



Schoolteachers Friendly Society

Terms and Conditions of the Stakeholder Child Trust Fund

These Terms, together with the Application Form, form a legal agreement between you and Schoolteachers Friendly Society (the Account Manager) which sets out how the CTF will be operated.

1. Definitions

The following words and expressions, when used in these Terms, have the meanings set out opposite them:

Account or CTF – a Schoolteachers Friendly CTF governed by these Terms;

Account Investments – Shares, Units and any other investments held in the CTF Account;

Account Manager or Schoolteachers Friendly – Schoolteachers Friendly Society;

Application Form – a Schoolteachers Friendly CTF application form or transfer application form;

Assets – investments, income, interest, cash deposits and any other rights and entitlement from time to time held in the CTF Account;

Business Day – any day when the London Stock Exchange is open for business;

The Child – the child named on the CTF Voucher;

CTF – a CTF under the Regulations;

FSA – Financial Services Authority;

Fund – any unit-linked life fund established by Schoolteachers Friendly.

Government Contributions – amounts received by the Account Manager from HM Revenue & Customs in respect of the CTF Account;

Price – the price of a Unit in a Fund. This is the price determined on a Valuation Day.

Registered Contact – you, the applicant named on the Application Form or another person with parental responsibility for the Child who subsequently applies to be the Registered Contact or the Child on reaching the age of 16;

Regulations – the CTF Regulations 2004, as from time to time amended and in force;

Subscription – a payment in sterling to be applied to an Account from your own resources or resources of another person;

Subscription Year – a year running from the Child's previous birthday to the day before the next birthday. For the year in which the CTF opens the Subscription Year starts from the date of opening and ends on the day before the Child's next birthday;

Terms – these Terms (as amended from time to time), together with the Application Form;

Unit – a proportion of a relevant Schoolteachers Friendly Fund, as determined by Schoolteachers Friendly.

Valuation Day – any day on which the Price of Units in a Fund is calculated. This will normally be each working Monday.

Voucher – The CTF voucher issued by HM Revenue & Customs to the Child Benefit claimant;

We, us and our – the Account Manager, Schoolteachers Friendly Society;

You and your – an individual who has opened an Account under these Terms.

These Terms will be governed by and construed in accordance with English Law. Reference to any statutory provision or regulation includes any modification or re-enactment. Any headings and subheadings are not a legally binding part of these Terms.

Where appropriate, the words in the singular will include the plural, and the masculine will include the feminine.

2. Account Manager

- a) Schoolteachers Friendly Society agrees to act as Account Manager for the CTF Account. We do not review the portfolio and we do not give advice about the CTF Account. We are authorised and regulated by the Financial Services Authority in the conduct of our investment business.
- b) Our address is Schoolteachers Friendly Society, 30 Mather Avenue, Liverpool, L18 5HS.
- c) We may appoint any person to advise on or to perform any of our functions or responsibilities under these Terms and may provide information about the Child, the Registered Contact and the CTF Account to any such person. We will satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under these Terms is competent to carry out those functions or responsibilities.
- d) We may amend these Terms by writing to the Registered Contact. Any amendments will comply with the Regulations and the rules of the FSA.

3. Application to Open an Account

- a) An application to open a CTF Account must be made in writing on an Application Form and it must be accompanied by the original (or duplicate) Voucher. Subject to the Regulations, the CTF Account will be managed in accordance with your directions so long as you remain the Registered Contact for the CTF Account. If you fail to provide the CTF Voucher within six weeks of making an application, we will assume you do not wish to proceed. In this case you will be able to open a CTF with another provider.
- b) These terms will come into force when your application is accepted by us, which will normally be on the day of its receipt. We reserve the right to reject any application where we have reason to believe that the Voucher has expired, is not or might not be genuine, is illegible or that false information has been given on the telephone or on the Application Form.
- c) You or anyone else may invest one or more lump sums in the CTF Account during each Subscription Year. In addition or alternatively, you or anyone else may make regular subscriptions by monthly Direct Debit.
- d) An acknowledgement will be sent when you or anyone else makes a lump sum subscription or sets up a monthly Direct Debit.

4. Minimum Subscriptions

a) Lump Sums

The minimum lump sum subscription is £10. Subject to the cancellation period, the amount will be invested by us in the relevant Fund at the Price on the Valuation Day following receipt of the money.

b) Monthly Direct debits

The minimum monthly subscription is £10. Monthly Direct Debits will normally be collected on the 3rd of each month and invested by us in the relevant Fund at the Price on the Valuation

Day following receipt of the money. If the 3rd of the month is not a Business Day the payment will be collected on the next Business Day. If new Direct Debit instructions are received before the last ten Business Days of the month, the first monthly payment will be collected by Direct Debit on the 3rd of the following month, otherwise it will be collected on the 3rd of the month after next.

