

keyfacts®



key features of the Child Trust Fund

for more information call **0800 028 6244†**
or visit **engagemutual.com**

†Please note all calls may be recorded for security and training purposes.
Lines are open Mon-Fri 8am-8pm and Sat 9am-4pm.



Engage Mutual Assurance, Hornbeam Park Avenue, Harrogate,
HG2 8XE tel; 01423 855000 fax; 01423 855181

Engage Mutual Assurance is a trading name of Engage Mutual Funds Limited (EMFL)
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the child trust fund from Engage Mutual

This document gives you the main points of the child trust fund (CTF) from Engage Mutual. The Financial Services Authority (FSA) is the independent financial services regulator. It requires us, Engage Mutual Funds Limited, to give you this important information, to decide whether our child trust fund 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. Information in this brochure reflects our understanding of current law and HMRC practice, which may change. Further information is given in the Simplified Prospectus which should be read in conjunction with this key features booklet.

its aims

To build a tax-free cash lump sum for your child.

your commitment

You agree to become the 'Registered Contact' for the CTF and to act on behalf of your child until they reach the age of 16. Any payments into the CTF cannot be withdrawn, except in the event of your child's earlier death or terminal illness.

risks

- the value of the CTF account will depend on investment performance and is not guaranteed
- as the CTF account is invested in stocks and shares, its value can fall as well as rise and your child may get back less than has been paid in
- your child cannot access the account until they are 18
- tax rules could change
- although our CTF account is a stakeholder account which meets certain standards, (see page 2 for further details) this does not mean that the investment is suitable for your child or that its performance is guaranteed.

questions and answers

what is a child trust fund?

It is a long term savings and investment account for children born on or after 1st September 2002.

Child trust funds were introduced by the government to;

- ensure your child has savings at the age of 18
- help your child get into the habit of saving
- teach your child about the benefits of saving
- help your child understand personal finance.

The CTF account is initially opened with a voucher from the government for your child.

what type of account is the child trust fund from Engage Mutual?

There are three types of CTF accounts:

- non stakeholder cash based accounts
- non stakeholder accounts that invest in shares
- stakeholder accounts.

The CTF from Engage Mutual is a stakeholder account.

what is a stakeholder CTF account?

A stakeholder CTF account is an account that meets strict criteria set by the government, as shown in the table below. The table also shows a comparison between stakeholder and non stakeholder CTF accounts.

criteria	stakeholder CTF	non stakeholder CTF
minimum payment	minimum payment can be no higher than £10	minimum payment can be higher than £10
maximum yearly charge	1.5% per year	charges can be higher
entry fees	none	can be applied
exit fees	none	can be applied
switching fees	none	can be applied
payment methods	must accept cheque, Direct Debit, Standing Order and Direct Credit	payment methods can be limited
allowable investments	mainly share based	shares, fixed interest investments or cash
lifestyling*	must offer the choice from age 13	not required

*For a description of 'lifestyling', please see page 4 of this document.

who can apply to transfer the account?

The CTF account can only be transferred by the person who is the Registered Contact or Correspondent with the existing CTF provider.

The person who opens the CTF will be the 'registered contact' for the account and will be the main point of contact until the child reaches the age of 16. We will send out a welcome pack containing details of the account and information on how to manage it.

At the age of 16, the child can apply to become the registered contact for their account. We will contact the child before their 16th birthday.

how flexible is it?

You can pay in monthly amounts from £5, lump sums or a mixture of both.

Anyone can pay into the account.

You can change the amount of your monthly payments.

The total amount paid into a CTF within any subscription year cannot be more than £3,600 per account. This excludes any payments which are made by the government.

A subscription year runs from one birthday to the day before the next. Please make sure that payments are sent to us in good time to make the end of the subscription year. If they are not received on time, they will not be invested until the new subscription year and you could lose out on the £3,600 allowance. Please see terms & conditions section 4 "subscriptions" for more information.

can I take money out?

You cannot access the money in the account, except where a terminal illness claim made on behalf of your child has been agreed. Please see terms & conditions section 7 "access" for further information.

Any money paid into the account is a gift to the child and cannot be refunded to the payer.

where are the payments invested?

Units are bought in the Santander Stockmarket 100 Tracker Growth Unit Trust – IA Class, which invests in shares in a spread of companies listed on the FTSE 100 index in the UK.

We process payments throughout the day and price and value all deals on the following working day.

Unit prices are quoted daily on the Engage Mutual website: [engagefund.com/fundprices](https://www.engagefund.com/fundprices)

what is lifestyling?

When your child reaches the age of 13, we will automatically start to switch a percentage of their investment from the Santander Stockmarket 100 Tracker Growth Unit Trust – IA Class, to a lower risk fund. On the child's 17th birthday, all of their investment is moved over to the lower risk fund. This process is called 'lifestyling'.

