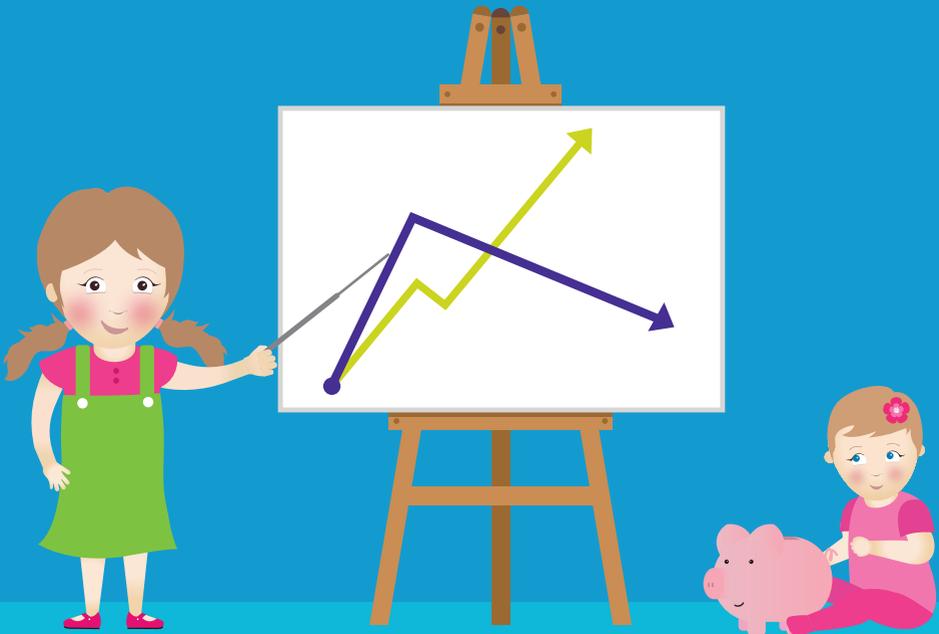




JISAs Explained

(in everyday words)



For over 150 years we've been committed to serving the savings and investment needs of customers. And as a mutual friendly society with no shareholders, we exist purely to serve you, our customer.



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We make investing for life accessible to everyone.





Welcome to your guide to Junior ISAs from Scottish Friendly. If you're reading this then you're clearly thinking about setting some money aside for your child's future, which is great news.

You know that saving and investing is important. But when it comes to putting a little away for your child's future building towards a cash lump sum that they can use for whatever they will need is so rewarding.

There are lots of ways to save and invest, but some of them aren't easy to find. Often investment opportunities (such as Investment Junior ISAs, also known as a Stocks and Shares Junior ISAs) are tucked away for those with larger amounts to invest or who have access to expensive financial advice.

We're on a mission to change all that.

Our Junior ISA plan starts from just £10 per month, so it's an affordable way to get their future off to a great start.

But first, our commitments to you.

- **We'll make it easy to understand**
- **We'll tell you the good and the bad so you can make an informed choice**
- **We'll make it easy to apply**
- **We'll always offer you a friendly and expert service.**

Junior ISAs explained

A Junior ISA is a Individual Savings Account for a child of which there are two different types; a Cash Junior ISA and an Investment Junior ISA. Each allow your child's savings or investments to grow tax-efficiently and you can invest your money in one or both types of Junior ISA*.

Your child is eligible for a Junior ISA if:

- **they are a UK resident**
- **they are under 18**
- **they weren't eligible for a Child Trust Fund (i.e. they were born before September 2002 or on or after January 3rd 2011).**

Junior ISAs are useful because they mean your child pays less tax on their savings and investments. All the money invested is free from income tax and capital gains tax (other than tax on dividends from UK shares). The second of those doesn't affect many people, but the first certainly does!

Here are the two types of Junior ISA:



Cash Junior ISA - this is a bank savings account where the interest is added tax-free (not offered by Scottish Friendly).



