

Key Features of the

Child Trust Fund



Child Trust Fund





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The Financial Services Authority is the independent financial services regulator. It requires us, Police Mutual Assurance Society, to give you this important information to help you to decide whether our Child Trust Fund is right for you. You should carefully read this document so that you are comfortable you understand what you are buying, and then keep it safe for future reference.

This document is addressed to those who intend to be the registered contact for the child's account.

Who is it for?

This investment is applicable to any parent or guardian who has a valid CTF voucher, and wishes to save towards their child's future to provide them with a sum of money when they reach 18.

Its aims

- To build up a lump sum that will provide a return on payments when the child reaches 18
- To let you choose the funds you want to invest in to meet the child's investment needs. (The '*Where is the money invested?*' section describes the aims of each fund)

Your commitment

- To leave all money in the account until the child reaches their 18th birthday. The money cannot be accessed before this time (unless the child becomes terminally ill or dies), although it can be transferred to another Child Trust Fund provider
- To appoint us as the child's account provider and authorise us to manage the account in line with current and future government rules connected to the account
- To invest the child's government voucher or transfer value in a PMAS Child Trust Fund account and authorise us to claim any tax credits on the child's behalf
- To make any decisions regarding the account on behalf of the child until they reach 16 years of age

☎ Call us on:
0845 88 22 999†
(Monday–Friday,
8.30am–5.30pm)

🌐 Visit our website:
www.pmas.co.uk

✉ Write to us at:
PMAS
Alexandra House
Queen Street
Lichfield
Staffordshire
WS13 6QS

☎ Fax us on:
01543 305 349

Risk factors

- The investment funds you can choose have different levels of risk
- The child may get back less than illustrated if:
 - Our charges turn out to be higher than expected (see 'What are the charges?' section)
 - Our investment performance is lower than illustrated
 - The personal circumstances of anyone paying into the account change, forcing them to stop making additional payments
- Current favourable tax treatment may not be maintained in the future
- For the Balanced Growth Fund and Cautious Managed Fund, the value of the investment can go up or down, and the child might get back less than has been paid in

An example

Data for the example

Child's age: **Newborn**

End date: **Age 18**

Monthly payment: **£50**

Initial government contribution: **£250**

This example shows you how a PMAS Child Trust Fund might work in practice.

Balanced Growth Fund

Annual growth rate:	5%	7%	9%
Potential payout:	£15,700	£19,100	£23,500

Cautious Managed Fund

Annual growth rate:	4%	6%	8%
Potential payout:	£13,700	£16,600	£20,300

Guaranteed Cash Fund

Annual growth rate:	2%	4%	6%
Potential payout:	£12,400	£15,000	£18,300

- These figures illustrate what the child might get back from their plan at age 18
- Standard projection rates have been used for the Balanced Growth Fund. Lower than standard projection rates have been used for the Cautious Managed Fund due to current market conditions. Lower than standard projection rates have been used for the Guaranteed Cash Fund as it is expected to deliver a lower return than the equity based funds because it invests wholly in cash and offers a full guarantee
- Charges may vary (see 'What are the charges?' section)
- They are examples only and are not guaranteed. They do not represent minimum or maximum amounts. What the child gets back depends on how their investment grows, on our charges and on the tax treatment of the investment
- The child could get back more or less than this
- These examples do not include lifestyling (See 'What is lifestyling?' section)
- You should not forget that inflation would reduce what the child could buy in the future with the amounts shown

Questions and Answers

What is the PMAS Child Trust Fund?

