

Kingston Unity

Non Stakeholder



Key Features, Terms & Conditions



Key Features and Terms and Conditions of the Kingston Unity Child Trust Fund Non-Stakeholder Account

The following information forms the initial 'service agreement' between the Registered Contact and the Kingston Unity Friendly Society and should be considered as the Terms & Conditions.

AIMS OF THE AGREEMENT

- To provide a Child Trust Fund which builds into a tax-free sum of money at age 18 to enable the eligible child to invest in their future.

YOUR COMMITMENT

- You agree to open the CTF account with a voucher provided by the HMRC. There is no obligation to make any further payments into the account.
- Additional contributions can be made up to a total maximum of £1,200 per CTF year by any individual.
- Any additional contributions are to be considered as a gift to the child and cannot be returned before their 18th birthday.
- The Registered Contact cannot prevent any contribution being made to an account.
- Additional contributions can be made by cash, cheque or bank standing order. The minimum that can be added at any one time is £5.

RISK FACTORS

- Tax legislation is always subject to change.
- There is no access to the money until the child reaches age 18. No other person may withdraw on the child's behalf.
- In Non-Stakeholder accounts part of the CTF Account is invested in the Kingston Unity With-Profits Fund which includes equities. This will fluctuate with the market. However, our fund also includes fixed interest, bonds and property to provide a balanced return. We may add guaranteed bonuses to the account each year, therefore the child is always likely to receive a greater amount than has been paid in although this is not guaranteed. We reserve the right to apply a Market Value Reduction on accounts that are transferred to another provider.
- The annual bonus declared will depend on the performance of the underlying investments in the previous year.

QUERIES & COMPLAINTS

If you require any further information, such as a copy of our rulebook or a copy of our complaint handling procedures in the unlikely event that you want to complain, please call 0113 245 7131, email ctf@kingstonunity.co.uk or write to The Compliance Officer, Kingston Unity Friendly Society, 25a Park Square, Leeds LS1 2PW.

If your complaint is not dealt with to your satisfaction you may complain to the Financial Services Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Email: complaint.info@financial-ombudsman.org.uk.

The notes in this document reflect our understanding of current law and Inland Revenue practice, which are subject to change.

- A copy of your completed application is available on request.
- Please note calls may be recorded for security and training purposes.

TITLE (Who owns the money)

- (a) The CTF investments shall be in the beneficial ownership of the child.
- (b) The title to the CTF investments will be registered in the name of the provider or, the name of the provider's nominee.
- (c) The CTF cannot be transferred to another person(s).

TAXES AND SPECIAL CIRCUMSTANCES

Kingston Unity will make deductions from the funds established within the CTF fund range in respect of its actual or potential liability to any tax or levy which the Actuary considers relevant. The amount deducted to cover the tax or levy will be determined in accordance with advice of the Actuary.

ACCESS

Only the child will have access to the money and this will be 'locked in' until they reach age 18. At age 18, the CTF will mature and the CTF's tax-free status ends. You may be allowed early access to the CTF if your child becomes terminally ill or disabled. If such unfortunate circumstances occur, please contact the CTF Office.

ACCOUNT MANAGER

Kingston Unity may appoint any person to advise on or perform any of its functions or responsibilities under these terms & conditions and may provide information about you and the account to any such person. Kingston Unity will satisfy itself that any person to whom it delegates any of its functions or responsibilities under the terms agreed with you is competent to carry out those functions and responsibilities. We will manage the CTF so that it meets the voluntary stakeholder standards published by HM Treasury.

ANNUAL FINANCIAL STATEMENTS

For any investment held, we can arrange to send you a copy of the Society's annual report and accounts, if requested.

AMENDMENTS

Whilst the CTF is active, if there is any change in law, regulatory requirements or taxation affecting the Kingston Unity or the CTF, or if there is any change in circumstance which, taking account of relevant factors and the advice of our consultants, makes it impossible or impractical to carry out one or more of these Terms & Conditions, then Kingston Unity may make reasonable amendments to these Terms & Conditions when in the view of management and of our advisors, circumstances make such action necessary, subject to giving at least one month's written notice to you.

VOID ACCOUNTS

Kingston Unity shall notify the responsible person, if by reason of any failure to satisfy the provisions of the CTF Regulations, the CTF has or shall become void. Where you believe that you have broken the CTF Regulations, you should contact the Inland Revenue in the first instance. Where an account breaks the CTF Regulations, the responsible person may relinquish the right to tax credits. In a case where a CTF has been declared void, a fresh application form will be required for any subsequent investment with the same manager.

TRANSFER OUT

At your written request and free of charge, we will transfer the CTF to another CTF provider, without the loss of tax status in line with the current CTF rules. You must transfer the whole account. When we receive your completed Transfer Form, we will calculate the value of the investment and pay the proceeds to the new provider. However a Market Value Reduction may be applied.

