



Druids Sheffield Friendly Society



Stock & Shares Junior ISA

A Savings Opportunity

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Who are we?

Druids Sheffield Friendly Society has been helping members with their financial welfare since 1858. We are a mutual friendly society, which means that there are no shareholders and therefore the Society is owned by and run for its members. The profits are shared amongst the members by way of competitive premiums, stronger performances and discretionary payments to members from surplus funds.

The Society's roots go back to the industrial revolution when there was no welfare state: if a person was off work due to illness they received no income. Often families had no life insurance to pay for funeral costs or to replace lost income. Many small societies were set up amongst friends and communities where people paid a small contribution and members received a small payout in times of need. There were many 'Order of Druids' lodges throughout industrial towns and cities, organised into Districts. Over a period of years, many of these amalgamated until the individual Districts consolidated to become Druids Sheffield Friendly Society in 1998.

What do we do?

We are a traditional but progressive friendly society, offering modern products to meet the needs of our members, including long term tax exempt regular savings plans, Junior ISAs, Stocks and Shares ISAs, Child Trust Funds, Sickness and Healthcare plans.

Why 'Druids'?

We are often asked about the 'Druids' in the name – traditionally a Druid was the 'wiseman' of a community, giving advice to people in times of need, as well as being a 'medicine man' and mediator to solve disputes in the community. Of course, in modern times most people think of a druid as someone who wears a white hooded cloak and visits Stonehenge on midsummer solstice.

We actually have no links to druids in the modern sense, although we like to think that all our members are 'wisemen', having chosen us to help with their financial security.



Druids Sheffield Friendly Society

Dove House, 181 Brampton Road, Wath-upon-Dearne,
Rotherham, South Yorkshire S63 6BE

Tel: 01709 876409 Fax: 01709 878045

Email: info@druidssheffieldfs.co.uk

Savings Opportunity

Junior ISA

The Junior ISA is designed to encourage your child to get into the habit of saving regularly. The Junior ISA can hold a variety of investments, which are protected from income tax and capital gains tax.

Tax Efficient Investment

The Junior ISA is a simple way to give your child's investment a financial advantage because it offers:

- Tax free growth (apart from tax credits on dividends which can no longer be reclaimed)
- Bonuses
- Tax free payouts

Who can join?

Any child resident in the UK who is not eligible for the Child Trust Fund (CTF):

- Under 18 and born before September 2002
- Born on or after 3 January 2011

How much can be paid in?

Because of the generous tax savings, the government limit the maximum that can be paid in each tax year. Initially the annual limit is £3,600, but this will increase annually from 6 April 2013 in line with the Consumer Price Index (CPI). Regular premiums can be paid by standing order or via your Lodge Secretary. You can also contribute lump sums by cheque whenever you want. In fact, anyone can contribute to the Junior ISA.

- The **minimum** premium is £10 per month or £120 per year
- The **maximum** premium is £300 per month or £3,600 per year for the tax years ending 5 April 2012 and 5 April 2013.

The maximum will then increase annually in line with the Consumer Price Index.



Junior ISA

What types of Junior ISA are available?

Like adult ISAs, there are 2 types available – a Cash ISA and a Stocks and Shares ISA. The Society offers the Stocks and Shares Junior ISA.

Can I have one of each type?

Yes. The regulations allow an eligible child to hold one of each type, but the total contributions cannot exceed the overall annual limit (ie £3,600 initially).

However, the child cannot hold more than one of each type (this is different to the adult ISA where a new one can be opened each year if the investor so wishes).

What type of investment is the Druids Sheffield Junior ISA?

Our Junior ISA is a 'with profits' policy. This means that a bonus is added every year to the policy and once added is guaranteed to be paid at maturity (when the child is 18). If the policy is transferred to another provider before the child is 18, or the policy runs for less than 5 years (the child is aged 13 or over at commencement of the policy), the value may be reduced depending upon underlying investment performance at the time.

Your premiums are invested in our with profits fund, which invests in residential property, stocks and shares and government gilts.

Can the child access the money before they are 18?

No. The regulations require the money to be held within the Junior ISA until they are 18. However, the value can be transferred to another provider at any time.

Who controls the Junior ISA?

Junior ISA

Until the child is 16 the ISA is managed by a person with parental responsibility for that child. When the child is 16 they can choose to take over control of the ISA. Please note that this means they would be able to transfer the value to another Junior ISA, but they could NOT withdraw any money from it.

When the child reaches 18 years old the junior ISA becomes a 'normal' adult ISA and they will take control of the investment. Any additional contributions will be part of their annual ISA allowance. They can cash in some or all of the ISA, leave it with us without making additional payments, continue to pay regularly or occasionally, or transfer it to another stocks and shares ISA.

How do I apply?

Read this brochure, including the **Key Features** section. If you require any additional information please contact head office on 01709 876409 or ask your Lodge Secretary. Once you are happy that you understand the product, simply complete the

application form and standing order (if you intend to pay regularly via your bank account) and send them to us in the prepaid envelope provided, including a cheque if you are starting the policy with a lump sum.



