

# Baby Bond® Stakeholder Child Trust Fund Transfer In Form



Please complete this form in BLOCK CAPITALS using a ballpoint pen and return to FREEPOST (RLRZ-ZAZZ-GACY), PO Box 2067, Gloucester GL4 3YU.

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HCF 4929

## Step 1 – Registered Contact Details

Title Mr  Mrs  Miss  Ms  Dr  Other (please specify)

First Name  Middle Name(s)

Surname

Gender M  F  Date of Birth  Telephone Number (home)

Telephone  House Number/Name

Address   
 Postcode

Your relationship to the child Mother  Father  Grandparent  Other (please specify)

Email

Only provide your email address if you are happy to receive email communications from The Children's Mutual.

## Step 2 – Child's Details I apply to transfer a CTF for:

First Name  Surname

Address   
 Postcode

Gender M  F  Date of Birth  Child Trust Fund URN

## Step 3 – Declaration Please turn over for Data Protection Act and Money Laundering information.

I declare that:

- I have parental responsibility for the child.
- I am 16 years of age or over.
- I am the registered contact for the Child Trust Fund (CTF).
- I agree to the CTF terms and conditions.
- I authorise The Children's Mutual to hold Inland Revenue contributions, subscriptions, CTF investments, interest dividends and any other rights or proceeds in respect of those investments and cash, and to make on the child's behalf any claims to relief from tax in respect of CTF investments.

I also declare that I enter into an agreement with The Children's Mutual under which I authorise it, once the account is open, to:

- collect and accept (subject to the Regulations) future payments from me or any other person; and
- subject to my instructions from time to time
- invest such payments in the manner stated in this application form; and
- switch money between different sub-funds of any particular fund in which the account is invested;

and I understand that it may not offer cancellation rights in respect of any such action.

APPLICANT'S SIGNATURE

X

Date

## Step 4 – Current Child Trust Fund Provider

Provider Name

Address   
 Postcode

Current CTF Acc No. or URN

### Instruction

I hereby instruct the child's CTF manager to transfer the above CTF in cash to The Children's Mutual. I also authorise you to provide The Children's Mutual, FREEPOST (RLRZ-ZAZZ-GACY), PO Box 2067, Gloucester GL4 3YU, with any information concerning the above CTF and to accept from it any instruction relating to the CTF. This is subject to The Children's Mutual's acceptance of the transfer application.

Signature   Date

Any more questions? Please see the Key Features, call us on 0845 077 1899 or visit our website at [thechildrensmutual.co.uk](http://thechildrensmutual.co.uk)

### Please note

- **Data Protection Act 1998 (the Act)**

We will use the information on this form to process the application, and to administer the CTF account once it has been set up. This information will be available to members of the Tunbridge Wells Equitable Marketing Group and associate companies and agents, but will not be passed to any other party without your consent, unless we are required to do so by law or regulation. The data may also be shared with other financial services companies to help fraud prevention. We may also use it to provide you, or the child, with details of other products or services we can offer or promote. If you do not wish us to do this, please cross the box(es) below as appropriate.

Please do not provide details of other products/services to me  to the child .

The Act confers rights of access to information we hold. Details are available on request.

- **Money Laundering and Fraud Prevention**

International regulations require that we sometimes check certain details about customers. To do this we may use an agency to carry out a search to verify a customer's identity. The details on the application form may be used by the agency to check against other databases (public or otherwise) that are available. The details may also be used in the future to help other organisations to verify the customer's identity and confidential records would be retained. By signing the application form as the registered contact, you give us authority to do this.

**PLEASE LEAVE THIS AREA BLANK**

## keyfacts

# Key Features of the Baby Bond® Stakeholder Child Trust Fund account

*The Financial Services Authority is the independent financial services regulator. It requires us, The Children's Mutual, to give you this important information to help you decide whether our Baby Bond 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.*

### Its aims

- To provide a tax-efficient way to invest for a child by taking advantage of the government's Child Trust Fund (CTF) scheme.
- To take advantage of the growth potential of company shares to produce a tax-free lump sum for the child at 18.
- To help parents teach their child about savings and investments.

### Your commitment

- You use your child's government CTF voucher to open a Baby Bond account for your child. You do not need to send us the voucher itself.
- You (or someone else who also has parental responsibility for your child) agree to become the 'Registered Contact' – this is the person who makes all the decisions about the Baby Bond until your child reaches age 16.
- You don't have to make any payments into the account, but adding to the government contribution could help produce a bigger payout for your child at 18.

