

# Tax Exempt Savings Plan

**For financial  
products with a  
friendlier face...**



## ▶ What is The Kingston Unity Friendly Society?

Kingston Unity is a Friendly Society which was established in 1840 and is a mutual organisation owned by its members. Being mutual means that any surplus funds are used for the benefit of members and not to pay shareholders. As a Friendly Society, under current legislation which may change, we are uniquely able to offer certain savings plans that, with the exception of the tax credit on dividend income, are invested in tax exempt funds.

## ▶ What is the Tax Exempt Savings Plan?

It is a regular savings plan which is designed to run for a period which you choose, between 10 and 30 years, to build a lump sum on maturity. For those aged 10 or over, there is the option to include life cover on the plan. You should read this leaflet in conjunction with the Key Features leaflet which explains the main features.

## ▶ How much can I save in a Tax Exempt Savings Plan?

Due to the tax benefits of the plan the Government restricts the maximum amount you can save to either £25 per month or £270 per annum. The minimum amount you can pay into a Kingston Unity plan is £5 per month or £50 annually. You should also bear in mind that the maximum figure includes any other tax exempt policies that you might have. If you wish to save more than the maximum allowed please consider our Regular Savings Plan for any additional premium.

## ▶ How does it work?

The Society will provide you with a fixed Sum Assured. The value of this will depend upon the agreed premium level, the number of years that the policy is due to run and whether the life cover option is selected.

In addition to the Sum Assured, depending upon investment performance of the with-profits fund, the Society's Board, in consultation with the Actuary, will declare an annual bonus which is added to the Sum Assured (see section How does the Bonus work?). Once annual bonuses have been added to your plan they cannot be taken away, assuming the plan runs to maturity. Therefore at maturity you will be paid the guaranteed sum assured plus any bonuses. There may also be a terminal bonus on maturity, but this is not guaranteed and will depend on investment performance over the life of the plan. If the plan does not run until maturity, then neither the full sum assured nor bonuses will be payable. A surrender value (if applicable) will instead be payable. The amount of surrender value will take into consideration the bonuses that have been added to the plan before surrender, and the length of time that the plan has run.

## ▶ Are there any Guarantees?

Yes, the minimum amount you will receive at maturity is the sum assured.

**Please note** that if you surrender your plan early then you are unlikely to get back more than you have paid in, especially in the early years. There may also be a tax-liability on any gains made on surrendered plans.

## ▶ Where is my money invested?

Premiums are invested into the Society's With-Profits fund. This fund is made up of investments into four main asset classes; equities, commercial property, fixed interest (eg gilts, corporate bonds, etc) and cash. The purpose of this is to reduce investment risk whilst giving exposure to assets that over a period of time should generate growth and provide a balanced approach with low to medium risk. This makes an appropriate investment for someone who is not averse to a small amount of risk but would like the opportunity to take advantage of potential growth in assets not given by deposit based accounts. The mix of assets will vary from time to time to reflect market conditions.



## ▶ How does the Bonus work?

The Society's Board, in conjunction with the Actuary, will review the performance of the With-Profits fund at the end of each year and decide how much of any profits generated can be allocated after the liabilities have been covered. This is paid in the form of a bonus, the rate of which is declared generally in April each year. It is calculated on the Sum Assured not on the premiums paid during the year. You will receive a bonus statement each year advising of the amount of new bonus and current policy value assuming it runs to the anticipated maturity date.

The Sum Assured will be higher if the life cover option is not chosen, as there will then be no additional cost for providing this benefit. This means also that the maturity value is likely to be greater, providing that the policy runs for its full term.



## ▶ Who can save in a Tax Exempt Savings Plan?

Every individual from birth onwards can have one or more Tax Exempt plans providing the overall Government maximums of £25 per month or £270 for annual premiums are not exceeded. This includes any tax exempt plans held with other Friendly Societies. Maximum age at entry is 75 for Tax Exempt Savings Plans without life cover. For plans with life cover maximum age at entry is 65.

## ▶ How can a child have a plan?

A child may not have any income of his/her own but an adult can pay the premiums on their behalf and 'sponsor' the policy. We can either send correspondence to the sponsor or the child as requested during the life of the policy, but it should be remembered on maturity that the proceeds of the policy will be payable to the child. The child does not need to be a child or grandchild of the sponsor. Please note that because of the Data Protection Act we can only give information about the plan to the sponsor of the plan or to the child.