Examples

Junior ISA

Table 1 - Contribution of £10 a month			
Age next birthday at commencement	Fund value at maturity (age 18)		
	Growth rate		
	5%	7%	9%
1	£2,860	£3,450	£4,180
2	£2,650	£3,150	£3,770
3	£2,440	£2,870	£3,400
4	£2,240	£2,610	£3,050
5	£2,050	£2,360	£2,720
6	£1,860	£2,120	£2,420
7	£1,680	£1,890	£2,140
8	£1,510	£1,680	£1,870
9	£1,340	£1,480	£1,630
10	£1,180	£1,280	£1,400
11	£1,020	£1,100	£1,190
12	£873	£931	£994
13	£726	£766	£809

Notes

- These figures are only examples and are not guaranteed
- What you will get back depends on how the investment grows
- You may receive less or more than the figures shown



Table 2 - Contribution of £300 a month

Age next birthday at commencement	Fund value at maturity (age 18)		
	Growth rate		
	5%	7%	9%
1	£85,900	£103,000	£125,000
2	£79,500	£94,700	£113,000
3	£73,300	£86,300	£102,000
4	£67,300	£78,400	£91,500
5	£61,600	£70,900	£81,800
6	£56,000	£63,700	£72,700
7	£50,600	£56,900	£64,200
8	£45,400	£50,500	£56,300
9	£40,300	£44,400	£48,900
10	£35,400	£38,600	£42,100
11	£30,700	£33,100	£35,700
12	£26,100	£27,900	£29,800
13	£21,700	£23,000	£24,200



Our Junior ISA is a 'with profits' policy. This means that a bonus is added every year to the policy and once added is guaranteed to be paid at maturity (when the child is 18).

If the policy is transferred to another provider before the child is 18, or the policy runs for less than 5 years (the child is aged 13 or over at commencement of the policy), the value may be reduced depending upon underlying investment performance at the time.



Junior ISA



Key Features

of the Junior Stocks and Shares ISA

The Financial Services Authority is the independent financial services regulator. It requires us, **Druids Sheffield Friendly Society**, to give you this important information to help you to decide whether our Junior ISA is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

Its aims

- The opportunity to invest in a variety of assets including residential property, equities, government gilts and cash
- To share in investment profits by way of annual bonuses
- To provide a simple and flexible way to build a lump sum for a child to receive when they are 18
- To pay the proceeds tax free

Your Commitment

- The minimum investment is £10 per month or £120 per year
- The minimum initial single lump sum payment is £120
- You have no commitment to continue paying and may stop at any time, but the value in the early years may be less than you have paid in
- You will be unable to cash in any of the Junior ISA until the child is 18 (101% of the value will be paid if the child dies or in cases of terminal illness)
- You cannot have another stocks and shares Junior ISA
- If you also have a Cash Junior ISA any contributions you pay into our Junior ISA will reduce the amount you can pay into the Cash Junior ISA - you cannot contribute more than the annual limit to both product types, although you can split the amounts between the two however you want

Junior ISA



Risk Factors

- Bonus rates are not guaranteed and depend upon the investment performance of the fund
- A Market Value Reduction may be applied if the Junior ISA is transferred to another provider and investment returns during the period have been less than the value of the bonuses already added
- The government may change the tax treatment of ISAs which could result in you having to pay additional tax or reducing the payout
- Inflation may increase the cost of what you can buy in the future with the proceeds
- If the investment is held for less than 5 years (because the child is aged over 13 at commencement) there is no guarantee that the premiums invested will be returned when the plan is transferred or encashed – you may get back less than you paid in



Junior ISA



Questions and Answers

How much can be invested?

Initially a maximum of £3,600 can be invested in each tax year. This will increase in line with the Consumer Price Index from the tax year commencing 6 April 2013. If the child also has a Cash Junior ISA the maximum applies to the total amount invested in each ISA.

Can I stop paying premiums?

Yes, the Junior ISA is designed to have regular contributions paid by standing order and adhoc payments by cheque or via your Lodge Secretary, but it is flexible to meet any change in circumstances where you may want to reduce the regular amount or even cease paying in for a period of time.

Can I withdraw money if I need to?

No. The Junior ISA regulations stipulate that no money can be withdrawn until the child reaches 18.

What is an MVR?

The MVR (Market Value Reduction) is used to ensure that if you transfer the Junior ISA to another provider or the policy runs for less than 5 years (the child is aged over 13 at commencement), you receive your fair share of the investment profits over the period of the policy, and the remaining fund members are not disadvantaged by subsidising the value of the transfer or encashment.

Are there any charges?

To cover administration costs, the Society deducts 1.5% from the annual bonus rate before it is added to your policy.

Junior ISA



Will there be any tax liability?