TRANSFER IN

You may transfer a CTF held with another provider, to us. Transfers will only be accepted in the form of payment by cheque from the previous CTF provider. Upon receipt of a completed Transfer Form, you will have 30 days in which to change your mind and cancel the transfer. After this period has expired, the transfer will be processed.

RULES OF THE KINGSTON UNITY FRIENDLY SOCIETY

All CTF accounts are subject to the rules of the Kingston Unity Friendly Society, copies of which can be obtained upon request from Head Office, KUFS, 25A Park Square, Leeds, LS1 2PW.

THE ABOVE INFORMATION IS AT 19TH SEPTEMBER 2008

Your questions answered



What is a Child Trust Fund (CTF)?

A savings and investment account for children, introduced by the Government. It is available for children born on or after 1st September 2002 for whom child benefit has been awarded. Family and friends, between them, are able to make contributions to the account up to the maximum of £1,200 each subscription year.

What is a Kingston Unity Non-Stakeholder Child Trust Fund?

The Kingston Unity Non-Stakeholder Child Trust Fund invests in the Kingston Unity With-Profits Fund which combines investment in property, equities, fixed interest deposits, Government stocks and cash. Each year we will declare a CTF Non-Stakeholder bonus that is based on the performance of the fund. Once added this bonus cannot be taken away.

In fact, our Non-Stakeholder Account works on the basis that all contributions added, whether government, personal or bonuses, are guaranteed to be repaid in full at age 18 (except in the case of transferring out when a Market Value Reduction may be applied, see section "What is a Market Value Reduction?").

However you must remember that as part of the fund is invested in shares, past performance is not a guarantee of how the fund will perform in the future.

What does Non-Stakeholder mean?

The following standards apply to a Non-Stakeholder Account

- management charges at the discretion of the provider. Kingston Unity will keep its charges within the 1.5% per annum stakeholder limit.
- can be stock market or deposit-based. Kingston Unity will be investing in a balanced fund which invests in equities, fixed interest and property.
- may set any minimum payment level which it chooses. Kingston Unity will accept contributions of £5 or more at any time subject to the annual limit.
- need not provide life styling. Kingston Unity will offer a life styling option from age 13.

Providing Protection

Once your child is 13, you will have the option to start moving the balance of the account to lower risk investments or assets. This is known as life-styling. We will consider how well the With Profits Fund is performing to decide how much to move over into safer assets and how quickly. This means that although some of your child's money may not benefit if the Stock Market is performing well, it is protected from Stock Market losses as they approach their 18th birthday.

What is a stakeholder CTF?

Kingston Unity also offer a stakeholder option – details of this can be downloaded from our website

- A Stakeholder CTF account must meet the following standards laid down by the Government:
- the charges should not be more than 1.5% of the value of the account per year;
- be predominantly stock market-based;
- an investment fund which invests in the shares of a spread of companies;
- accept payments by cheque, cash or standing order;
- any payment amount above £10 must be accepted;
- must offer Life styling.

Who is responsible for a CTF account?

A 'Registered Contact' must be nominated on the CTF Application Form. This is the person to whom the annual statements will be sent on behalf of the child. The Registered Contact must be 16 or over, with parental responsibility for the child. We can only accept instructions concerning the account from the Registered Contact. Once the child reaches 16 they can make a declaration to take over the responsibility for the account themselves.

Are there rules to setting up a CTF?

An Application to set up a CTF must be made on an Application Form.

Subject to the Regulations, the CTF will be managed in accordance with your instructions.

The stated Terms & Conditions come into force when your completed Application Form is accepted and validated. This is normally on the date of receipt.

For the purpose of becoming an active CTF, the following three conditions must be satisfied (in any order):

- the CTF voucher is received by Kingston Unity
- you enter into an agreement with Kingston Unity, for the management of the CTF, by completing an application and signing the declaration
- the cancellation period has expired

You will be sent an acknowledgement when you set up a CTF or if you make an additional payment other than by bankers standing order.

If you fail to provide the CTF voucher within 6 weeks of making an application, Kingston Unity will close the CTF. In this case, you will be able to open a CTF with another provider.

When will the account be opened?

The account will be opened when the voucher has been received and the cancellation period has expired.

How much can be saved in a CTF?

You, family, friends and the child may subscribe the maximum sum of £1,200 into a CTF in any subscription year. This is in addition to the money the child will receive from the Government. The subscription year runs from one birthday to the next. The minimum individual contribution to a CTF is £5.

How is money paid into a CTF?

Regular payments can be made by cheque, bank standing order, or cash. Investments will qualify for bonus participation immediately. All payments are treated as gifts, so the payer loses all ownership and other rights attached to it. There is no contractual obligation to pay further amounts within a subscription year.

What charges are there and how will they affect the investment?

