



Child Trust Fund



Savings Account Information



WHAT IS A CHILD TRUST FUND (CTF)?

This is a savings account which was introduced by the Government for all children who were born on or after 1st September 2002, who receive Child Benefit from them and live in the UK but are not subject to immigration control. An initial investment amount is received from the Government but after that additional contributions up to £1200 per annum, can be made by parents, grandparents or others.

WHO HAS RESPONSIBILITY FOR A CTF ACCOUNT?

To open an account you must have parental responsibility for the child and be over 16 years of age. When you open the account you will be required to nominate a 'Registered Contact' who again must be over 16 and have parental responsibility. The 'Registered Contact' is the person who can make decisions about the account and to whom annual statements will be sent. When the child reaches 16 he/she will become the 'Registered Contact' by completing a declaration at that time. If he/she fails to do so we will continue to manage the account in accordance with the most recent instructions from the previous Registered Contact.

WHEN WILL THE CTF ACCOUNT BE OPENED?

We will open the account when the CTF voucher has been received and the cancellation period has finished.

WHAT IS THE DIFFERENCE BETWEEN A STAKEHOLDER & NON STAKEHOLDER ACCOUNT?

The Government has set certain standards which a Stakeholder account must comply with and these are the only type of accounts that can be used when allocated by Her Majesty's Revenue & Customs (HMRC).

The Requirements are:

- **The funds in the account should be invested predominantly in the stock market and in the shares of a spread of companies.**
- **Charges must not be more than 1.5% of the value of the fund in the account each year.**
- **Additional payments of £10.00 or more must be accepted either by cheque, cash, direct debit or standing order.**
- **There must be a facility for life styling when the child reaches 13. This is the process of switching the fund in the account gradually to lower risk investments in order to provide some protection from the possibility of stock market losses as the child approaches 18.**

Non-Stakeholder accounts can invest in different types of assets and are not restricted to maximum charges of 1.5%

The Sheffield Mutual CTF is a Stakeholder Account.



HOW DO I KNOW THE VALUE OF THE INVESTMENT IN A CTF?

When the account is opened or additional money added to it, you will be allocated a number of units based upon the unit price on that day. For example if you invested £250.00 and the unit price was £1.00 you would be allocated 250 units.

The unit price will vary depending upon the value of assets within the fund and the number of units issued. However, the number of units allocated to your account will not vary unless additional money is invested. You can therefore calculate the value of your investment by multiplying the unit price at the time by the number of units held. The unit price will be calculated weekly and is available on our website or by contacting our office.

You will also receive an annual statement telling you the number of units and current value.

ARE THERE ANY CHARGES?

YES. The Society makes a charge of 1.5% of the value of the account each year for management and administration. The quoted unit price includes charges and there are no further deductions.

CAN I ADD MONEY INTO THE CTF?

YES. Further payments can be made in addition to contributions from the Government up to the maximum allowed of £1200 per subscription year which runs from one birthday to the next. However, you should remember that once money has been added under normal circumstances (see terminal illness or early death) the money cannot be accessed until the child reaches the age of 18.



WHAT HAPPENS WHEN THE CHILD REACHES 18?

The CTF account ends on the child's 18th birthday and at this stage he/she will be able to use the fund in any way he/she chooses as it will be paid to him/her. If the money is not required the Government has said that it can be transferred into an individual Savings Account (ISA) in the child's name.

CAN MONEY BE WITHDRAWN FROM A CTF BEFORE THE CHILD REACHES 18?

No, withdrawals are not allowed at any time up to age 18.



WHAT HAPPENS IN THE EVENT OF DEATH OR DIAGNOSIS OF A TERMINAL ILLNESS?

In the case of diagnosis of a terminal illness the Child Trust Fund office may allow early access but they will have to be contacted at their address Waterview Park, Mandarin Way, Washington, NE38 8QG to make a claim. They may agree to some or all of the invested fund being withdrawn but the account will remain open to accept any further payments that may be due.

In the unfortunate event of death the value of the account on the date of death will be paid to the child's estate.

CAN I TRANSFER A CTF INVESTMENT FROM OR TO ANOTHER PROVIDER?

YES. You can transfer either to or from a CTF provider by obtaining and completing a transfer form. This must be the whole amount as partial transfers are not allowed.

CAN I CHANGE MY MIND AFTER MAKING AN APPLICATION?

YES. You will have 14 days in which to change your mind after you receive the initial account opening pack. After this the account will be opened and the money invested.



WHAT DO I DO NEXT?

The 'Registered Contact' will need to complete the application form and send this along with the CTF voucher to Sheffield Mutual Friendly Society, 3 Maple Park, Maple Court, Tankersley, Barnsley, S75 3DP. We will then send a pack confirming the details of the account.