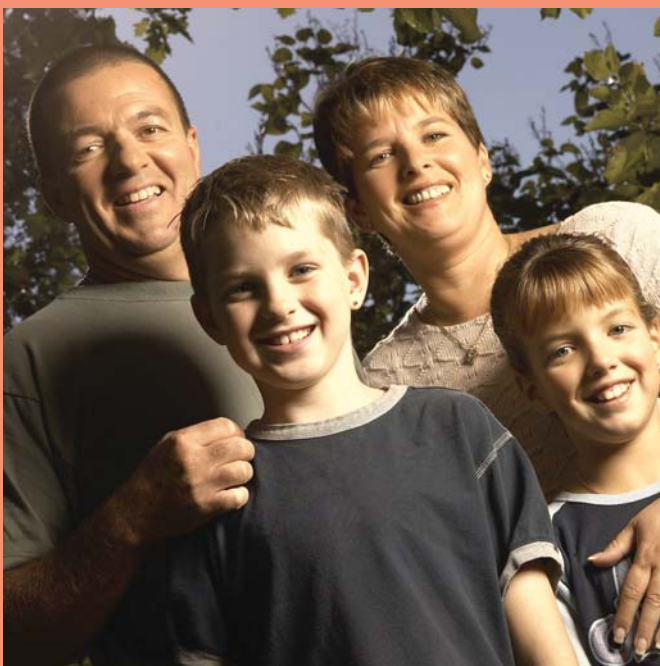
## ▶ What happens if I die before the maturity date?

In the event of death before the end of the term, the Society will refund all premiums paid plus interest up to the date of death.

If you choose the life cover option, then your estate will receive the Sum Assured plus any bonuses allocated to your plan. This may include a terminal bonus.

## ▶ What do I do next?

If you have decided how much you wish to save and for how long you should read the Key Features literature and illustration which gives other important facts. Providing you do not need any additional advice, you should complete and return the application form and direct debit or standing order authority and send them to **Kingston Unity Friendly Society, 9 Navigation Court, Calder Park, Wakefield, WF2 7BJ** along with a cheque payment for the initial premium.



## ▶ What if I would like advice?

If you require further advice from one of our Financial Advisors, please contact us at the above address or by telephone **01924 240 164** or by email **enquiries@kingstonunity.co.uk**. We will then arrange to see you either at home or another convenient location.

## ▶ Money Laundering Requirement

The Society has to confirm the identity, address and source of funds for each of our customers before we can issue a policy or accept your investment. We may therefore ask you to provide documents such as a passport or driving licence & utility bill or bank statements in order to do this. Alternatively we may verify your identity and address by the use of an electronic search.

Please ask for details of our other products:

- Investment Bond
- Individual Savings Account (ISA)  
with profit/tracker
- Regular Savings



9 Navigation Court, Calder Park,  
Wakefield, WF2 7BJ

You can find out lots more about 'The Friendly Society' and our products from our website:

[www.kingstonunity.co.uk](http://www.kingstonunity.co.uk)

Alternatively call our head office team on:

**Tel: 01924 240 164**

**Because we are 'The Friendly Society' - you will be answered by a person, not a machine!**

Kingston Unity is authorised & regulated by the Financial Services Authority FRN 110056

## KEY FEATURES OF THE TAX EXEMPT SAVINGS PLAN

### WHAT IS THE PURPOSE OF THIS LEAFLET?

The Financial Services 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 Tax Exempt Savings Plan is right for you. You should read this document carefully along with the illustration and general product leaflet, so that you understand what you are buying and then keep it safe for future reference.

### WHO IS THE TAX EXEMPT SAVINGS PLAN SUITABLE FOR?

Individuals who are looking to build a lump sum by saving a regular amount either monthly or annually for a period of 10 to 30 years and who wish to invest in a spread of assets such as equities, property, fixed interest and cash.

### ITS AIMS

- To build a guaranteed tax free lump sum payable to you at the end of the specified term by investing in the Society's with-profits fund
- Depending upon investment performance to enhance the guaranteed lump sum by the addition of annual bonuses
- To give a return of premiums paid plus interest at 3% per annum in the event of death before the end of the term.

YOUR COMMITMENT	RISK FACTORS
<ul style="list-style-type: none"> <li>● You agree to pay a regular fixed premium for a specified number of years</li> <li>● You cannot withdraw cash from the plan other than by closing it and taking the surrender value, if applicable.</li> </ul>	<ul style="list-style-type: none"> <li>● Maturity proceeds will depend on the investment performance of the Society and its with-profits fund</li> <li>● Your circumstances may change forcing you to cash in early. Any surrender value then payable may be less than you have paid in particularly if you surrender during the early years</li> <li>● Inflation may reduce what you could buy in the future.</li> </ul>

### QUESTIONS AND ANSWERS

#### ARE THERE ANY GUARANTEES?

Your plan will have a guaranteed sum assured which is the minimum you will receive if the plan runs to its intended maturity date and all premiums are paid. Bonus rates are declared annually and any bonus is added to your plan. Once added these cannot be taken away, except in the case of surrender, so that on maturity the plan value will be the guaranteed sum assured plus accrued bonuses. The final policy maturity value will depend on investment performance over the life of the plan.

