1.5% per annum before bonus rates are calculated and declared.



## What happens at age 18?

The CTF account ends on the child's 18th birthday when the money will be available to the child. The child can choose to use the money as they see fit.

If they do not wish to use the funds at this point, they can roll the account over into an adult NISA in the child's name. The investment will then be subject to the terms and conditions of the NISA.



## Can I transfer the CTF?

Yes, you can transfer the CTF to another provider at any time. This can be to a CTF or Junior ISA but you would have to check with the new provider whether they would accept the transfer and they will also provide forms for this. We do not make a charge for a transfer. We can also accept transfers into our CTF fund from other providers. The whole amount must be transferred. Please contact us for a transfer form.



## Can I change my mind after making a transfer application?

Yes, you will have 14 days to change your mind after sending us your transfer application.



## Can I stop paying into a CTF?

Yes, you can stop or change payments at any point during the subscription year, as long as the subscription year allowance is not exceeded.





### **Can money be withdrawn from a CTF?**

No, withdrawals are not allowed at any point before the child reaches age 18. Once the child reaches 18 they can choose what to do with the account.



### **What happens if my child dies?**

If your child should die, the value of the account on the date of death will be paid to the child's estate. There will also be an additional payment of 1% of the value of the account on death.



### **What happens if my child is terminally ill or disabled?**

Early access to the account may be allowed if your child becomes terminally ill or disabled. Please contact the HMRC via their website to make a claim.

The account would remain open to accept any further payments that may be due.



### **Will there be any liability to tax?**

No, under current legislation (which could change in the future) proceeds from the account will be free of income and capital gains tax.



### **How to apply**

Providing you do not need any advice, you should request a transfer application pack from us. On receipt of this, you should return the transfer request and direct debit form (where applicable). You should send them to FREEPOST RSJC-BBGE-KSAX, Kingston Unity Friendly Society, 9 Navigation Court, Calder Park, Wakefield, WF2 7BJ.



### **What if I would like advice?**

Due to regulation the Society is unable to provide investment advice to you. If you would like advice you should consult an Independent Financial Advisor who may charge for their services.



### **How can I contact you?**

If you have any questions please contact our Child Trust Fund department at 9 Navigation Court, Calder Park, Wakefield, WF2 7BJ or telephone us on 01924 240164.

You can also email [ctf@kingstonunity.co.uk](mailto:ctf@kingstonunity.co.uk)



### **What law applies to my policy?**

In legal disputes the law of England and Wales will apply.



### **Legislation**

It is possible that legislation affecting the non-stakeholder CTF may change in the future. This may affect the benefits or conditions of the plan.



### **How do I make a complaint?**

If you need to complain please contact any member of staff using the details under "How can I contact you?".

If you are not satisfied with our response you can write to the Financial Ombudsman Service, Exchange Tower, London, E14 9SR. Making a complaint won't affect your legal rights.



### **Client Category**

We are required to categorise our clients. We will treat you as a "Retail Client" which means that you will benefit from the highest level of consumer protection.



### **Compensation**

If the Society is unable to meet its obligations, compensation may be available from the Financial Services Compensation Scheme. This depends on the type of business and the circumstances of the claim.

Information on compensation arrangements is available from the FSCS via [www.fscs.org.uk](http://www.fscs.org.uk) or calling 0800 678 1100.

**For more information call 01924 240164 or visit [www.kingstonunity.co.uk](http://www.kingstonunity.co.uk)**

#### **Kingston Unity**

9 Navigation Court, Calder Park, Wakefield, WF2 7BJ. Tel: 01924 240 164 Fax: 01924 242 992

Email: [enquiries@kingstonunity.co.uk](mailto:enquiries@kingstonunity.co.uk) Web: [www.kingstonunity.co.uk](http://www.kingstonunity.co.uk)

Kingston Unity is the trading name of Kingston Unity Friendly Society Limited, an incorporated Society within the meaning of the Friendly Societies Act 1992 (Register 775f). Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register 110056.