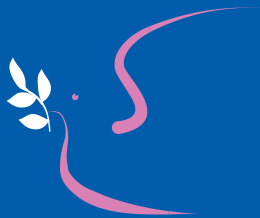




Child Trust Fund

*saving  
with life  
assurance*



**DRUIDS SHEFFIELD FRIENDLY SOCIETY**

*'affordable care'*

# CHILD TRUST FUND – SAVINGS WITH LIFE ASSURANCE

## SAVINGS OPPORTUNITY

The Child Trust Fund (CTF) is designed to encourage your child to get into the habit of saving regularly. The CTF can hold a variety of savings and investments, which are protected from income tax and capital gains tax.

## TAX FREE INVESTMENT

The Child Trust Fund is a simple way to give your child's investment a financial advantage because it offers:

- tax free growth
- bonuses
- life cover
- tax free payments

## WHO CAN JOIN?

Any child born on or after 1 September 2002 who Child Benefit is being paid for, will receive a voucher from the Government. The amount of the voucher will usually be £250, although in certain circumstances it can be more. Anyone with parental responsibility for the child can open the CTF.

## HOW MUCH WILL IT COST?

You can start the fund with just the voucher. You can then add from as little as £5 a month up to £100 a month to the limit of £1,200 a year. Alternatively you can invest yearly from £60 up to a maximum of £1,200 a year. We can also accept lump-sum payments at any time.

## A CHOICE

As a registered authorised friendly society, we can offer your child the choice of two CTFs.

The first is an equity (shares) CTF, known as a 'stakeholder' CTF which we invest mainly in stock market shares. The second is a property CTF, which we invest in property through a with-profits life assurance policy.

## WHY ARE WE OFFERING THIS CHOICE?

The Government prefers people to invest in stakeholder CTFs which will allow families to benefit from what could be higher returns from shares over a long period, such as 18 years (when the child becomes an adult). Our equity CTF will invest mainly in shares in the UK Stock Exchange. However, our investment expertise is in the area of domestic property. Over many years, we have consistently earned higher rates of return on our investments than we could have achieved on the stock market. We want to share the benefits of this performance with the children who invest in our CTF.

## THE PROPERTY CTF

### WHERE DOES THE MONEY GO?

The property CTF is a non-stakeholder CTF, and is a with-profits life assurance policy. We will invest all contributions with our funds. We invest the assets mainly in freehold property and invest a proportion in British Government Gilts and shares quoted on the UK Stock Exchange. There is a yearly management charge, which will not be higher than 1.5% of the fund value in any year.

### WHAT WILL MY CHILD RECEIVE?

When your child is 18, they will receive the value of the property CTF policy. This is guaranteed to be at least the total amount invested in the CTF including the Government's contributions. This will be increased by bonuses that we declare during the life of the fund. The bonuses will be based on the society's actuary's recommendations following their valuation of the CTF each year.

### WHAT IF MY CHILD DIES BEFORE THEY ARE 18?

When you take out a property CTF, it will include life assurance. If your child dies before receiving the value of the CTF policy, we guarantee to pay £2,000 or, if higher, the total amount invested in the CTF including the Government's contributions. This amount will be increased by the amount of any declared bonuses. We will pay the benefits to the person who had parental responsibility for the child when they died.

## THE EQUITY CTF

### WHERE DOES THE MONEY GO?

The equity CTF is a stakeholder CTF. We will invest all contributions in a fund we have set up to support this business alone. We will invest mainly in UK Stock Exchange securities and invest a proportion in British Government securities and in freehold property. There is a yearly management charge, which will not be higher than 1.5% of the value of the CTF in any year.

### WHAT WILL MY CHILD RECEIVE?

When your child is 18, they will receive the value of their policy.

### WHAT IF MY CHILD DIES BEFORE THEY ARE 18?

Under the Government's regulations, a stakeholder CTF cannot include life assurance. However, when you take out an equity CTF with us we will automatically provide free life assurance cover. If your child dies before they are 18, we will pay the fund value at the date of their death or £2000, whichever is higher, to the person with parental responsibility for the child when they died.