#### ARE THERE ANY CHARGES?

Yes, the Society takes a management contribution of 50% of premiums paid in year 1 and in the second and subsequent years 5.5% of the annual premium amount. These are to cover the cost of expenses incurred in setting up the policy and maintaining it thereafter. The effect of charges are shown in the illustration enclosed with this leaflet.

#### WHAT HAPPENS IF I STOP PAYING PREMIUMS?

The Tax Exempt Savings Plan is a medium to long term savings plan. If you surrender the plan less than 12 months from inception there will be no surrender value. If you surrender your plan more than one year from inception, there will be a surrender value payable. However, especially in the early years, this may be less than you have paid in. The Society reserves the right to lapse your plan if premiums are more than 6 months in arrears.



## WILL THERE BE ANY LIABILITY TO TAX?

Money invested in the Society benefits from special concessions available to tax exempt funds. No tax is paid on the fund although it is no longer possible for the Society to claim tax credits on dividends from shares. The proceeds on maturity of the plan will be tax-free under current legislation, which may vary. If you surrender before the end of the term then you may be liable for taxation on any investment gain.

## IS LIFE COVER INCLUDED?

The plan is not designed to provide life cover. In the event of death before the end of the term premiums paid plus interest at 3% per annum will be refunded. If you require life cover we offer a Tax Exempt Savings Plan with life cover option.

## HOW WILL IT WORK FOR ME?

Accompanying this leaflet you will find an illustration which shows an example of possible payment on maturity or earlier surrender. If you require a specific illustration please contact us.

## OTHER INFORMATION

### FURTHER READING

You should also read the leaflet 'Kingston Unity's Tax Exempt Savings Plans' in conjunction with this document. This gives more detailed information on the Tax Exempt Savings Plan.

### CANCELLATION RIGHTS

After your proposal is accepted you will receive a notice of your right to cancel. You will then have 30 days in which to change your mind.

### LAW

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

### LEGISLATION

It is possible that legislation affecting the tax free status of the Tax Exempt Savings Plan may change in the future. This may affect the benefits, premiums or plan conditions.

### COMPLAINTS

If you wish to complain about any aspect of a product or the service that you have received please contact the Compliance Officer at the address shown below. If a complaint is not dealt with to your satisfaction you can then complain to the Financial Services Ombudsman, South Quay Plaza, 183 Marsh Wall, London, E14 9SR. Making a complaint will not prejudice your right to legal proceedings.

### WHO SHOULD I CONTACT IF I HAVE FURTHER QUESTIONS?

If you require any further information or have any queries, please contact the new business department of the Kingston Unity Friendly Society at the address shown below or on 01924 240 164. Alternatively you can email [enquiries@kingstonunity.co.uk](mailto:enquiries@kingstonunity.co.uk).

### COMPENSATION

Information on compensation arrangements is available from the Society on request.

### THE KINGSTON UNITY FRIENDLY SOCIETY

Was founded in 1840. Total assets exceed £30 million and there are over 4,500 members and 40,000 Child Trust Fund members. This leaflet is a brief guide to the key features of the plan. Full details are contained in the policy document which is a legally binding contract between you and Kingston Unity Friendly Society.

### Kingston Unity Friendly Society

9 Navigation Court, Calder Park, Wakefield, WF2 7BJ

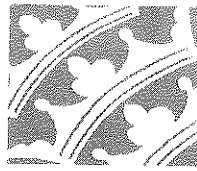
Telephone: 01924 240 164 Fax: 01924 242 992

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

Kingston Unity is authorised & regulated by the Financial Services Authority FRN 110056







# **KINGSTON UNITY**

## **THE FRIENDLY SOCIETY**

TRADITIONAL VALUES - MUTUAL BENEFITS

### **What Are The Deductions For ?**

- The deductions include the cost of commissions, expenses, charges and any surrender penalties and other adjustments.
- The last line in the table shows that over the full term the effect of the total deductions could amount to £628.
- Putting it another way, if the growth rate were to be 7% a year, which is in no way guaranteed, this would have the effect of reducing it to 4.00% a year.