

The Financial Conduct Authority and the Prudential Regulation Authority are the independent financial services regulators. They require us, The Red Rose Friendly Society Ltd., to give you this important information to help you to decide whether our Child's Tax Exempt Endowment 'With-Profits' Plan 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.

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# Key Features of The Red Rose Friendly Society Ltd Child's Tax Exempt Endowment 'With-Profits' Plan



This document explains the key features of the **Child's Tax Exempt Endowment 'With-Profits' Plan**. Please read it carefully, and keep it in a safe place. You may want to refer to it in the future.

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## Its aims

To provide a tax-free lump sum for your child at the end of the specified term of the plan.

To provide a minimum guaranteed tax-free lump sum benefit in the event of the child's death before the policy matures.

## Your commitment

You agree to pay a fixed monthly premium, payable in advance by standing order or direct debit, over a specified number of years, for the benefit of the child.

## Risk factors

The value of your policy on maturity or claim will depend on investment performance.

Your circumstances may change, forcing you to stop paying premiums.

Our deductions may turn out to be higher than expected.

If you encash it during the early years, the surrender/free policy value may be less than the amount you have paid in.

If you discontinue premiums within the contract period, the amount of life cover could cease or will be reduced.

## Questions and answers

### What is a 'With-Profits' Endowment?

It's a fixed term savings plan, which aims to make possible use of a tax advantage available to members of friendly societies

It gives you life insurance cover.

It pays out at least a guaranteed minimum amount when it matures, provided all the payments due over the term have been made.

The Red Rose Friendly Society Limited. Parkgates, 52a Preston New Road, Blackburn, BB2 6AH.

Tel 01254 222702. Fax 01254 222705

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Established 1863. Incorporated under The Friendly Societies Act 1992. Reg No 43 Coll  
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

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## What is a Child's Tax Exempt Endowment 'With- Profits' Plan?

A Child's Tax Exempt Endowment 'With-Profits' plan, is primarily a savings plan designed specifically to provide a tax-free lump sum for your child at the end of a specified term of years.

The policy also provides a guaranteed minimum amount of life cover in the event of the Child's death during the selected term. (The sum payable on death will be equal to the tax free lump sum and any bonuses already added).

This is a traditional 'With-Profits' policy, which means that regular bonuses are added increasing the overall value up to maturity or earlier death.

Bonuses under a 'With-Profits' policy, once added, cannot be taken away.

The policy can be taken out from birth up to 11 next birthday, for a fixed term, which may be 10 to 30 years. However, the child must have attained 16 years of age before proceeds are payable to him/her.

The Child would become an adult in insurance terms when they reach their sixteenth birthday and the policy will then belong to the child.

## Premiums

The minimum premium payment is £5 a month or £60 per year. If you decide to pay monthly we will collect your payments in advance by standing order or direct debit from your bank. We can collect quarterly, half yearly, yearly or you can pay them by cheque.

Under current legislation, providing they are a UK resident for tax purposes, each person (including children) can save up to £25 a month or £270 a year in a friendly society savings plan free from income tax and capital gains tax liability, see '[Tax](#)'. These are called Tax Exempt Savings Plans. The payment limits apply to all such plans held in the person's own name.

## If I can't pay my premiums for a short while, what options have I?

If you don't pay your premiums, the notice before forfeiture procedure would come into effect. See '[What happens if I stop paying?](#)' If you require further information on this subject, please contact us direct or speak to your financial adviser.

## What might I get back?

You will receive the value of your plan when it ends. This is made up from a guaranteed minimum amount, as shown in your personal illustration, plus any added bonuses during the term. There may also be a final extra bonus (known as a terminal bonus) added, but this is not guaranteed.

## What life insurance cover is included?

The Child's Tax Exempt Endowment 'With-Profits' plan provides life cover on your child's life.

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It would pay out a lump sum if your child should die before the plan ends. The lump sum would depend on the value of the bonuses that have been added at that time, but provided we can supply our standard terms to the life cover, it will be at least the guaranteed minimum amount shown on the illustration. We will tell you before the plan starts if special terms apply.

Once the plan has paid out a lump sum on death, the plan would end and has no further value.

## What happens if I stop paying?

If you stop before you have made 25 payments, the plan will lapse without value. If you stop paying after 25 payments there may be a 'cash in value' depending on how many payments you have made and your payment amount. However this is most likely to be less than you have paid in.

If there is no 'cash-in' value when the plan lapses, you will get nothing back. Provided we have not paid out any 'cash-in' value, you can restart the plan at any time up to 12 months from the date lapsed, by making all the payments due. We may ask for medical proof that your child's health has not deteriorated during the time your policy has been lapsed. After the period of grace (365 days from your last payment) the policy cannot be re-instated.

You cannot restart a plan that has been lapsed for more than 12 months.

## What if the plan is cashed-in early?

You must make a minimum number of payments before the plan has a 'cash-in' value.