- The PMAS Child Trust Fund is a long-term savings and investment account for children. It is managed in line with the government's rules for Child Trust Funds
- To open an account, the child must be born on or after 1 September 2002 and the parent or guardian must be eligible for child benefit for that child
- The account is opened with a government voucher (the value is marked on the voucher). Once opened, the account can accept additional payments from anyone
- By opening a PMAS Child Trust Fund, the registered contact (named on the application form) gives instructions to us regarding the investment of any additional payments and government contributions. The registered contact must be over 16 and have parental responsibility for the child. There can only be one registered contact at a time
- There are two types of Child Trust Fund account, a Stakeholder account and Non-Stakeholder account. Police Mutual offers both types of account. There are a number of funds to invest in, depending on which type of account is opened. There are currently three funds available for the Non-Stakeholder account and one for the Stakeholder account
- The account must be held in the name of one child and the contents of the account shall be in the beneficial ownership of the child
- A child can only have one Child Trust Fund account

Who manages the account?

- We will manage the account according to the registered contact's instructions and government rules. We will let you know if the account becomes void or no longer exempt from tax
- We reserve the right to delegate management of the account to another company in the future. Where we propose to delegate any of our functions or responsibilities under these terms, we will only do so where we have satisfied ourselves that the person appointed is competent to carry out those functions and responsibilities

- When the child reaches their 16th birthday, the current registered contact automatically gives up their responsibility for the account. The child may then choose to become the registered contact, in which case only they can give instructions for their account. If the child chooses not to become the registered contact, the account will be managed in accordance with the latest instructions received from the previous registered contact
- The account will be opened when we are satisfied that your application is complete and accurate and, in accordance with government rules, that the cancellation period which applies to the account has ended

How flexible is it?

- All money paid into the account will be locked in until the child reaches 18, when the account closes. It cannot be accessed by the child or any other person until that time, unless the child becomes terminally ill. (see '*What happens if the child becomes terminally ill or dies?*' section)
- You can switch between the Stakeholder account and Non-Stakeholder account at any time
- The child cannot hold a mix of Stakeholder and Non-Stakeholder accounts
- The Non-Stakeholder account offers a choice of funds. You can move the child's investment between the different funds and vary the amount invested in each fund at any time
- Payment amounts can be varied and can be stopped and restarted at any time

What might the child get back?

- The child will get back the amount their account is worth when they reach 18
- Only the Guaranteed Cash Fund offers a guarantee which means that the child will get back all of the money that has been paid in, with added interest minus the annual charges, when they reach 18
- If you choose to invest in the Cautious Managed Fund or Balanced Growth Fund, the value of the child's investment may go up or down, and the child may get back less than has been paid in

Questions and Answers continued

- The amount the child gets back will depend on:
 - The amounts invested
 - Our charges
 - The performance of the fund(s) you choose to invest in
 - The tax treatment of the investment
- If you would like an illustration to give you an idea of what the child might get back, please contact us on **0845 88 22 999†**

What happens if the child becomes terminally ill or dies?

- If the child becomes terminally ill, they can access the money in their account and make unlimited withdrawals. The child's parent or guardian has to apply to the Board of HM Revenue and Customs to authorise this. Please contact us in such a situation and we will provide more details
- If the child dies before 18 we will pay the value of the child's account to their estate

What other benefits can I choose?

- The account does not provide any other benefits

How much can I pay in?

- Up to £1,200 can be paid into the account each year, in addition to government contributions
- The payment year runs from the child's birthday to the day before their next birthday. In the year that the account is opened the payment year runs from the account opening date to the day before the child's next birthday
- Contribution limits cannot be carried over from one year to the next. If £1,200 is not invested in a payment year, it is not possible to pay extra into the account the following year
- If too much money is paid into the account in any payment year, the excess will be returned to the person who made the extra payment (or the registered contact if their details are not available)
- You can arrange to make payments when you apply for the account, but we will only pay them into the account once the initial 30-day cancellation period has ended

- Additional payments are invested in the chosen fund(s) on the date they are received by us, as long as the cancellation period has ended
- Payments will be allocated to the account and fund(s) as instructed by the registered contact
- Anyone, including the child, can pay into the account. The person who pays money into the account does not have to be related to the child
- All payments are gifts to the child. Once paid into the account, money cannot be refunded to the payer and cannot be taken out by anyone other than the child at age 18
- There is no minimum payment amount. We will let the registered contact know if we introduce a minimum amount in the future (see '*Terms and conditions*' section)
- Anyone can pay a regular monthly amount, invest lump sums or both
- Payments can be made by:
 - Direct Debit
 - Standing order
 - Direct credit (transferring money from one bank account into another)
 - Cheque
- Regular payments can be started or stopped at any time. We will require at least ten working days' notice to stop or change regular Direct Debits payments

Where is the money invested?

