

The Financial Conduct Authority is a financial services regulator. It requires us, Forester Life, to give you this important information to help you decide whether our Child Trust Fund (CTF) - Options 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.

## Key Features

### Its Aims

- To provide your child with a lump sum benefit at age 18.
- To achieve tax-efficient long-term savings growth.

### Your Commitment

- If you are the Registered Contact; to act on behalf of your child until your child decides to take over responsibility for the Plan at age 16 or over.
- To invest contributions from yourself, family members, friends and anyone else who wishes to contribute.
- To provide your child with the best start in adult life you should aim to make monthly and/or single contributions.
- Monthly contributions will increase automatically each year to keep pace with inflation (within allowable limits). You have the option to opt out or reduce your contributions at any time.
- All contributions to the Plan are considered a gift to your child and cannot be returned and, except in the event of your child's earlier death or terminal illness, can only be accessed by your child at age 18.

### Risk Factors

- The value of the Plan may fluctuate as the value of the investments can go down as well as up. Your child may get back less than has been invested.
- The favourable tax treatment of CTFs may change in the future. This could reduce the potential growth of the investment.
- Tax treatment depends on individual circumstances and may be subject to change in the future.

## Your questions answered

### What is a Child Trust Fund?

- A CTF is a long-term, tax-free savings account for children born in the United Kingdom between 1<sup>st</sup> September 2002 and 2<sup>nd</sup> January 2011. Eligible children received a voucher from the Government which could be used to open a CTF.
- Stakeholder CTFs, Non-Stakeholder Cash Deposit CTFs and Non-Stakeholder Stocks and Shares CTFs are available.

### What is the Child Trust Fund - Options?

- The Child Trust Fund - Options is a Non-Stakeholder Stocks and Shares CTF and offers a flexible and simple way to invest in stocks and shares, whatever your budget. Designed for low-cost savings, you can invest from £10 up to £4,080 this birthday year (£4,128 from 6<sup>th</sup> April 2017).

### What should the Registered Contact do?

- The Registered Contact is responsible for managing the Plan so should keep all the paperwork, report changes such as a change of address and is the only person who can change the account or provider.
- As only one person can be the Registered Contact, if a Registered Contact already exists their consent will normally be required for any changes.
- When your child is 16 they can become the Registered Contact and manage their own account if they want to.

### Where is Child Trust Fund - Options invested?

- The Child Trust Fund - Options can will have the option to invest or partially invest the whole investment in the following funds:
  - Foresters Stakeholder (Schroders) Managed 1 Fund
  - Aberdeen UK All Share Tracker Fund
  - Henderson Cautious Managed Fund 1
  - Henderson European Selected Opportunities Fund 1
  - Henderson US Growth Fund 1
  - Henderson Global Care Growth Fund 1
  - Insight Investment UK Government All Maturities Bond Fund 1
  - Invesco Perpetual Income Fund 1
  - Invesco Perpetual Managed Growth Fund 1
  - Invesco Perpetual UK Smaller Companies Equity Fund 1

### What are the investment objectives of the funds?

- The Foresters Stakeholder (Schroders) Managed 1 Fund follows a conservative fund strategy with growth targeted by an active approach to managing investment risk, whilst protection against inflation is taken into account. It aims to outperform the IA Mixed Investment 20-60% shares sector median and to generate capital growth over the medium to long-term through an active asset allocation strategy, and the individual performances of underlying investments.