### CAN I WITHDRAW THE POLICY EARLY?

You cannot close down or cash in a CTF before the child's 18th birthday. However, you can transfer the proceeds from the fund to another provider at any time.

### HOW DO I START A CTF?

Starting a Child Trust Fund is simple. Once you have received a voucher from the Inland Revenue, just decide how much you want to save for your child each month or year, and whether you want a property or equity CTF, whichever is best suited to the needs of your child. You should then read the key features document attached before filling in the application form.

The only forms you will need to fill in are the attached application form and the declaration. If you want to pay by standing order, you will also need to fill in a standing order form.

## Examples

<b>Table 1 – Contribution of £100 a month</b>			
	<b>Fund value at year end</b>		
	<b>Growth rate</b>		
<b>Years</b>	<b>5%</b>	<b>7%</b>	<b>9%</b>
1	£1472	£1490	£1507
2	£2737	£2797	£2857
3	£4044	£4174	£4306
7	£9737	£10,467	£11,253
11	£16,252	£18,232	£20,482
15	£23,706	£27,813	£32,747
18	£29,993	£36,443	£44,525

<b>Table 2 – Contributions of £5 a month</b>			
	<b>Fund value at the end of each year</b>		
	<b>Growth rate</b>		
<b>Years</b>	<b>5%</b>	<b>7%</b>	<b>9%</b>
1	£319	£325	£330
2	£391	£404	£417
3	£465	£487	£509
7	£788	£866	£953
11	£1157	£1335	£1543
15	£1579	£1913	£2327
18	£1935	£2434	£3080

## Notes

The tables above show how your fund would increase based on assumed growth rates. The amount shown includes the government voucher of £250, and allow for charges of 1.5% of the fund value each year (this is the most we are allowed to charge). The figures shown are for monthly contributions of £100 in table 1 and £5 in table 2. If you paid your contributions yearly the figures would be higher – between 2% and 4% of the final value for the first table and between 1.5% and 3% for the second table. The figures are for illustration purposes only - they are not guarantees or estimates. The amount your child will receive will depend on how the investment fund grows. During the period 31 December 2000 to 31 December 2003, the market value of our property portfolio grew by an average of 13.5% a year and the overall investment income on our funds was over 5%.

If your child dies before they are 18, we will pay £2,000 or the fund value which applies on the date they die, whichever is higher.

If you want to increase or reduce your premiums, you can do this on the anniversary of the policy each year.

# DRUIDS SHEFFIELD FRIENDLY SOCIETY

## Application form

### Applicant details

Name .....

Address .....

.....Post Code.....

Phone Number .....

### Child's details

Name .....

Address .....

.....Post Code.....

Child's date of birth: ...../...../.....  
(as on voucher)

Sex Male

Female

Child's unique reference.....  
Number (shown on the voucher)

Amount of the voucher: £.....

Which type of Child Trust Fund  
do you want to start? Property CTF

Equity CTF

I declare that:

- I am 16 or over
- I am the child named on the voucher or I have parental responsibility for that child; (delete which does not apply)
- I will be the registered contact for the CTF.

I authorise you, the Druids Sheffield Friendly Society to:

- hold the Inland Revenue contributions, subscriptions, CTF investments, interest, dividends and any other rights or proceeds in respect of those investments and cash; and
- make any claims for tax relief of relief from tax in respect of the CTF investments of my child's behalf

I agree to the CTF terms and conditions

Your signature ..... Date...../...../.....

## Declaration

The child's parent or legal guardian must sign this declaration.

I am applying to the Druids Sheffield Friendly Society for a Child Trust Fund assurance policy for the child named on the application form.

As far as I know the child is healthy and does not take part in any dangerous activities. The child has not had any major illness or injury needing treatment. The child has not had any life assurance refused, postponed or accepted on special terms. I confirm that the total amount of premiums I will pay for the child, including the amount under this application, will not be more than £100 a month or £1200 a year.