WILL ANY OTHER INFORMATION BE REQUIRED?

In order to receive additional payments we may require proof of identity and address in order to comply with anti-money laundering regulations. We reserve the right to do this electronically through an external agency.



KEY FEATURES OF THE CHILD TRUST FUND (CTF) ACCOUNT

WHAT IS THE PURPOSE OF THIS BOOKLET?

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

WHO IS THE CTF SUITABLE FOR?

Individuals over 16 with parental responsibility for a child, who are seeking to obtain long term growth for money invested on behalf of a child in a stakeholder account, through exposure to a fund whose assets are held predominantly in the shares of companies, the value of which can vary.

ITS AIMS

- To provide a child with a tax free lump sum on reaching the age of 18.
- By investing in a fund which has exposure to equities and fixed interest products, produce a return over the longer term in excess of a deposit based account.

YOUR COMMITMENT

- You must use the CTF voucher or other method prescribed by the Government to open the account.
- You do not have to make any additional payments but can do so up to the maximum of £1200 in any subscription year.
- You are not allowed to withdraw any funds invested on behalf of the child by the Government, nor those from family or friends as these are deemed to be gifts to the child.

RISK FACTORS

- Money invested in stocks & shares can fluctuate in value and there may be a possibility of your child receiving back less than was invested because the value of units held in the account may go up or down.
- The tax advantages enjoyed by CTF accounts could be changed by the Government which may affect growth of the investment.
- Inflation may reduce what you could buy in the future.

QUESTIONS AND ANSWERS

WHAT IS A STAKEHOLDER ACCOUNT?

This type of account has to meet standards set by the Government and relate to:

- **A proportion of investments being held in shares.**
- **Lifestyling from the age of 13.**
- **Charges being no more than 1.5% of the value of the account each year.**
- **Additional contributions to be accepted in cash, by cheque, direct debit or standing order.**
- **The minimum addition to a CTF account should be no more than £10.00. The Society's CTF account complies with these requirements and additional explanation of each standard is contained in the CTF leaflet.**

HOW IS THE MONEY INVESTED?

We pool all the money from our CTF accounts and use professional advisers to manage it. They will buy a range of assets in different companies including shares and fixed interest products in order to spread the risks associated with stock market investments.

IS THERE A GUARANTEED RETURN?

No, because the investments are stock market based the value can go up and down depending upon market performance. We will hold a range of assets to try and benefit from market growth and minimise losses during a downturn but you should only invest in this type of account if you are prepared to take some risk to increase the potential return.

HOW DO I KNOW THE VALUE OF THE CTF ACCOUNT?

Each investment made into the CTF is used to buy units in the fund at the price on that day. You can calculate the value by multiplying the number of units by the appropriate price. In addition we will send out a statement each year around the time of the child's birthday showing any transactions during the year and the current number of units with their value.

ARE THERE ANY CHARGES?

Yes, the society will make a charge of 1.5% of the value of the account each year.

IS THERE ANY TAX PAYABLE WHEN THE CHILD REACHES 18?

No, under current legislation which could change in the future, the proceeds from the account are free of income and capital gains tax.

CAN I TRANSFER THE CTF ACCOUNT?

Yes, you can transfer the CTF account to another provider, once it is open, at any time and we do not make a charge for this. Equally we also accept transfers from an existing provider to us.

OTHER INFORMATION

CANCELLATION RIGHTS

After your proposal is accepted you will receive a notice of your right to cancel. You will then have 14 days in which to change your mind.

LAW

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

LEGISLATION

All or any of the benefits, the premiums, or the policy conditions may be adjusted as deemed appropriate.

- **If there is any change in Law or Taxation affecting the policy**
- **If any levy is imposed on the Society under Statute or statutory authority**
- **As a consequence of any amendment to General Laws**

Notice would be given of any such adjustments.

QUERIES AND COMPLAINTS

For further information or if you wish to complain about any aspect of the service you have received, please contact the Society's Chief Executive 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, or telephone 020 7964 1000. Making a complaint will not prejudice your right to take legal proceedings.

COMPENSATION

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

THE SHEFFIELD MUTUAL FRIENDLY SOCIETY

Was founded in 1892. Total assets exceed £22 million and there are over 5,500 members.

This leaflet is a brief guide to the Key Features of the product.

Full details are contained in the policy document which is the legally binding contract between you and SHEFFIELD MUTUAL FRIENDLY SOCIETY.



Please ask for details of our other products, which include:

- Capital Plan
- Tax Exempt Savings
- Investment Bond
- Income Bond
- Pension Bond
- Stocks and Shares ISA
- Sickness and Accident Insurance
- Funeral Expenses



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Authorised and regulated by the Financial Services Authority.