Any payout from the Junior ISA is free of tax and does not need to be entered on a tax return. When the fund receives investment income this is also free from tax (except the 10% tax credit on dividend income which cannot be reclaimed) as are any Capital Gains made. This is based on current tax legislation which may change in the future.

What happens if the child dies?

The Society will pay 101% of the value of the ISA at the date of death.

How are bonuses added to the Junior ISA?

The bonus rate is added on a daily basis to the value of the investment. This means that a subscription of £120 made at the start of the policy year will earn slightly more bonus than £10 per month subscribed over the same year.



Junior ISA



An example

Based on £25 per month investment from birth

At age 18 :

If your investments grew at 5% a year, you would get back £7,160

If your investments grew at 7% a year, you would get back £8,620

If your investments grew at 9% a year, you would get back £10,400

These figures are only examples and are not guaranteed.

You may receive less or more than the figures shown.

The early years

Warning

If you cash in during the early years, you could get back less than you have paid in.

The last two columns assume that investments will grow at 7%.

At end of year	Total paid in to date (£)	Total Actual Deductions to date (£)	Effect of Deductions to Date £	What you might get back (£)
1	300	2	2	308
2	600	10	10	634
3	900	22	23	976
4	1200	41	43	1330
5	1500	65	70	1710

The later years

At end of year	Total paid in to date (£)	Total Actual Deductions to date (£)	Effect of Deductions to Date £	What you might get back (£)
10	3000	283	345	3950
15	4500	702	958	6860
At maturity	5250	938	1340	8620

Junior ISA



What are the deductions for?

The deductions include the expenses, charges and any surrender penalties and other adjustments.

The last line shows that over the full term the effects of the total deductions could amount to £1,340.

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 5.4% a year.



Junior ISA

Other information

Cancellation Rights

After your application is accepted we will send you policy documents which includes a notice of your right to cancel the policy. You will be able to cancel the policy and receive a full refund of any contributions if we receive the Cancellation Notice within 30 days.

Law

The policy conditions, benefits or premiums may be altered if there is a change to ISA or tax legislation, or an amendment to general legislation.

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

Complaints

If you wish to complain about any part of the service which you have received please contact the Chief Executive at the address at the end of this brochure. If the complaint is not dealt with to your satisfaction you can take your complaint 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.

Compensation

Druids Sheffield Friendly Society members are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation if the Society is unable to meet its financial obligations to you, depending upon the circumstances. Further information is available from the Society or directly from the FSCS at www.financial-ombudsman.org.uk.



Junior ISA

Fill in the application form and either hand it to your Lodge Secretary or send direct to Druids Sheffield Friendly Society.



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Authorised in the United Kingdom under the Friendly Societies
Act 1992. Reg. No. 795F

Member of the Association of Financial Mutuals.

Druids Sheffield Friendly Society was established 1858 and is
authorised and regulated by the Financial Services Authority.



Stock & Shares Junior ISA

Applicant's title (if any) Forenames and surname (forenames after the first can be represented by initials)

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Applicant's address

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Post code

Telephone number

I apply to open a Junior ISA for

Child's title (if any) Forenames and surname (forenames after the first can be represented by initials)

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Child's address

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Post code

Child's Date of Birth

Child's NINO (if they have one)

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I declare that:

- I am 16 years of age or over
- I am the child / I have parental responsibility for that child *(please delete which does not apply)*
- I / the child does not have a Child Trust Fund account
- I will be the registered contact for the JISA
- The child is resident and ordinarily resident in the UK, or is a UK Crown servant, a dependant of a UK Crown servant or is married to / in a civil partnership with a UK Crown servant
- I have not subscribed and will not subscribe to another JISA of this type for this child
- I am not aware that this child has another JISA of this type
- I am not aware of other JISA subscriptions that will result in this child exceeding the annual limit
- I will not knowingly make subscriptions to JISAs for this child that will result in the subscription limit being exceeded

I authorise

 Druids Sheffield Friendly Society

- to hold the child's subscriptions, JISA investments, interest, dividends and any other rights or proceeds in respect of those investments and cash, and
- to make on the child's behalf any claims to relief from tax in respect of JISA investments

I agree to the JISA terms & conditions

and confirm that to the best of my belief the information on this form is true

Your signature

Date

.....

continued overleaf . . .



Stock & Shares Junior ISA Application Form

Declaration

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

I am applying to the Druids Sheffield Friendly Society for a Junior Stocks & Shares 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 the annual limit set by the government.

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.

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Druids Sheffield Friendly Society

Standing Order Mandate

**STOCKS & SHARES
JUNIOR ISA
T51**

Please pay

Yorshire Bank PLC
4 Sandygate, Wath Upon Dearne, Rotherham, S63 7LW

Sort Code 05 09 69

For the credit of

Druids Sheffield Friendly Society
JUNIOR ISA Account

A/C 34497413

Amount you want to pay: **£** **:**

Amount in words

Date of first payment:

Every Month **Every Year**

How often do you want to make the payments?

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

Account name: Account number:

Your signature _____ Date _____

Your Address

Postcode:

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