There are no charges deducted from the account for running a Non-Stakeholder account. Each year bonuses will be declared on the 'With-Profits' Fund and these will be automatically added to the account. Once added they are guaranteed and cannot be taken away other than on transfer to another provider. We may add a final bonus to the value of the account on top of the reversionary bonuses to date.

Any charges will have been taken into account when the bonuses are declared. The Society will make a charge of no more than 1.5% of the account value each year over the life of the fund.

Where will the Kingston Unity CTF funds be invested?

For a Kingston Unity Non-Stakeholder CTF all funds will be invested in the Kingston Unity With-Profits Fund. This is a balanced fund containing a mixture of equity shares, fixed interest securities and commercial property. The equity and gilt investments are managed by Cazenove Investment Fund Managers and the property investments by Eddisons Chartered Surveyors of Leeds. Cash deposits are held with major banking institutions.

Will any commission be paid?

No commission is paid to anyone when a CTF is taken out. However, if you sought advice from an Independent Financial Adviser (IFA) you may be charged separately for that advice.

How can I keep track of the CTF Investment?

A statement showing the value of the CTF will be sent within 60 days of the child's birthday every year. 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.

Can I change my mind after I make an application?

Yes, after you make an application you have 14 days from the date you receive your welcome pack in which to change your mind. To cancel you should contact us on 0113 245 7131 or email ctf@kingstonunity.co.uk.

If you do change your mind, the account will be cancelled and the voucher returned to you. If you have not cancelled by the end of the 14-day cancellation period, the voucher will be invested and the account opened.

What options will be available at age 18?

At 18 the money is your child's to do with as he or she wishes, however, shortly before their 18th birthday we will make contact to explain the option for reinvestment which are available to them at that time.

Who has access to the money?

Only the child will have access to the money, but only when they reach 18. Until then it will be 'locked-in'.

Can I transfer my account to or from another CTF provider?

Yes, you can transfer, free of charge, from another CTF provider into one of our CTF Accounts at any time. Similarly, you can transfer, free of charge, from our CTF Account to another provider by requesting and completing a Transfer Form from them. You must transfer the whole account. A Market Value Reduction may be applied.

What is a Market Value Reduction?

A Market Value Reduction (MVR) reduces the amount that is paid out and is designed to ensure that your child receives their fair share of the fund.

For example we could apply an MVR if our regular bonuses have been higher than actual investment returns applied to your child's Child Trust Fund.

When could a Market Value Reduction be applied?

A MVR can be applied at any time that you transfer out of the Kingston Unity Non-Stakeholder Child Trust Fund before your child reaches age 18. However, the amount of the MVR, which may be zero, depends on investment conditions at the time.

When do we guarantee not to apply a Market Value Reduction?

We will not apply a MVR on the child's 18th birthday when the Child Trust Fund matures, or if a child dies or suffers a terminal illness before this.

What happens at age 18?

The CTF account closes at the child's 18th birthday, when the money will be available to the child. The money cannot be kept in the CTF account after the child's 18th birthday. The Government has stated that there will be no restriction on how they use the money in their account at age 18.

Can too much money be paid in?

For payments made by cheque, bank standing order or cash, if a payment is received that will take the account over the subscription limit we may not be able to accept it. In such cases we will return it to either the bank account from which it was received or in the case of cheques or cash, the person who made the payment.

How are the funds protected?

You are covered under the Financial Services Compensation Scheme, should the Kingston Unity be unable to meet its liabilities to you. The compensation paid depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. Information on the scheme is available on request.

Is there any tax to pay?

Income and gains generated by CTF investments are exempt from income tax and capital gains tax. Any tax reclaimed is reinvested into the CTF.

How is the CTF Account administered?

When the account has been set up, we will send you a welcome pack confirming the details of the account, and details explaining how to manage it. No share certificates will be issued. Until the child is 16 the Registered Contact will have control of the account and all communications will be sent to them. Once the child reaches 16 the Registered Contact no longer has control and the child must apply to become the Registered Contact for the account if they wish to take control of the account. We will make contact before the child's 16th birthday.

What happens in the event of terminal illness or disability?

Early access to the account may be allowed if your child becomes terminally ill or disabled. If such unfortunate circumstances occur, please contact the Child Trust Fund Office, Waterview Park, Mandarin Way, Washington, NE38 8QG to make a claim. In these circumstances all or part of the money may be taken out of the account. Only the Registered Contact for the account can gain access to the investment. The account will remain open, in order to accept any further government contributions that may be due to your child.

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.

Law

In the event of a legal dispute, the law of England and Wales will apply.

Language

The language in which the account will be supplied and in which we will communicate will be English.

Kingston Unity Friendly Society

25a Park Square

Leeds LS1 2PW

☎ 0113 245 7131

Email: enquiries@kingstonunity.co.uk

Authorised and Regulated by the Financial Services Authority

Child Trust Fund

What will yours grow into?