### Risks

- The value of Baby Bond is not guaranteed, and will move up and down over time. These movements are outside our control.
- At 18 your child could get back less than has been paid in.
- Your child cannot receive the money until their 18th birthday, even if it might be needed before then.
- The tax rules that apply to Baby Bond, or to the underlying investment, could change (for example, if there's a change of government).

## QUESTIONS AND ANSWERS

### What types of CTF account are there?

There are three types of CTF account. Each child can have only one type of CTF account at any time.

#### 1) Stakeholder (Baby Bond is a Stakeholder CTF account)

This type of CTF account is designed for inexperienced investors, so it must meet certain government requirements:

- Investment must be linked to company shares. This is because, in the past, shares have mostly produced better returns over longer periods than cash deposit accounts. But shares in more risky types of company are not allowed.
- Starting no later than the child's 13th birthday, the account must allow for the money to be moved gradually into lower risk investments (like cash and government bonds). The aim of this is to limit the effect of falling share prices on the value of the account in its later years.
- The CTF account manager can't require contributors to pay in more than £10 at a time.
- The CTF account manager can't charge more than 1.5% of the account's value each year.

But just because it meets these requirements doesn't mean that a Stakeholder CTF account is automatically suitable for everyone, or that it's guaranteed to perform well. Remember, past performance isn't a guide to the future.

There are also two types of Non-Stakeholder CTF account, which **don't** have to meet all the government

requirements. For example, they don't have to move money into lower risk investments from age 13, and there's no upper limit on charges.

#### 2) Non-Stakeholder Shares

This type of CTF account normally also invests in shares, perhaps including smaller companies, or companies operating in other countries. So, there may be a better chance of getting a good return, but the risk of losing money can also be higher.

#### 3) Non-Stakeholder Cash

This type of CTF account is similar in many ways to a bank or building society deposit account. The CTF account manager will add interest to the money paid in, but the rate is not normally guaranteed and can be changed. Although the child is sure to get back as much as has been paid in, it could be less than they'd get back from a Stakeholder or shares-based CTF account at 18. Inflation will reduce the value of the money paid in. The Children's Mutual does not offer a cash CTF.

### How can I add to my child's Baby Bond?

Anyone can pay in to your child's Baby Bond, and as soon as money is paid in it belongs to your child. This means that whoever has made the payment cannot change their mind later and have their money back.

The minimum amount we accept is £10, and payments can be made monthly, yearly, or as one-off lump sums.

The most that can be paid in is £1,200 a year (from birthday to birthday). This is on top of government contribution.

We accept payment by: Direct Debit; Direct Credit; Standing Order; Cheque; Debit Card (online or by telephone only).

Anyone making regular monthly payments by Direct Debit can also choose the 'Escalator' option. This allows us to increase their Direct Debit payments by a fixed amount each year, following your child's birthday. We'll increase the Direct Debit amount each year until your child reaches 17, or the £1,200 yearly contribution limit is reached, if sooner. The 'Escalator' option can be cancelled, or the increase amount changed, at any time. There's more information about 'Escalator' earlier in this brochure.

### **What do you do with the money?**

Until your child reaches age 13, we use the money paid into their Baby Bond to buy shares in an OEIC. An OEIC is a type of fund that offers a simple way to invest in a range of company shares or other types of investment. The OEIC fund we use for Baby Bond invests in shares traded on the London stock market. For more information about this fund, please see the Simplified Prospectus section starting on page 8.

All OEIC shares are held in our name as the CTF Account Manager.

Starting on your child's 13th birthday, we will gradually move money into lower risk investments such as government bonds and cash, or a fund holding those types of investments. The proportion of your child's Baby Bond held in lower risk investments will be one-fifth after the first year's move, two-fifths after the second year's, three-fifths after the third, four-fifths after the fourth and then the full plan value after the fifth year. We'll also gradually invest more of any new payments into the Baby Bond in this way.

If we can't invest any money paid in by the next working day after we receive it, we'll pay it into an interest bearing client money account in our name. We'll then invest the money as soon as possible after that. We don't add any interest to your child's Baby Bond while the money's waiting to be invested.