- The Aberdeen UK All Share Tracker Fund aims to achieve long-term capital growth and to produce a return that, before charges and expenses, matches the total return of the FTSE All-Share Index.
- The Henderson Cautious Managed Fund 1 aims to achieve a combination of income and growth over the long term. In choosing investments, the investment manager looks for bonds and equities that offer good income and that appear to have greater potential to rise in price over the long-term than is reflected in current market prices.
- The Henderson European Selected Opportunities Fund 1 aims to achieve a long-term return that is above the average return expected from an investment in European shares.
- The Henderson US Growth Fund 1 aims to achieve a long-term return that is above the average return expected from an investment in US shares.
- The Henderson Global Care Growth Fund 1 aims to grow your child's investment over the long-term as well as achieve an increasing level of income.
- The Insight Investment UK Government All Maturities Bond Fund 1 aims to generate a total return, comprising both income and capital growth, by investing principally in sterling-based bonds issued by the UK government. The fund's benchmark is FTSE-A All Stocks Index.
- The Invesco Perpetual Income Fund 1 aims to achieve a reasonable level of income together with capital growth. The fund invests primarily in shares of UK companies but may include some international and unlisted investments.
- The Invesco Perpetual Managed Growth Fund 1 aims to achieve capital growth by investing primarily in other qualifying collective investment schemes, which invest in shares of companies and fixed interest securities globally. The fund will also invest directly in shares of US companies.
- The Invesco Perpetual UK Smaller Companies Equity Fund 1 aims to achieve capital growth by investing primarily in shares of UK smaller companies.
- The Henderson Global Care Growth Fund 1 has a medium-high risk profile. The fund is subject to medium-term volatility. The fund also invests in shares, which, as a category are more volatile than either bonds or money market instruments. The fund's social screens eliminate many potential investments and the fund is sensitive to fluctuations in exchange rates. This fund is designed to be used only as one component in several in a diversified investment portfolio. You should consider carefully the proportion of your child's savings invested into this fund.
- The Insight Investment UK Government All Maturities Bond Fund 1 has a medium risk profile. This is because the fund invests in bonds, which tend to be more volatile than cash but less volatile than shares.
- The Invesco Perpetual Income Fund 1 has a high-medium risk profile. This is because the value of its investments have experienced significant rises and falls historically.
- The Invesco Perpetual Managed Growth Fund 1 has a high-medium risk profile. This is because its investments have experienced significant rises and falls historically.
- The Invesco Perpetual UK Smaller Companies Equity Fund 1 has a high-medium risk profile. This is because its investments have experienced significant rises and falls historically.

#### **What are the investment risks of the funds?**

- Foresters Stakeholder (Schroders) Managed 1 Fund has a medium risk profile. Stakeholder rules mean the fund is managed in a risk-controlled manner, with savings balanced between stocks and shares and fixed interest holdings.
- The Aberdeen UK All Share Tracker Fund has a high-medium risk profile. The value of the underlying investments in this fund is subject to price fluctuations.
- The Henderson Cautious Managed Fund 1 has a medium risk profile. The fund is subject to medium-term volatility. It invests in a mix of different asset classes and is sensitive to fluctuations in exchange rates.
- The Henderson European Selected Opportunities Fund 1 has a medium-high risk profile. The fund is subject to medium-term volatility. It also focuses on a single region and invests in shares, which, as a category, are more volatile than either bonds or money market instruments. This fund is designed to be used only as one component in several in a diversified investment portfolio. You should consider carefully the proportion of your child's savings invested into this fund.
- The Henderson US Growth Fund 1 has a medium-high risk profile. The fund is subject to medium-term volatility. It also focuses on a single country and invests in shares, which, as a category, are more volatile than either bonds or money market instruments. This fund is designed to be used only as one component in several in a diversified investment portfolio. You should consider carefully the proportion of your child's savings invested into this fund.

#### **Can I switch the investment to a different fund?**

- Yes. You may switch either part, or all of your child's CTF into the above funds.
- Forester Life does not charge for fund switches.

#### **How can contributions be paid?**

- Single contributions can be made by cheque, debit card or directly from your bank (direct credit).
- Monthly contributions are collected monthly by direct debit or standing order.
- Contributions will be accepted in date order up to the maximum contribution limit.

#### **Can monthly contributions be increased?**

- Each year we will automatically increase the amounts received from each monthly contributor to help the Plan keep pace with inflation. The increase will be applied to the first monthly contribution payable after your child's birthday, or the anniversary of an additional payment made by the Registered Contact or other payer.
- There is a minimum increase of 2.5% each year which will provide a boost to the Plan when inflation is low.
- Additional increases can be made at any time subject to a minimum of £5 per month for monthly contributions and £10 for single contributions.
- All increases are subject to HMRC maximum limits.
- If anyone paying a monthly contribution wishes to stop automatic increases to their contribution they should tell us at least 14 days before the increase is due.

