

We want you to be comfortable that you understand how the product works. If you do not understand something in this document, please feel free to contact us. Before you decide to proceed, please read the Key Information Document (KID) for the Junior ISA available on our website.

### Overview

The Junior ISA is a tax-efficient savings plan, invested in the Metfriendly With-Profits fund.

The minimum monthly contribution is £30. The escalating premium option (Metfriendly Escalator) may be used to increase contributions automatically year on year.

The maximum annual contribution is the current Junior ISA limit of £9,000 (£750 per month). The limit does not apply to previous years' ISA transfers.

To be eligible, Children must be age 17 or under and resident in the UK for tax purposes at the time of application. The ISA cannot be accessed until age 18.

It is important to note that Children can only hold one of each Junior ISA type at any time. Therefore, existing Stocks and Shares Junior ISAs must be transferred to Metfriendly before opening. Total contributions must not exceed the maximum allowance.

We do not currently offer a Cash Junior ISA.

For those born between 1 September 2002 and 2 January 2011 who still hold a Child Trust Fund (CTF), this will need to be transferred to Metfriendly before regular or lump sum contributions can be made into the Junior ISA.

### Metfriendly Escalator

If the Metfriendly Escalator is selected at any time, premiums automatically increase by a predetermined sum selected by the payer. The minimum increase in monthly contribution is £10, with the increase taking place on the 6<sup>th</sup> of April starting from the next calendar year.

The Metfriendly Escalator can be switched on or off at the request of the payer. The Metfriendly Escalator will be switched off if the contributions would exceed the annual ISA limit. In this instance the premium would be set to the maximum permitted.

### Risks

The Junior ISA is classed as medium risk and returns are based on investment performance. Please note that if cashed in during the early years, the return may be less than paid in.

Normally the plan value will not be less than the money paid in plus all annual bonuses. However, we reserve the right to apply a Market Value Reduction (MVR) during a period of adverse investment experience so that the value when cashed in more fairly reflects our performance over the period of investment. On past experience this is only likely to affect withdrawals during the early years. Any MVR would not apply to death claims, only on voluntary cashing-in.

### Bonuses

At the end of each calendar year, Metfriendly typically add an annual bonus to the investment. Please note that once added, annual bonuses cannot be taken away.

Bonuses are compounded, so that in subsequent years bonuses are earned on bonuses. After three complete tax years, a final bonus would typically be added to the value when cashed in.

The Junior ISA remains until the Child's 18<sup>th</sup> birthday, when it automatically converts to an "adult" ISA with full ISA tax advantages, with the Child able to cash-in in part or in full or leave invested. No further contributions may be made on or after the Child's 18<sup>th</sup> birthday unless the National Insurance Number is supplied and a full ISA Declaration is made, after which further contributions may be made but only by the Child. The Junior ISA should be considered as a medium to long term investment of at least five years.

The Society aims to be fair to all its members and to uphold the promises made to them when they took out their plan. However, any payments made to customers by way of an annual or final bonus must reflect the way in which the value of the with-profits fund has performed throughout the period of investment.

### **Metfriendly With-Profits Fund**

With-profits investments are a method of providing a saver with access to a fund which aims to provide a moderate level of growth on savings, with a reduced level of investment variability, over the medium to long term.

### **How does the With-Profits Fund work?**

The premiums we collect from with-profits members are pooled together into Metfriendly's with-profits fund. We use three professional, third-party fund managers to invest this fund in a diverse portfolio of assets. The assets include government and high-quality corporate bonds, listed UK and overseas equities, UK commercial property funds and cash. This actual mix of asset holdings is permitted to flex within agreed parameters, albeit with a majority of the fund's assets invested in government and corporate bonds, approximately a quarter in listed equities and other growth assets, and almost 10% invested in UK commercial property, with the remainder mostly held in cash. By spreading the fund's investments this way, the Society is not solely dependent on one asset type or market. For instance, if the value of the stock market were to go down but other investments go up then one effect would counteract the other.

### **Smoothing**

We aim to avoid large changes in the amounts paid on comparable plans from year to year. This is known as "smoothing" and is designed to protect members from some of the sudden movements in the stock-market. In practice, smoothing means that we hold back some of the high investment returns from the good years and use them to boost with-profits payments in years when returns are lower.

### **Guarantee Period**

The Guaranteed annual bonus rate applies to contributions made in the tax year of commencement. After this, annual bonus rates will be declared at the end of each calendar year and will apply to contributions received, with no advance guarantee. Please see our website for further details. **Tax**

There is no liability for Income or Capital Gains Tax during the life of the plan, nor on cashing it in. The Child's ISA should not be taken into account when completing your Tax Return.

The payment on death would be paid into the Child's estate which may be subject to Inheritance Tax.

This information is correct to the best of Metfriendly's knowledge at the time of printing; however, any aspect of tax treatment could be changed by the Government at any time. In case of doubt you are strongly encouraged to seek advice on tax matters.

### **Withdrawing**

Withdrawals are not permitted prior to the Child’s 18<sup>th</sup> birthday. Once aged 18, they can contact us at any time to cash in part, or all the plan.

Penalties will apply for withdrawals within 24 months of commencement. The minimum partial withdrawal is £500, and they must leave at least £1,000 invested.

To make a full or partial withdrawal, the member can call us on 01689 891454, or alternatively email us at [info@metfriendly.org.uk](mailto:info@metfriendly.org.uk).

### **Transfers**

It is possible to transfer a Cash or a Stocks & Shares Junior ISA to us from another provider and only contributions in the current tax year (6<sup>th</sup> April to 5<sup>th</sup> April) will count towards the annual Junior ISA limit.

Transfers to another Junior ISA provider are permitted, but please remember that our Junior ISA is designed as a medium to long term investment.

### **Charges**

Charges apply on the withdrawal or transfer of funds during the first 24 months of opening the plan. Withdrawals are only permitted once the Child reaches age 18.

First 12 months	5%
13 – 24 months	3%
Thereafter	0%

However, during times of adverse market conditions, Metfriendly reserve the right to also apply a Market Value Reduction (MVR) so that the value when cashed in more fairly reflects our performance over the period of investment.

### **Insurance Benefits**

Upon death the current value of the plan will be paid to the Child’s estate. If this occurs, charges will not apply. Also, the death benefit would not be reduced by any applicable MVR.

### **Contact Details**

Address - Metfriendly, Central Court, Knoll Rise, Orpington, Kent, BR6 0JA

Phone – 01689 891 454 e-mail – [info@metfriendly.org.uk](mailto:info@metfriendly.org.uk) Website –

[www.metfriendly.org.uk](http://www.metfriendly.org.uk)

### **How to complain**

If you have a complaint about any aspect of the service you have received, in the first instance please contact us. A summary of our complaints handling procedure is available upon request.

If you feel your complaint is not dealt with to your satisfaction, you can then contact the Financial Ombudsman Service, Exchange Tower, London, E14 9SR or visit their website [www.financialombudsman.org.uk](http://www.financialombudsman.org.uk). Complaining to the Ombudsman will not affect your legal rights.

In the event of any complaint, we would treat you as a normal retail customer and not make any assumptions of specialist investment knowledge on your part.

### **Compensation**

Information on compensation arrangements is available from us.

We are a member of the Financial Services Compensation Scheme.

Metfriendly is an insurance provider.

### **Law**

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

Full details of the plan are contained in Metfriendly's Tables and Rules - which evidence the legally binding contract between you and Metfriendly.

On taking out any plan, you will be issued with a certificate showing your benefits. As you are then a member of Metfriendly you are subject to our Rules, which are available on the website or on request from us.