




Child Trust Fund 



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

TRADITIONAL VALUES - MUTUAL BENEFITS



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

# Child Trust Fund Stakeholder Account



The above Child Trust Fund (CTF) product is only relevant if you have an existing CTF in our stakeholder account, if you have a CTF which you are considering transferring to our stakeholder account or if HMRC has opened, or will be opening an account for an eligible child in our stakeholder account.

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.

Non-stakeholder accounts can invest in different assets and are not restricted to maximum charges of 1.5%.

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 non-stakeholder account if you want to know more about non-stakeholder accounts.

The Society offers both stakeholder and non-stakeholder accounts. This document details the 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 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 Stakeholder Child Trust Fund (CTF)

### Who is the stakeholder CTF suitable for?

- Individuals over 16 with parental responsibility for a child, who wish to invest on behalf of the child and who are prepared to take some risk with their investment in order to potentially achieve an increased rate of return. This investment will be through exposure to a fund whose assets are held mostly in the shares of companies, the value of which can vary.

## 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 mostly of shares.
- To allow you to vary or stop contributions.

## 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

- Money invested in stocks & shares can fluctuate in value which means that there is a possibility your child may receive less than has been paid into the account. We will use lifestyling in the final years of the account to attempt to spread some of the risk.
- 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 Stakeholder Account?

The account has to meet Government standards by:

- 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.



### Where are contributions invested?

Premiums invested in the stakeholder CTF buy a spread of equities designed to track the performance of the FTSE All-Share Index which represents most of the UK equity market. The majority of the investments in the fund will be UK investments although the overall proportion will change in accordance with the weighting within the FTSE All-Share.

The fund aims to provide medium to long term growth although there could be short term fluctuations.

It is important to remember that the performance of the CTF is related to the performance of the equities in the stakeholder fund and what you get back is not guaranteed. This could be more or less than you have paid in.



### How does it work?

Each payment (including the Government "voucher" amount) into the CTF buys a number of units. The number of units depends on the unit price on that date. For instance if you pay in £250 and the unit price is £1 then you will buy 250 units.

The unit price will fluctuate (go up and down) according to the performance of the fund and the unit price is calculated on at least a weekly basis.



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

The value of the CTF at any time is the number of units held multiplied by the unit price on the day. For instance if you hold 1000 units and the unit price is £1.02 on that day, then the value of the CTF would be £1020.

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.





### **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. The fund aims to provide growth but this is not guaranteed and you may get back less than you have paid in.



### **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 charges?**

Yes, the Society takes into account a charge of 1.5% per annum before declaring the unit price. Charges are not taken off the account directly.



### **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.



### **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.



### **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 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

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