Direct Debit Guarantee: This guarantee is offered by all Banks and Building Societies that take part in the Direct Debit Scheme. The efficiency and security of the Scheme is monitored and protected by your own Bank or Building Society. If the amounts to be paid or the payment dates change, Schoolteachers Friendly Society will notify you 5 Business Days in advance of the CTF Account being debited or as otherwise agreed. If an error is made by Schoolteachers Friendly Society or your Bank or Building Society, you are guaranteed a full and immediate refund from your branch of the amount paid. You can cancel a Direct Debit at any time by writing to your Bank or Building Society. Please also send a copy of your letter to Schoolteachers Friendly Society. You should inform us in writing if you wish to increase or decrease your monthly subscription, or to stop saving (either temporarily or completely). If your instructions are received at least 10 Business Days before the next collection date, we will normally give effect from that date.

5. Maximum Subscriptions

- a) No more than £1,200 can be invested in the CTF Account in any one Subscription Year. Government contributions are not included in the £1,200 limit on subscriptions.
- b) If any oversubscriptions are received by us we will make all reasonable endeavours to return the payment to the sender. If we are unable to trace the sender of the oversubscription the payment will be returned to the Registered Contact.

6. Cancellation

- a) You have the right to cancel your initial management agreement with the Account Manager. If you wish to cancel you must do so within 30 days after receiving confirmation that we have received your Voucher. The CTF Account will not be opened until the 30 day cancellation period has expired.
- b) If you exercise your right to cancel, the Voucher and any subscriptions you have sent to us will be sent back to you. Any subscriptions sent to us for the CTF Account by anyone else will be sent back to them.
- c) Any additional subscriptions paid into the CTF Account after the cancellation period has expired will have no cancellation rights.

7. Investment Strategy

- a) Accounts will initially be invested in the Schoolteachers Friendly All-Share Tracker which has exposure to a diversified range of investments stocks and shares.
- b) On the Child's 13th birthday, unless otherwise instructed to do so by the Registered Contact at that time, 'lifestyling' of the CTF Account will begin. This is the process whereby investments in the CTF Account are progressively moved into investments that are considered to be lower risk.

8. Account Investments

- a) The CTF Account will hold a Schoolteachers Friendly Society life policy, which invests in

one or more of the Schoolteachers Friendly unit-linked life Funds.

- b) The CTF Account includes the Account Investments and any cash balances, all income and other rights, and the benefit of any tax relief in respect of such investments.
- c) Subject to any cancellation period, money received will be invested on the Valuation Day following receipt and no interest will be paid on cash held pending investment. We do not accept liability for default by any bank which holds cash for the CTF Account.
- d) We will automatically reinvest all income in respect of CTF Account investments and all related tax reclaims.

9. Title

- a) The CTF Account Investments shall be in the beneficial ownership of the Child at all times and the Child will be a member of Schoolteachers Friendly Society. Children under the age of 16 are not entitled to a vote within the Society.
- b) No share certificates will be issued to the Registered Contact or the Child. We (or a nominee) will hold any title documents or documents evidencing title to the CTF Account Investments.
- c) We will not lend CTF Account Investments or the title documents to a third party and will not borrow against the security of CTF Account Investments or such documents.

10. Taxation

The income from investments in Child Trust Funds is free of personal tax. This situation may change in future.

11. Statements

We will send the Child a statement every year around their birthday showing the value of the CTF Account and details of all transactions in the CTF Account since the previous statement. The statements will not include a measure of performance.

12. Reports and Voting

- a) If the Registered Contact so elects, we will arrange for them to receive copies of the full annual reports and accounts of Schoolteachers Friendly Society. We reserve the right to debit the CTF Account with an administration charge for making such arrangements.
- b) If the Registered Contact so elects, we will arrange for them to receive a copy of the annual report and accounts issued by every company or other concern in respect of shares, securities or units which are held directly in the CTF. We will also arrange, if the Registered Contact so elects, for them
 - to attend shareholders', securities holders' or unit holders' meetings
 - to vote, and
 - to receive, in addition to the annual report and accounts, any other information issued to shareholders, securities holders or unit holders.

We reserve the right to debit the CTF Account with an administration charge for making such arrangements.

- c) Subject to any applicable law or regulation, we may exercise any voting rights attaching to CTF Account Investments.

13. Benefits

- a) Maturity – on the child's 18th birthday the CTF Account will mature and the child will be entitled to the benefits. The benefits will be calculated as the value of Units at the next Valuation Day after the child's 18th birthday.
- b) Death – on death of the child before their 18th birthday the CTF Account will pay 101% of the value of Units. This value will be calculated using the Valuation Day after we receive all necessary information to proceed with closing the CTF Account.
- c) Surrender/Transfer – on transfer to another CTF provider the amount transferred will be calculated as the value of Units on the Valuation Day after we receive all the necessary information to proceed with the transfer.