#### **Can contributions be stopped?**

- Yes. Any person paying a monthly contribution can stop paying or reduce their monthly contribution at any time.
- Reductions are subject to a minimum ongoing contribution of £10.

#### **How will I keep track of the value of the Plan?**

- If the Plan has received any contribution in the birthday year, and the Plan value exceeds £300, we will send you a statement showing the payments received, the number of units held and the value of your child's Plan.

- We will also issue statements on your child's 11<sup>th</sup> and 16<sup>th</sup> birthdays.
- You can check unit prices at any time by visiting [foresters.com](http://foresters.com) or online at [myplans.foresters.co.uk](http://myplans.foresters.co.uk) if you have a My Plans account.
- You should monitor the value of the Plan and the level of contributions paid.

#### Can money be withdrawn from the Plan?

- No. All savings are locked in until your child's 18<sup>th</sup> birthday.
- At that age the accumulated fund will be payable as a cash lump sum to your child allowing them to spend or reinvest it as they wish.

#### Is there a death benefit?

- Yes. In the event that your child dies before age 18 we will pay out 101% of the value of the units to their legal personal representatives.
- Payments may also be made in the event of your child suffering a terminal illness, subject to HMRC approval.

#### What are the charges?

- For funds invested in the Foresters Stakeholder (Schroders) Managed 1 Fund and Aberdeen UK All Share Tracker Fund there is an annual charge of 1.5% of the value of the funds you accumulate. If your fund is valued at £250 throughout the year, this means that we charge £3.75 that year. If your fund is valued at £500 throughout the year, this means that we charge £7.50 that year.
- For funds invested in the Henderson Cautious Managed Fund 1 there are total annual charges of 1.335% of the value of the funds you accumulate. If your fund is valued at £250 throughout the year, this means that we charge £3.34 that year. If your fund is valued at £500 throughout the year, this means that we charge £6.68 that year. Charges may vary in future.
- For funds invested in the Henderson European Selected Opportunities Fund 1, Henderson US Growth Fund 1 and Henderson Global Care Growth Fund 1 there are total annual charges of 1.6% of the value of the funds you accumulate. If your fund is valued at £250 throughout the year, this means that we charge £4 that year. If your fund is valued at £500 throughout the year, this means that we charge £8 that year. Charges may vary in future.
- For funds invested in Insight Investment UK Government All Maturities Bond Fund 1 there are total annual charges of 1.05% of the value of the funds you accumulate. If your fund is valued at £250 throughout the year, this means we charge £2.63 that year. If your fund is valued at £500 throughout the year, this means we charge £5.25 that year. Charges may vary in future.
- For funds invested in Invesco Perpetual Income Fund 1 there are total annual charges of 1.66% of the value of the funds you accumulate. If your fund is valued at £250 throughout the year, this means we charge £4.15 that year. If your fund is valued at £500 throughout the year, this means we charge £8.30 that year. Charges may vary in future.
- For funds invested in Invesco Perpetual Managed Growth Fund 1 there are total annual charges of 1.82% of the value of the funds you accumulate. If your fund is valued at £250 throughout the year, this means we charge £4.55 that year. If your fund is valued at £500 throughout the year, this means we charge £9.10 that year. Charges may vary in future.

- For funds invested in Invesco Perpetual UK Smaller Companies Equity Fund 1 there are total annual charges of 1.67% of the value of the funds you accumulate. If your fund is valued at £250 throughout the year, this means we charge £4.18 that year. If your fund is valued at £500 throughout the year, this means we charge £8.35 that year. Charges may vary in future.

#### What is the tax situation on the CTF account?

- Growth within the account is completely free of Income and Capital Gains Tax.
- In the event that your child dies, tax benefits cease from the date of their death. Benefits paid out on death form part of the deceased's estate and may be subject to Inheritance Tax.

#### Can Child Trust Fund accounts be transferred?

- Yes you can transfer your child's CTF account in the following ways:
  - You can transfer your CTF - Options to a Forester Life Junior ISA.
  - You can transfer your CTF - Options to another CTF or Junior ISA provider.
  - Forester Life does not charge for any transfers.