- The PMAS Child Trust Fund offers two types of account – a Stakeholder account and a Non-Stakeholder account. All Child Trust Fund providers have to provide or make available a Stakeholder account that invests partly in shares. Stakeholder accounts may not be suitable for all investors
- You can choose which type of account is most suitable for the child's needs. If you do not specify whether you want a Stakeholder or Non-Stakeholder account, we will automatically open a Stakeholder account on behalf of the child. However, this can be changed at any time by the registered contact

- There are three funds for investment. We will invest in the funds you choose. Each fund is divided into units of equal value. We make a deduction from the fund as a charge for managing the account. (see *'What are the charges?'* section). The money buys units in the chosen fund(s). Unit prices are calculated daily. Contributions will be paid into the fund at the price on the day on which the payment is received, as long as the cancellation period has ended
- Each account takes the form of a life plan, the title to which is in your name as registered contact, and you will be sent the relevant plan documents. This means you make any decisions regarding the account on behalf of the child

Stakeholder account

- The PMAS Stakeholder account allows you to invest in one fund – the Balanced Growth Fund
- The Balanced Growth Fund is a unit-linked fund that invests mainly in shares (we may invest up to 70% of the fund in shares). The aim of the fund is to provide high growth potential. There are no guarantees: the value of the investment can go up or down and the child might get back less than the amount paid in
- It is a government requirement that Stakeholder accounts must meet certain minimum standards:
 - To be able to transfer between accounts and providers without penalty
 - To accept minimum one-off payments of £10. Police Mutual has no minimum payment – you can pay any amount
 - To apply lifestyleing (see *'What is lifestyleing?'* section)
 - To apply a yearly charge of no more than 1.5%. Police Mutual currently charges 1.25%
- The fund must also invest in a range of different assets
- These minimum standards do not provide a guarantee of performance or mean that the Stakeholder account will be suitable for the child

Non-Stakeholder account

- The PMAS Non-Stakeholder account offers a choice of three unit-linked life funds. As with the Stakeholder account, you can invest in the Balanced Growth Fund. You can also invest in the Cautious Managed Fund and the Guaranteed Cash Fund
- The Cautious Managed Fund is an actively managed unit-linked life fund that invests in a variable mix of bonds, gilts (loans to the government and other companies) and shares (we may invest up to 50% of the fund in shares). There are no guarantees: the value of the investment can go up or down and the child might get back less than the amount paid in
- The Guaranteed Cash Fund is a unit-linked life fund. It guarantees to protect payments invested in the fund, and interest added, from falling in value. The interest added is variable
- If you select the Non-Stakeholder account on your application but do not specify the fund you want to invest in, we will invest in the Cautious Managed Fund on behalf of the child. However, this can be changed at any time by you, without charge
- You can choose to invest all of the child's money in one fund or invest in more than one fund. You can change where the money is invested at any time
- If you select more than one fund within the Non-Stakeholder account, the voucher amount and any future payments will be invested in equal proportions between the selected funds, unless you choose another split
- We reserve the right to offer more funds or close existing funds in the future. We will provide you with reasonable notice about any such changes explaining the impact this may have on your investment

What is Lifestyleing?