Your signature: .....

Date: ...../...../.....

## Warning

If every part of the declaration does not apply to you, please sign it, but provide more details on a separate sheet. If you do not tell us any important facts (facts that an insurer would consider likely to influence this decision about whether to accept an application for life assurance) this may affect the amount we pay if your child dies before they are 18. If you are not sure whether we need to know details, tell us anyway.

If you would like a copy of the conditions controlling the policy, or a copy of the filled in proposal form, please ask us.

## Data Protection Act

By returning this form to us, you are giving us permission to process personal information about you in connection with your application. We will only use this information to manage your membership. If you do not want us to contact you for marketing purposes, please tick this box.

You can ask for a copy of the information we hold about you. We may charge a small fee for providing the information. If you notice any mistakes in the information, you can correct them.

Our data protection registration number is PZ6979728.

## STANDING ORDER MANDATE

### Please pay

YORKSHIRE BANK PLC	CODE No. 05 09 69
4 SANDYGATE, WATH UPON DEARNE, ROTHERHAM, S63 7LW	

### For the credit of

DRUIDS SHEFFIELD FRIENDLY SOCIETY ISA ACCOUNT	A/C 34471353
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Amount you want to pay: £  :

Amount in words:

Date of first payment:

How often do you want to make the payments?

Every month

Every year

Please continue to make the payments from my account until you receive written notice from me to stop payments.

For office use only

Name of Bank and Address

<input type="text"/>
<input type="text"/>

Account name:	<input type="text"/>
Account number:	<input type="text"/>

Your signature:	Date:
Your address with postcode:	
<input type="text"/>	
<input type="text"/>	<input type="text"/>

**Please return your filled in form to us with your application form.**

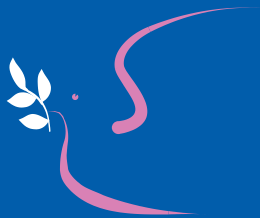




Child Trust Fund

*saving  
with life  
assurance*

## **KEY FEATURES**



**DRUIDS SHEFFIELD FRIENDLY SOCIETY**

*'affordable care'*

# DRUIDS SHEFFIELD FRIENDLY SOCIETY CHILD TRUST FUND

## ITS AIMS

Our Child Trust Fund aims to give you:

- the opportunity to achieve long-term growth by opening an account with a government voucher and paying extra affordable contributions;
- the extra security of a guaranteed amount (sum assured) plus bonuses if your child dies before they are 18; and
- a cash sum when they are 18.

## YOUR COMMITMENT

The money will be 'locked in'. This means that no-one can withdraw any money from the account until your child reaches the age of 18.

After you have paid the first premium into the policy you do not have to pay any further premiums if you don't want to.

## PROMINENT STATEMENT

As a provider of a CTF, we must offer or make available a share based stakeholder account. We can provide this our self or arrange for another provider to offer it. We can also offer non-stakeholder account.

The Government prefers share-based accounts because past performance shows that an 18-year investment in shares can provide a better return than an equivalent deposit investment.

## EQUITY-BASED STAKEHOLDER ACCOUNT

The equity-based stakeholder account will have the following minimum standards.

- Minimum premium of £10
- A yearly management charge which cannot be more than 1.5% of the fund value.
- You can transfer funds between accounts and providers at no extra cost.

## LOCKED IN

No withdrawals can be made from the account until a child reaches 18.

## **VOUCHER**

Children who were born on or after 1 September 2002 will receive a voucher from the Government which you can pay into their CTF. The voucher will be worth at least £250. Children from families with low income will receive an extra voucher worth at least £250. The Inland Revenue will give the voucher to the child's parent when they claim their Child Benefit. The child will own the account but the registered contact (the person who started the account for them) will manage it until the child is 16. On the child's 16th birthday new instruction on managing the account must come from the child who will become the registered contact.