### **What might my child get back?**

Table 1 overleaf gives examples of what your child might get back from their Baby Bond at age 18. The figures show the money growing at three different rates, as set by our regulator (the Financial Services Authority). At the time of preparing these Key Features we believe these should be realistic growth rates.

The figures shown take our charges into account, but are not guaranteed – they are not minimum or maximum amounts. Your child could get back more or less than this, and may get back less than has been paid in. Remember that inflation will reduce what could be bought in the future with the amounts shown.

### **How do the charges work?**

Our charges are 1.5% of the value of the Baby Bond each year. So, for example, if the value were £500 throughout a year, we would charge £7.50 for that year. If it were £1,000 throughout a year, our charge for that year would be £15.

Tables 2 and 3 overleaf show how the charges would affect a Baby Bond account over 18 years, based on the middle assumed growth rate (7% a year). The figures in the column headed 'What the value of the account might be' in each table show what could be available at the end of each year if, say, you wanted to transfer to a different CTF account

## What might my child get back?

TABLE 1

Type of payment	What your child could get back at age 18 if investments grew at:		
	The lower rate of 5% a year	The middle rate of 7% a year	The higher rate of 9% a year
Government contribution of £250 at outset	£459	£645	£900
Government contribution of £250 at outset plus voluntary regular payments of £50 a month	£15,300	£18,600	£22,800

## How do the charges work?

TABLE 2

Effect of deductions for charges – government contribution of £250 at outset			
At end of year	Investment to date	Effect of deductions to date	What the value of the account might be
1	£250	£4	£263
3	£250	£13	£292
5	£250	£25	£325
10	£250	£69	£423
15	£250	£138	£550
18	£250	£199	£645

TABLE 3

Effect of deductions for charges – government contribution of £250 at outset, plus voluntary regular payments of £50 a month			
At end of year	Investment to date	Effect of deductions to date	What the value of the account might be
1	£850	£9	£880
3	£2,050	£61	£2,240
5	£3,250	£165	£3,760
10	£6,250	£754	£8,330
15	£9,250	£2,040	£14,200
18	£11,050	£3,320	£18,600

The last line of each of Tables 2 and 3 above shows the effect of the total charges and expenses over 18 years – £199 in Table 2 and £3,320 in Table 3. Putting it another way, this would have the effect of bringing investment growth from 7.0% a year down to 5.4% a year for the lump sum government contribution in both Tables, and from 7.0% a year down to 5.4% a year for the regular monthly payments in Table 3.

**Please note:** The projections shown are based on an initial government voucher of £250, so if you have a £50 voucher, the amounts the child could get back at age 18 will be lower.

manager. The figures for year 18, however, show the possible amount the child could get back.

### **What about tax?**

There is no income tax or capital gains tax for you or your child to pay on any growth in the value of the Baby Bond account. However, the OEIC fund may have paid tax on dividends earned by the shares it holds, and this can't be reclaimed.

If the child is resident in the UK when the Baby Bond ends on their 18th birthday, they will have no tax to pay on the amount paid out.

The tax treatment of CTF accounts or OEICs (or both) may change in future.

### **Can I change my mind?**

Yes. Once we've accepted your application we'll send you a cancellation notice; you'll have 14 days from when you receive this notice to change your mind. If you do, you must notify us in writing at the address shown under 'How to contact us'. If we haven't heard from you within 14 days, we will start to process your application. We are not allowed to open the Baby Bond, to claim the government money, or to invest any other money paid to us, until these 14 days have passed.

Once the Baby Bond is open, you can transfer its value to another CTF account manager at any time, or switch to a different type of CTF account from us, without specific charge.

### **Will you tell me how my child's Baby Bond is doing?**

Yes. We'll send the Registered Contact a yearly statement showing what the Baby Bond account is worth. And you can telephone us at any time to find out the current value of the account.

As your child gets older, we hope you'll look at these statements together and talk about why putting money aside for the future is a good idea.

### **How does my child withdraw their money?**

Shortly before your child's 18th birthday we'll send them information about the options open to them, and what they need to do next. We will also ask them to provide evidence of their identity.

If they don't withdraw their money straight away, we'll hold it for them in a cash deposit account in our name until they do. Any interest we add will be taxable.

## **OTHER INFORMATION**

### **Complaints and compensation**

If you're not happy about something, please tell us so that we can try to sort out the problem for you. You can either telephone or write to us – see 'How to contact us' below.