- If you invest in the Cautious Managed Fund or Balanced Growth Fund, the account will be lifestyleed. Lifestyleing means that we will manage the child's account so that, starting shortly before the child reaches 13, their

Questions and Answers continued

money is gradually moved into a less volatile fund each year. This is to help reduce the volatility or potential volatility in the value of the child's account as the child approaches 18

- Both Stakeholder and Non-Stakeholder accounts will automatically be lifestyled
- You can choose to opt out of lifestyling or opt back in at any time by contacting us
- We will contact you to check whether you want the child's account to be lifestyled before the child reaches 13
- If you would like more information about lifestyling, please contact us or visit our website at www.pmas.co.uk

What are the charges?

- We charge for managing the account. Current charges for each fund are shown below:

Fund	Current initial charge	Current yearly charge
Balanced Growth Fund	0%	1.25%
Cautious Managed Fund	1.5%	1.5%
Guaranteed Cash Fund	0%	0.75%

- Charges are taken daily by cancelling units held within the account
- Each fund has a yearly management charge. The charge for the Guaranteed Cash Fund includes a charge to cover the guarantee. The Cautious Managed Fund also has an initial charge
- Stakeholder accounts have a yearly charge cap of 1.5% that is set by the government. Police Mutual currently charges 1.25%. The Stakeholder account currently only invests in the Balanced Growth Fund

- We will review these charges regularly, usually once a year and any changes made, will be in accordance with the 'When can we vary the charges?' section

When can we vary the charges?

- We can at any time vary our charges if it is to your advantage, for example if we reduce or abolish any charge
- Where we make a change to our charges that is to your disadvantage or we add new charges, it will be for any one or more of the following reasons:
 - To take account of changes in our costs in running the service for which the charge is made
 - To take account of variations in costs for any changes or improvements we make to the services we already provide to our Child Trust Fund account holders, including making technological changes
 - To take account of any changes we may reasonably make in activities we carry out or new activities
 - To take account of any changes in the law or the interpretation of the law, codes of practice or regulations
 - To take account of any decision, requirement or recommendation by a court, ombudsman or regulator with which we intend to comply
 - To correct an error, if it is reasonable to do so
 - To enable us to maintain our financial strength in the interests of all our customers
 - To take account of increases in inflation
 - By agreement with you
 - To enable us to harmonise the charges concerned following any acquisition or transfer of Child Trust Fund business or any takeover of, or merger with, another Child Trust Fund account provider
- These reasons may relate to circumstances existing at the time or those that we reasonably expect to apply in the near future
- Where we change our charges for one or more of these reasons, we will do so in a reasonable and proportionate manner

- We will tell you about any changes to existing charges or about the introduction of a new charge for any reason mentioned above in your yearly statement

How much will advice cost?

- You can discuss the general features of the product with us, but we will not assess your personal and financial circumstances. We will also be unable to advise you whether the product is suitable for you. If you are in any doubt about the suitability of the product you should contact a financial adviser. Police Mutual do not provide advice on this product and will not pay commission to intermediaries in respect of this product

Can the money in the account be accessed?

- No. The child can only access money in the account when they reach 18 or if they become terminally ill. (see '*What happens if the child becomes terminally ill or dies?*' section.) No withdrawals can be made by anyone until this time

Can I transfer the account?

- Yes. You can transfer between the Stakeholder or Non-Stakeholder account and different funds available within them at any time, without charge or the loss of tax benefits. Please note if you transfer to a fund with an initial charge, this will be deducted from your fund
- Alternatively you can transfer the whole fund to another provider. When you have discussed the transfer with your new provider, they will contact us to arrange for the transfer to be made. The value of the child's account will be paid directly to your new provider once we have received a valid transfer request
- You can also transfer a Child Trust Fund to us from another provider at any time. To transfer a Child Trust Fund to Police Mutual, contact us and we will get in touch with your existing provider to arrange the transfer for you. A 30-day cancellation period will apply. Any payments made during this time will only be paid into the account once the cancellation period has ended

- The underlying investments held within an account cannot be transferred to or from another provider

What about tax?