## What might child get back from the Plan?

The illustrations below give estimated fund values so you can see what could be available in the future. The table indicates what monthly or single contributions could be worth in years to come, assuming an annual investment growth rate of 5% and charges as indicated. Automatic increases in monthly payments of 2.5% per annum to keep pace with inflation are also assumed.

What you might get back after					
Fund names	Annual Charge	Single contribution of £500		Regular contribution of £50 a month	
		5 years	12 years	5 years	12 years
Forester Stakeholder (Schroders) Managed 1 Fund	1.5%	£591	£748	£3,430	£10,100
Aberdeen UK All Share Tracker Fund	1.5%	£591	£748	£3,430	£10,100
Henderson Cautious Managed Fund 1	1.335%	£596	£764	£3,440	£10,200
Henderson European Selected Opportunities Fund 1	1.6%	£588	£739	£3,420	£10,000
Henderson US Growth Fund 1	1.6%	£588	£739	£3,420	£10,000
Henderson Global Care Growth Fund 1	1.6%	£588	£739	£3,420	£10,000
Insight Investment UK Government All Maturities Bond Fund 1	1.05%	£605	£791	£3,470	£10,400
Invesco Perpetual Income Fund 1	1.66%	£586	£734	£3,410	£10,000
Invesco Perpetual Managed Growth Fund 1	1.82%	£582	£720	£3,400	£9,910
Invesco Perpetual UK Smaller Companies Equity Fund 1	1.67%	£586	£733	£3,410	£10,000

### Important Notes

- These figures are only examples and are not guaranteed. The actual value could be more or less than shown, and could be less than has been paid in. What you will get back depends on how much the investment grows and on the tax treatment of the investment.
- Inflation would reduce what you could buy in the future.

# Additional Information

## What law is the Plan subject to?

- All Forester Life Plans are subject to the law of England and Wales.
- We will always communicate using the English Language.
- Information in this document is based on our current understanding of legislation and tax regulations as at December 2016, which may change in the future.

## How is my personal information used?

- Any personal information which you provide to Forester Life will be used to administer the Plan, for claims management, for complaint analysis (if appropriate), for research purposes, for fraud prevention and for marketing purposes.
- To complete our processes we may have to share such information which other companies in the Foresters group (who may be based outside the European Economic Area) and other financial services companies and our service providers. These organisations will not use the information for any other purpose.
- We will not disclose any of the information to any other body or organisation except to prevent fraud or if required by law.
- We may on occasion send the Registered Contact marketing information about products and services of Forester Life and third parties whose products and services we offer to our customers. The Registered Contact can opt out of receiving this material at any time. If at any time you no longer wish to receive this material please write to the Data Protection Officer, Forester Life, Foresters House, 2 Cromwell Avenue, Bromley, BR2 9BF or email [data.protection@foresters.co.uk](mailto:data.protection@foresters.co.uk)

## What if I am unhappy with the service I receive?

- We take the concerns of our customers very seriously. If you are unhappy with any aspect of the service provided by us, please write to the Customer Relations Officer at Foresters House, 2 Cromwell Avenue, Bromley, BR2 9BF.
- If we do not deal with your complaint to your satisfaction, you can write to the Financial Ombudsman Service (FOS), Exchange Tower, London, E14 9SR (telephone 0300 123 9123, email [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk) or visit [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)).
- You can view Forester Life customer complaints procedure at [foresters.com](http://foresters.com) or phone 0333 600 0333 for a copy.

## Are we covered by the Financial Services Compensation Scheme (FSCS)

- Yes. This means that your child may be entitled to compensation from the FSCS in the unlikely event that we cannot meet our obligations.
- Compensation depends on the type of business and the circumstances of the claim.
- Further information about compensation scheme arrangements is available from the FSCS at [fscs.org.uk](http://fscs.org.uk) or by phone on 0800 678 1100.

## Where can I find out more?

- Full details are set out in the Terms and Conditions which are provided with the Plan Document. A specimen copy is available on request.

## How to contact us

Customer Services Forester Life Foresters House 2 Cromwell Avenue Bromley BR2 9BF	T 0333 600 0333 8:30am to 5:00pm weekdays Calls are charged at local rates E <a href="mailto:service@foresters.co.uk">service@foresters.co.uk</a> <a href="http://foresters.com">foresters.com</a>
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