If you're not satisfied with our response, you can contact:

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

Tel: 0800 0234 567 (free for landlines)  
or 0300 1239 123 (free for mobile  
phone users paying a monthly charge  
for calls to numbers starting 01 or 02)

A copy of our complaints procedure is available on request.

We are covered by the Financial Services Compensation Scheme (FSCS). If we cannot meet our obligations your child may be entitled to compensation under the scheme. Most types of investment business are covered for 100% of the first £50,000 (maximum compensation £50,000).

For further information telephone  
020 7892 7300.

### **Law and language**

Baby Bond is governed by the law of England and any dispute would be decided by a court in England or Wales.

All communications from us will be in English.

The information in these Key Features is provided only in respect of children who are UK residents (including children of Crown employees serving overseas) at the time the Baby Bond is opened.

### **Conflicts of interest**

We aim to run our business so that conflicts of interest don't arise between the Children's Mutual and its customers, or between different types of customer. We have procedures in place to identify and handle any conflicts that do arise. We review these procedures regularly.

In the unlikely event that we identify a major conflict, we'll tell you about it promptly. We'll also tell you how we expect to resolve the conflict with as little effect as possible on you or our other customers.

Full details of our conflicts of interest policy are available on request.

### **How to contact us**

The information in these Key Features, and in the rest of this brochure, is designed to help you decide for yourself if Baby Bond could help you with what you want for your child. If you have any questions about how Baby Bond works, please contact us – we're here to help! But bear in mind that we can't tell you if it is appropriate for your particular circumstances. If you're unsure, you should consider obtaining independent advice. You can find an adviser by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk).

You can contact us on 0845 077 1899; lines are open Monday to Friday from 9am to 5pm, or leave an answerphone message outside these hours. We will record calls for training or security purposes.

Alternatively, you can email:  
[ctf@thechildrensmutual.co.uk](mailto:ctf@thechildrensmutual.co.uk)

or write to:

The Children's Mutual  
PO Box 1137  
Bishops Cleeve  
CHELTENHAM  
GL50 9QS.

# SIMPLIFIED PROSPECTUS

## Important information about the investment fund

As Baby Bond is a Stakeholder CTF account, money paid in is invested over most of the period of the plan in a fund that holds company shares. The tables on the following pages contain important information about this fund. The information is taken from the fund manager's 'Simplified Prospectus', which is a document required by European regulations, and therefore includes some details of a technical nature.

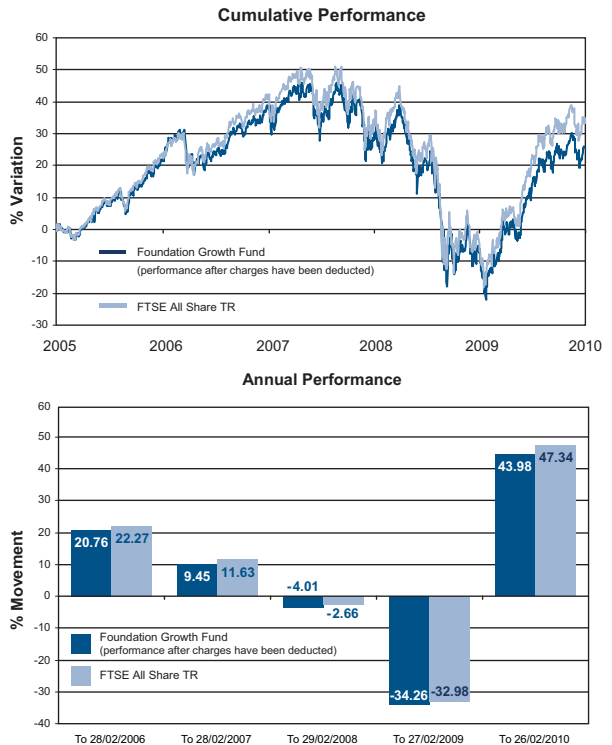
We have tried to explain, in simple terms, what these mean – see the third column of the tables overleaf. You can ask us to provide you with a copy of either the fund manager's Simplified Prospectus, or their full Prospectus, at any time; however, you should be aware that both documents are complex and include information that does not apply to investing through Baby Bond.

### Fund performance

The line graph shows the % movement from the Fund's inception to end February 2010.

The bar chart shows the annual % movement between the dates shown at the bottom of the chart.