14. Withdrawals

- a) Investments in the CTF Account may only be withdrawn in the following circumstances:
 - 1. for stamp duty, stamp duty reserve tax or dealing charges associated with the sale and purchase of investments in the CTF Account,
 - 2. where the Registered Contact has elected to receive a copy of the annual report and accounts or attend meetings of members, (see section 12),
 - 3. for charges agreed between the Account Provider and the Registered Contact for the management of the CTF Account,
 - 4. where a terminal illness claim made on behalf of the Child has been confirmed by HM Revenue & Customs;
 - 5. on closure of the CTF Account.
- b) The CTF Account can only be closed on the Child reaching his or her 18th birthday, on the death of the Child or on direct instruction from HM Revenue & Customs.

15. Transfer in from another provider

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

16. Transfer out to another Provider

On the instructions of the new provider and within a reasonable business period subject to a maximum of 30 days, the CTF investments will be sold and the proceeds transferred together with all rights and obligations free of charge (except charges such as stamp duty and other dealing costs connected with the disposal or acquisition of investments) to the new provider.

17. Charges

Charges for CTF Account management and other expenses will be made up to a maximum of 1.5% per year.

The following charges and expenses may be deducted in full from the CTF Account and are not subject to and do not count towards the maximum charge above:

- a) any stamp duty, stamp duty reserve tax or other charges incurred directly or indirectly in the sale or purchase of investments held under the CTF Account;
- b) any charges or expenses incurred directly or indirectly in complying with an order of the court or any other requirements imposed by law.

18. Unit Prices

- a) The Price of Units in Funds is calculated on a Valuation Day. Unit prices are published weekly on the Unit Prices page of the Society's website www.schoolteachers.org.uk and can also be obtained by telephoning the office on 0151 724 1930.
- b) We will buy or sell Units for you using the Price applying on the Valuation Day (using the Price after valuation has taken place on that day) immediately following receipt of a Voucher/Subscription. Units are single priced i.e. the Price at which Units are bought or sold is the same.
- c) The number of Units allocated to your policy will be calculated by dividing the Voucher/Subscription by the appropriate Unit Price.
- d) The Price of Units at any time reflects the fund management charge of up to 1.5% pa.

19. Void Accounts

The CTF Account will be managed in accordance with the Regulations, which take precedence over these Terms. We will notify the Registered Contact if, by reason or any failure to satisfy the provisions of the CTF regulations, a CTF has, or will, become void.

20. Notices and Instructions

- a) Notices and instructions to us should be in writing and signed by the Registered Contact. Notices and instructions sent by facsimile will be accepted provided they are signed.
- b) Notices and other documents to be given to the Child will be posted to the Registered Contact at the last registered address and will be considered received two days after posting.
- c) You must inform us promptly if you change your home address.
- d) We are entitled to treat as valid instructions given by the Registered Contact or on their behalf even if that is not the case because of the wrongdoing of another person, unless that person is an employee or agent of the Account Manager.

21. Liability

- a) You indemnify us against all liabilities incurred by us in connection with the CTF Account, other than liabilities caused as a direct result of our negligence, knowing default, or breach of the rules of the FSA or of these Terms.
- b) We are liable for our negligence, knowing default, and for any breach of the rules of the FSA or of these Terms. We are not liable for any loss caused through a fall in value of CTF Account Investments.
- c) We accept no responsibility for the CTF Account until cleared funds are received, nor for any loss or delay caused in the payment of funds to us.
- d) For the purposes of this paragraph 21, references to you include your personal representatives and references to the Account Manager include its nominees.

22. Law

In legal disputes, the law of England will apply.

23. Language

The contractual terms and conditions and all communications in relation to the CTF Account will be supplied in English.

24. Complaints

If you wish to complain about any aspect of the service you have received, please contact the Chief Executive, Schoolteachers Friendly Society, 30 Mather Avenue, Liverpool L18 5HS. If your complaint is not dealt with to your satisfaction you can write to the Financial Ombudsman Scheme; please contact us for this address. This will not affect your right to take legal action.

25. Compensation

If Schoolteachers Friendly Society is unable to meet its liabilities, compensation may be payable by the Financial Services Compensation Scheme. The first £30,000 of a claim in relation to the value of the CTF Account is protected in full. Above this, the scheme covers up to 90% of the next £20,000 subject to a maximum of £48,000. Further information on the Scheme can be obtained from the Financial Services Compensation Scheme. Tel: 020 7892 7300 www.fscs.org.uk.

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