- No personal income tax or capital gains tax is charged on investment growth or income
- The payout when the child reaches 18 will be free of all income and capital gains tax
- If the value of the child's estate when they die is more than their individual allowance, there may be an inheritance tax charge
- This represents the current position, but taxation legislation may change

Can I change my mind?


- By completing an application form, you will have applied for an account. The contract between us will be concluded when the account is set up, at which point we will send you the account documents
- It is your legal right to change your mind within 30 days of the account being set up. The account will not be opened until this 30 day cancellation period has ended. If you decide for any reason that you do not want the plan, write to us at the address shown in '*How to contact us*' within 30 days of the account being set up. You will need to contact us by the date specified in the acceptance letter. We will then arrange for any money paid to us to be returned to you
- If you do not do this within the 30 days you will be unable to cancel the plan. Any monies paid into the account will be held until the child reaches 18. However, you can transfer the account to another provider at any time

How will I know how the account is doing?


- We will send you a statement every year to show how the account is doing
- You can call us on **0845 88 22 999†** if you want a statement at any other time


How to contact us

- If you have any questions at any time, or wish to transfer the account or change the amount you are paying, you can contact us in a number of ways. To enable us to help you, please quote 'CHILDSAVE' when you get in touch:

 Call us on:
0845 88 22 999†
(Monday–Friday, 8.30am–5.30pm)

 Visit our website:
www.pmas.co.uk

 Write to us at:
PMAS
Alexandra House
Queen Street
Lichfield
Staffordshire
WS13 6QS

 Fax us on:
01543 305 349

Other information

How to complain

- If you wish to complain about any aspect of the service you receive please contact us on the details above
- A copy of our complaint handling procedure is available on request
- If you're still not satisfied you can complain to:
Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR
- Complaining to the Ombudsman will not effect your legal rights

Terms and conditions

- This Key Features document and the application form you sign contain the legally binding terms and conditions governing the PMAS Child Trust Fund Plan
- We may vary these terms and conditions (other than in respect to charges) at any time for the following reasons:
 - To take account of changes in the products or services we provide or the way we provide them
 - To take account of any changes or improvements we make to the services we already provide to our Child Trust Fund account holders, including making technological changes
 - To take account of any changes in the law or the interpretation of the law, codes of practice or regulations
 - To take account of any decision, requirement or recommendation by a court, ombudsman or regulator with which we intend to comply
 - To correct errors, if it is reasonable to do so
 - If we reasonably believe the change is necessary in the interests of our business as a whole, for example to protect our financial strength

- If the change is to your advantage
- By agreement with you
- To enable us to harmonise the terms and conditions for similar products following any acquisition or transfer of Child Trust Fund business or any takeover of, or merger with, another Child Trust Fund account provider
- We will tell you about any changes to these terms and conditions for any reason mentioned above in your yearly statement
- Where we change our terms and conditions for one or more of these reasons, we will do so in a reasonable and proportionate manner

Law

- In any legal disputes this plan is subject to the law of England and Wales unless the parties agree otherwise

Language

- For the duration of your policy, all communication will be in English

Compensation

- We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. There are various levels of compensation available, which depend on the type of business and the circumstances of the claim. For compensation purposes the PMAS Child Trust Fund is classed as a long-term insurance product. This means you are entitled to receive 100% of the first £2,000 and 90% of the rest of the claim. From 1st January 2010 this will change to 90% of the whole of the claim
- Further information is available from the Financial Services Authority or the Financial Services Compensation Scheme

Registered Office:
Alexandra House
Queen Street
Lichfield
Staffordshire
WS13 6QS
Call: **0845 88 22 999**[†]
(Monday–Friday,
8.30am–5.30pm)

www.pmas.co.uk

[†]Calls provided by BT will be charged at up to 4 pence per minute at all times. A call set-up fee of up to 8 pence per call applies to calls from residential lines. Mobile and other providers' charges may vary.

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