The Government will pay a further contribution into the Child Trust Fund at the child's seventh birthday. The amount of this contribution has not yet been decided.

## **EXTRA CONTRIBUTIONS**

Parents (and anyone else) can pay extra contributions (subscriptions) into the account, up to a total limit of £1200 a year. These extra contributions paid as gifts and once they are paid into the CTF, no one can take them out again. The child cannot draw any money from the account until they are 18. (If the child dies before they are 18, we will pay the value of the fund to the person who had parental responsibility for them). There are no restrictions on how the money can be used.

## **SUBSCRIPTION YEAR**

The subscription year normally runs from the child's previous birthday to the day before their next birthday. For the first year, the subscription year will start on the date you start the CTF, and will end on the day before the child's next birthday.

## **LIFESTYLING**

Unless the registered contact tells us otherwise, we will apply lifestyling to all stakeholder CTFs from the child's 13th birthday. Lifestyling means that we must have an investment plan for the stakeholder CTF that aims to gradually reduce the risk of the investment reducing in value as the CTF becomes due for payment.

## **HOW TO PAY**

You can make payments to a CTF by cheque, by direct debit, by standing order, and by direct credit. Or, if you prefer, you can make your payment in cash to your lodge secretary.

## **CHARGES**

If you invest in our CTF, there is a yearly management charge. This will not be more than 1.5% of the value of your fund. How much you will actually have to pay will depend on the value of your investment. If your investment was worth £500 at the end of the year, we would deduct £7.50 as the management charge.

If your fund grows in value, the charges will be higher. For example, if the value of your fund grows to £3,000 at the end of a year, the charge will be £45 for that year.

## **ENQUIRIES AND COMPLAINTS**

For further information about our Child Trust Fund, or if you want to complain about the service you have received, please contact:

"The Druids Sheffield Friendly Society", Dove House, 181 Brampton Road, Wath-upon-Dearne, Rotherham S63 6BE, United Kingdom, Phone: 01709 876409.

If you are not satisfied with the way we deal with your complaint, you can complain to the Financial Ombudsman Service. Write to:

South Quay Plaza,  
183 Marsh Wall,  
London, E14 9SR.

Making a complaint will not affect your right to take legal action against us.

## **COMPENSATION.**

We are member of the Financial Services Authority compensation scheme.

## **YOUR RIGHT TO CANCEL.**

After we have accepted your proposal, we will send you your policy documents and a cancellation form. You have 14 days in which you can change your mind. If you want to cancel the plan, simply fill in the cancellation form and return it to us. We will refund your contributions and the voucher.

## **ABOUT US.**

We, the Druids Sheffield Friendly Society, were set up in 1858, for the mutual benefit of our members. We are authorised and regulated by the Financial Services Authority under the Financial Services and Markets Act 2000.

## **LAW.**

The law of England and Wales will apply to our Child Trust Fund.

## **VOID**

We will notify the registered contact if, by reason of any failure to satisfy the provisions of the CTF regulations, a CTF has, or will, become void.

## CHILD TRUST FUND (CTF)

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Fill in the application form and either hand it to your  
Lodge Secretary or send direct to:



**DRUIDS SHEFFIELD FRIENDLY SOCIETY**  
*'affordable care'*

Dove House, 181 Brampton Road,  
Wath-upon-Dearne, Rotherham, South Yorkshire S63 6BE  
Tel: 01709 876409 Fax: 01709 878045  
Lo-call 0845 601 3162  
Website: [www.druidssheffieldfs.co.uk](http://www.druidssheffieldfs.co.uk)  
E-mail: [info@druidssheffieldfs.co.uk](mailto:info@druidssheffieldfs.co.uk)

Chief Executive: Steven Rowe.

Authorised in the United Kingdom under the Friendly Societies Act 1992. Reg. No. 795F  
Member of the Association of Friendly Societies.  
Druids Sheffield Friendly Society was established 1858 and is authorised  
and regulated by the Financial Services Authority.