**Please note:** From inception to 26 March 2010 the Foundation Growth Fund was managed by Insight Investments. From 26 March 2010 SWIP Fund Management Ltd became responsible for its management.



The Fund values are as at 12 noon on the day stated whereas the FTSE All-Share values are as at the close of business on the same day. This can give an unfavourable comparison between the fund and the index it is tracking.

<b>OEIC Fund</b>	SWIP Foundation Growth	This is the fund that Baby Bond invests in. It is one of a number of 'sub-funds' into which the OEIC is divided.
<b>OEIC</b>	Scottish Widows Investment Partnership Investment Funds UK ICVC	This is the overall fund which includes the Foundation Growth Fund as a sub-fund. 'OEIC' stands for Open-Ended Investment Company; 'ICVC' stands for Investment Company with Variable Capital. Both terms are essentially different names for the same type of fund.
<b>OEIC Manager</b>	SWIP Fund Management Limited, 33 Old Broad Street, London EC2N 1HZ	This is the company that manages the fund. It is part of the Lloyds Banking Group.
<b>Management Company</b>	Scottish Widows Investment Partnership Investment Funds acts as Authorised Corporate Director (ACD) for a range of authorised funds.	The role of the ACD includes the day-to-day operation of the OEIC, such as managing its investments, buying and selling shares and pricing the shares.
<b>Fund launch date</b>	26 March 2010	This is the date the SWIP Foundation Growth Fund actually started to accept money from investors.
<b>Share class launch date</b>	26 March 2010	This is the date the particular type of shares offered for investment in Baby Bond ('accumulation shares') were first offered to investors.
<b>Price publication</b>	For current share prices call the number on the back of this brochure.	You can track the value of Baby Bond by checking the price of shares whenever you wish.
<b>Investment objective and investment policy</b>	The fund aims to achieve long-term capital growth by investing in a representative sample of UK equities and for these assets to produce a return that before charges and expenses matches the total return of the FTSE All-Share Index.	This is the outcome the fund manager aims to produce for investors, and how it tries to achieve it.

<b>Risk factors</b>	<ul style="list-style-type: none"> <li>• The value of shares and income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. Past performance is not a guide to future performance and when the investment is sold (the money is withdrawn from the account) the child may get back less than was originally invested. Inflation will, over time, reduce the spending power of the investments.</li> <li>• The rates of, and any relief from, taxation may change over time.</li> <li>• It is not possible to match the performance of the FTSE All-Share Index exactly. This is because of charges and tracking error.</li> <li>• Derivatives may be used for the purpose of Efficient Portfolio Management.</li> <li>• Each sub-fund of the OEIC is treated as being responsible for meeting its own liabilities. However, if at any time any sub-fund is unable to meet its liabilities, the OEIC Manager may reallocate these in a way that it believes is fair to holders of shares in all sub-funds. This could affect the total value of the OEIC fund.</li> </ul> <p>Details of all risks can be found in the full Prospectus of the fund.</p>	<p>'Derivatives' are a type of investment whose values are linked to the value of an underlying asset, for example a stock market index. They are not 'real' assets like, for example, company shares. Derivative transactions may be used as a way to reduce investment risk, manage the funds in the most efficient way and enable the investment objectives of the fund to be met.</p>
<b>Charges</b>	<p>Annual Management Charge 1.5%</p>	<p>This is the yearly charge to each investor and is applied, on a daily basis, to the overall value of that investor's holding in the fund. The yearly charge we pass on to investors for shares held for Baby Bond cannot be more than 1.5% under current CTF regulations.</p>
<b>Commission expenses</b>	<p>Commission is generally paid to brokers for buying and selling underlying equity (company share) investments in a portfolio. In certain circumstances, this commission also pays for research analysis.</p>	<p>Commission is paid by the fund manager. The cost is fully covered by its charges – see above.</p>