By moving the investments to a lower risk fund, lifestyling aims to help protect the CTF from the impact of a stock market dip just before the child's 18th birthday. Please remember lower risk funds are expected to produce a lower rate of return than higher risk funds.

Lifestyling will happen automatically unless you tell us otherwise.

The table below shows the percentages which are invested in each fund at different points in the account:

age	how payments will be invested		proportion of value of Santander Stockmarket 100 Tracker Growth Unit Trust – IA Class switched to medium/low risk fund
	Santander Stockmarket 100 Tracker Growth Unit Trust – IA Class medium/high risk	medium/low risk fund	
0-12	100%	0%	0%
13	80%	20%	20%
14	60%	40%	25%
15	40%	60%	33%
16	20%	80%	50%
17	0%	100%	100%

For example: If you invest £1,000 when your child is 14, £400 will be invested in the medium/low risk fund and £600 in the Santander Stockmarket 100 Tracker Growth Unit Trust – IA Class.

can I choose not to have lifestyling?

Before the child's 13th birthday if you choose not to have lifestyling, 100% of the money will remain invested in the Santander Stockmarket 100 Tracker Growth Unit Trust – IA Class.

You can change your mind and request for lifestyling to be switched on or off at any point during the term of the account.

what happens if I switch lifestyling off after its started?

From the age of 13 onwards if lifestyling is switched off, future payments will be invested in the same proportion as before lifestyling was switched off. For example, if lifestyling is switched off at age 14, future payments will be invested 60% in the Santander Stockmarket 100 Tracker Growth Unit Trust – IA Class and 40% in the medium/low risk fund.

Money already invested will not be switched between funds unless you tell us in writing that you want us to do so.

what are the charges?

There is an annual management charge. This is 1.5% of the value of the fund. There are no other charges.

If your child's account is valued at £250 throughout the year, this means £3.75p is deducted that year. If your child's account is valued at £500 throughout the year, this means £7.50p is deducted that year.

Please note that the annual management charge of 1.5% is deducted directly from the fund, not from your child's account. The charge is calculated daily on the value of the entire investment fund. The charge is then deducted on a daily basis from the fund's income and it is reflected in the daily unit price.

will any commission be paid?

No commission will be paid. If you sought advice from an Independent Financial Adviser (IFA) you may be charged for their advice.

how will I know how my child's CTF is doing?

You will receive an annual statement if the value of the CTF is £300 or more, or if any subscriptions have been made within the last statement period.

If the value of the CTF is under £300 or if no subscriptions have been made in the last statement period, you will only receive a statement following the child's 4th, 10th and 15th birthdays. However, a statement is available on request at any time for all account holders.

what happens when my child reaches 18?

When the child reaches their 18th birthday the account ceases to be a CTF on that day and the child can withdraw the funds from the account. Only the child will be able to make a withdrawal.

We will contact your child to explain their options shortly before their 18th birthday.

There will be no restriction on how the child uses the money in their account.

what happens to the account if my child dies?

If your child dies, the units held in the CTF account will be sold on the day that all relevant information is received from you. The value of the account will be paid to the child's estate.

do you give advice?

We do not give advice on investments. If you are not sure whether this child trust fund is suitable for your child, you should seek advice from an Independent Financial Adviser. You may be charged for their advice.

what about tax?

Any income and gains made by the CTF investment are free from income tax and capital gains tax.

can I change my mind?

You have 14 days from the date you receive the Welcome Pack in which to change your mind.

To cancel, you should complete the cancellation form in the welcome pack and return it to us at:

Engage Mutual Assurance
Hornbeam Park Avenue
Harrogate
HG2 8XE

If you do change your mind, the account will be cancelled.

If you do not change your mind, at the end of the 14 day cancellation period, we will request the transfer from the old provider.

can I transfer from Engage to another CTF Provider?

You can transfer the child trust fund from Engage Mutual at any time, free of charge.

You must transfer the whole CTF account.

how can I contact you?

If you have any questions
call: 0800 028 6244†

email: mail@engagemutual.com

or write to us at:
Engage Mutual Assurance
Hornbeam Park Avenue
Harrogate
HG2 8XE

how do I make a complaint?

If you need to complain, please contact us at the address above. If you're not satisfied with our response, you can write to:

Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR

Making a complaint won't affect your legal rights.

is Engage Mutual a member of a compensation scheme?

We are covered by the Financial Services Compensation Scheme. Your child may be entitled to compensation from FSCS if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% up to a maximum limit of £50,000. Further information about the scheme arrangements is available from the FSCS at 7th Floor Lloyds Chambers, Portsoken Street, London, E1 8BN. Telephone (020) 7892 7300.

additional notes

A copy of your completed transfer form is available on request.