You might get back less than you paid in.

Please refer to your personal illustration for some examples of possible 'cash-in' values.

## How Flexible is it?

The Child's Tax Exempt Endowment 'With-Profits' plan is designed for a long term regular fixed commitment. Tax regulations mean you cannot normally stop payments for periods of time and restart them later.

## How will it work for me?

Within this literature you will find information showing how the Red Rose Child's Tax Exempt Endowment 'With-Profits' plan will work.

If you have any further queries after reading these Key Features, please contact us direct or speak to your financial adviser.

## Paid-up values

Missed premiums may mean that your policy will become paid up with reduced benefits.

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If you discontinue the payment of premiums, and providing two years premiums have been paid, the policy will be made 'paid-up'. In this instance, the guaranteed minimum sum assured will be reduced in proportion to the ratio of the premiums paid to the total number payable. Any bonuses already added will remain attached, and this value will remain frozen until claimed.

Your policy will become a Reduced Sum "paid up" Policy automatically without further notice.

## Forfeiture Notice

Should your payments go into arrears for 90 days at any time a Forfeiture Notice will automatically be issued without further notice. If your premiums remain unpaid for a further 21 days after this Forfeiture Notice has been issued your policy will then be lapsed. Any arrears must be paid in full before your policy can be re-instated. Proof of health of the child will be required should you wish to re-start the policy.

## Bonuses

The Red Rose Friendly Society Limited is a mutual organisation owned by its Members (policyholders) and has no shareholders entitled to receive a share of the profits.

Reversionary Bonuses, calculated on the basis of investment performance, are added to your policy annually, and once added cannot be taken away. The level of these bonuses is determined following the yearly valuation of the Society by its appointed Actuaries. In addition a Terminal Bonus may be added when your policy becomes a maturity or claim, further increasing your return.

## Charges

The charges, expenses and other deductions are taken directly from the Fund each year before we work out how much is available to add to customers' plans as bonuses.

## Cancellation rights

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

## Tax

In addition, provided that the policy is fully paid to date, the proceeds are free from United Kingdom liability to income tax and capital gains tax. However, if you surrender the policy or make it 'paid-up' within ten years or three quarters of the term if sooner, then some United Kingdom tax may be payable if the proceeds exceed the premiums paid. There are no guarantees that changes in tax treatment will not occur in the future.

## Law

The Child's Tax Exempt Endowment 'With-Profits' plan is governed by the Law of England, and a court in England or Wales will decide on any dispute.

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## The Society

The Red Rose Friendly Society Limited was founded in 1863 for the mutual benefit of its Members. Total funds are now in excess of £18 million. It is incorporated under the Friendly Societies Act 1992.

## How to contact us

If you have a financial adviser, he or she will normally be your first point of contact. We cannot give you financial advice, only information about our products. If you need advice, but do not have an adviser, we can give you details of where to go to find Independent financial advice.

If you have any questions at any time you can phone, send a fax, email or you can write to us.

Call us on 0800 7310072 during the following times:

**Monday to Friday 9.00 am to 5.00 pm**

We may monitor calls to improve our service.

Office address:

**The Red Rose Friendly Society Limited  
Parkgates  
52a Preston New Road  
Blackburn  
Lancashire  
BB2 6AH**

Fax number: 01254 222705

Web Site: <http://www.redroseassurance.co.uk>

Email: [info@redroseassurance.co.uk](mailto:info@redroseassurance.co.uk)

## Your protection

If you need to complain, first write to:

Complaints and Compliance Officer  
The Red Rose Friendly Society Limited  
Parkgates,  
52a Preston New Road  
Blackburn.  
Lancashire BB2 6AH

If you are not satisfied with our response, you can complain to:

[The Red Rose Friendly Society Limited, Parkgates, 52a Preston New Road, Blackburn, BB2 6AH.](#)

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Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London E14 9SR  
Tel: 020 7964 1000

We are members of the Financial Ombudsman Services Scheme and a copy of our complaints procedure is available on request.

If you have a financial adviser, he or she will only recommend products that are suitable for you. You have a legal right to compensation if, at any time, another authority or we decide you have bought a plan that was not suitable for your needs when the advice was given.

The Financial Services Compensation Scheme covers your plan. This means that, should the Society become insolvent, you'll be covered for 90% of the value of your plan with no upper limit. For information about the Financial Services Compensation Scheme (Tel: 020 7892 7300).

#### Terms and conditions

This Key Features document gives a summary of The Red Rose Friendly Society's Child's Tax Exempt Endowment 'With-Profits' Plan. They do not include all the definitions, exclusions, terms and conditions.

#### Data Protection Act

Under the Data Protection Act, you have the right to ask to see any personal information that we may hold about you, and to have any mistakes in this information corrected. You can do this by writing to the data protection officer at our head office. There may be a charge for this.

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