<b>Total Expense Ratio</b>	1.5%	Total Expense Ratio (TER) is the yearly operating expenses of the fund. This figure helps when comparing the operating expenses of different funds. The TER includes, for example, the AMC and any depositary, registration and audit fees.
<b>Portfolio Turnover Rate</b>	54.47%	Portfolio Turnover Rate (PTR) provides an indication of how much the fund manager changes the fund's investments in a year. There is a cost involved in the buying and selling of these investments. The higher the PTR, the more changes have been made, and the higher the cost of dealing paid for by the fund has been. However, active management may mean that changing investments more frequently increases the performance of the fund sufficiently to outweigh the costs.
<b>Dilution levy</b>	The fund manager is entitled to apply a dilution levy. If a levy is applied it is paid by the person buying or selling the shares and is paid into the fund for the benefit of all shareholders.	When there is a large inflow or outflow of cash from a fund, as a result of shares in the fund being bought or sold, the fund manager will probably have to buy or sell some of the fund's underlying company shares to invest or raise the cash. This buying and selling incurs dealing costs which are paid by the fund. This reduces (or dilutes) the value of the fund and as a result can reduce the share price. This is potentially unfair on the existing shareholders and is why the fund manager can apply a dilution levy on investors when they are making or selling their investment.
<b>Stamp Duty Reserve Tax</b>	Stamp Duty Reserve Tax (SDRT) costs are met by the fund.	All funds that invest in UK company shares have to pay SDRT. The amount of duty paid is the duty due on any shares the ACD buys back from one investor and sells on to another. The amount of duty paid is reduced by the proportion of the fund not invested in UK company shares. The amount due is paid out of the fund.
<b>Fund tax</b>	The fund is subject to UK tax laws. The tax rate is 20%. The fund does not pay Capital Gains Tax on its underlying holdings.	Investors with shares in the fund held within Baby Bond do not suffer any personal tax on any growth in the value of their holding. The Fund pays corporation tax on dividend income received from UK company shares. This tax cannot be reclaimed by the fund manager or the account holder. If the account holder is not a UK resident when they withdraw money from Baby Bond (at or after 18) they may have to pay tax on that part of the payout which arises from interest earned while they were not resident in the UK.

<b>Income accumulated</b>	Income accumulated will be reinvested within the fund, thereby increasing the price of the shares.	Most funds offer two types of shares – ‘income shares’, which actually pay out a regular amount to investors, and ‘accumulation shares’, for which all income earned is automatically reinvested to increase the share price. All shares held for Baby Bond are accumulation shares.
<b>Place of Incorporation</b>	England and Wales	The laws of England and Wales apply to the operation of the fund.
<b>Fund currency denomination</b>	UK Sterling	All transactions undertaken by the fund are expressed in £s sterling.
<b>Depository</b>	State Street Trustees Limited, 20 Churchill Place, London E14 5HJ	The role of the Depository is to act as the appointed caretaker of the fund’s assets.
<b>Auditor</b>	Pricewaterhouse Coopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH	The role of the Auditor is to ensure that the fund is operated in accordance with all relevant laws and regulations.
<b>FSA authorisation</b>	6 June 2003	This is the date the OEIC was authorised by the Financial Services Authority (FSA) to start trading.
<b>Scottish Widows Investment Partnership Investment Funds UK ICVC</b>	As well as the Foundation Growth Fund, the SWIP Investment Funds UK ICVC also includes a number of other sub-funds, each with its own investment objective and policy. Details are included in the fund manager’s Simplified Prospectus – a copy is available on request.	We only offer the Foundation Growth Fund for investment through Baby Bond.
<b>Date of Simplified Prospectus</b>	31 March 2010	This is the date the fund manager’s Simplified Prospectus was last updated.

‘FTSE’ is a trade mark of the London Stock Exchange Plc and The Financial Times Limited and is used by FTSE International Limited (‘FTSE’) under licence. All-Share is a trade mark of FTSE.

**Baby Bond**<sup>®</sup> is a registered trade mark of Tunbridge Wells Equitable Friendly Society Limited.

The Children's Mutual provides information only about its own products and those of other selected providers; we do not offer advice.

This brochure has been prepared according to our understanding of current and announced future changes to UK tax law and practice as at June 2010.

**The Children's Mutual** is a trading name of the Tunbridge Wells Equitable Group, which includes Tunbridge Wells Equitable Investments Company Limited, registered in England under the Companies Act 1985, registered no. 4315370, FSA registered no. 208027. Authorised and regulated by the Financial Services Authority and a member of the Financial Ombudsman Service. Registered Office: Brockbourne House, 77 Mount Ephraim, Tunbridge Wells, Kent TN4 8GN. You can check details of our authorisation on the FSA's website at [www.fsa.gov.uk/register/home.do](http://www.fsa.gov.uk/register/home.do), or by contacting the FSA on 0845 606 1234.

The cost of calls to 0800 and 0845 numbers from mobile phones will vary according to your mobile phone network provider.