Investment Junior ISA - allows you to invest in a wider range of investments (including cash and bank accounts) in a tax efficient way. Of course, depending on what you choose to invest in, the value of their Investment Junior ISA can go down as well as up and your original investment is not necessarily guaranteed.

*You can choose to invest in one or both of these types, subject to an annual limit which is set by the Government which is £4,260 in the current tax year.

You should be aware that children can only have one Investment Junior ISA with one provider, and one Cash Junior ISA with one provider at any one time. (This is not the same as an adult ISA where you can open a new one each tax year.)

You can also transfer a Cash Junior ISA into another Cash Junior ISA or Investment Junior ISA — the same is true for transferring an Investment Junior ISA too.

It's worth considering here that tax treatment depends on individual circumstances and tax law may change in the future.

Tax-free means the policy grows free of income and capital gains tax (other than tax on dividends from UK shares).

It's important to remember that the Junior ISA belongs to the child and only they can withdraw the money. So all payments made into the investment plan are basically a gift to the child and cannot be returned. The child can manage the account from age 16 but won't be able to take money out until on or after their 18th birthday.

Below is an example of how you could split your annual ISA allowance.



A Junior ISA can only be set up by a parent or legal guardian, but once that's done, anyone can contribute. That means aunts and uncles, grandparents and friends can all contribute towards your child's financial future.

It's all about control – and you're in charge

Circumstances can change when you least expect it. Who knows what might happen in future? Your child's Junior ISA has to fit round you; you shouldn't have to fit round it.

When we say you're in control, we mean it. Here's what you can do, any time, no problem (as long as you stick to the limits set by the Government):

- change the amount you invest, up or down
- stop payments
- restart payments
- transfer money in and out from another Junior ISA, including transferring from a Cash Junior ISA into an Investment Junior ISA and vice versa.
- close your plan (only within the first 30 days of setting it up).

Obviously we want you to keep saving and investing. But if you need to stop, we promise not to stand in your way. This isn't one of those deals where the company makes it really hard for you to do what you need to. We will simply act on your instructions, that's that. Have a look at David and Cheryl's case on page 13 to see just how easy it is.

Nothing's a problem

As we said before, reducing or stopping your payments will mean it'll take longer to reach the goal you have in mind for your child. So it's important to bear in mind that you're aiming to grow a lump sum for your child using the long-term growth potential of the stock market, so you should think about an Investment Junior ISA as a long-term investment.

You can also add in lump sums (say for a birthday or Christmas gift) in addition to your regular payments. That could be a great way to turbocharge your child's savings and investments and get to your goal. But it's up to you. You don't have to do anything you don't want, it's on your terms.

The value of your child's investments can fall as well as rise and your child could get back less than you have paid in.





Everyone can name their investments

Maybe you'll be investing towards university, or their first car or even towards the deposit for their first home. What's more, family and friends can also invest.

So to help you keep track of these investment goals, Scottish Friendly has a special feature: you can split your Junior ISA into different 'pots'. You can give each 'pot' a name e.g. 'Love Mum and Dad', 'First car fund Gran and Grandpa' or 'auntie Jean - Uni fund'. The pot names are separate so when the child is older they know who has contributed to their future. It's incredibly useful and when you look online (more on that soon) or check your statement, you'll see how well the JISA is progressing towards each goal.

Oliver's Investment Junior ISA

Claire and Grant are the parents of Oliver who's the apple of their eye and is fast approaching his first birthday. Claire and Grant are aware that once Oliver gets older, there will be constant calls for cash - university, holidays, first car, who knows what else?



So she thought it would be nice to start putting something aside to help Oliver achieve these goals.

She wants to use Oliver's Investment Junior ISA allowance to invest £20 per month. She sets up two 'pots' within his Investment Junior ISA and names one 'university fund' and the other 'house deposit'.

Also, Gran and Grandpa have decided that instead of buying Oliver a toy

car for his birthday, they'll set-up a separate pot to pay in lump sums each year, so that when he's old enough, he can use the money to put towards his first car.

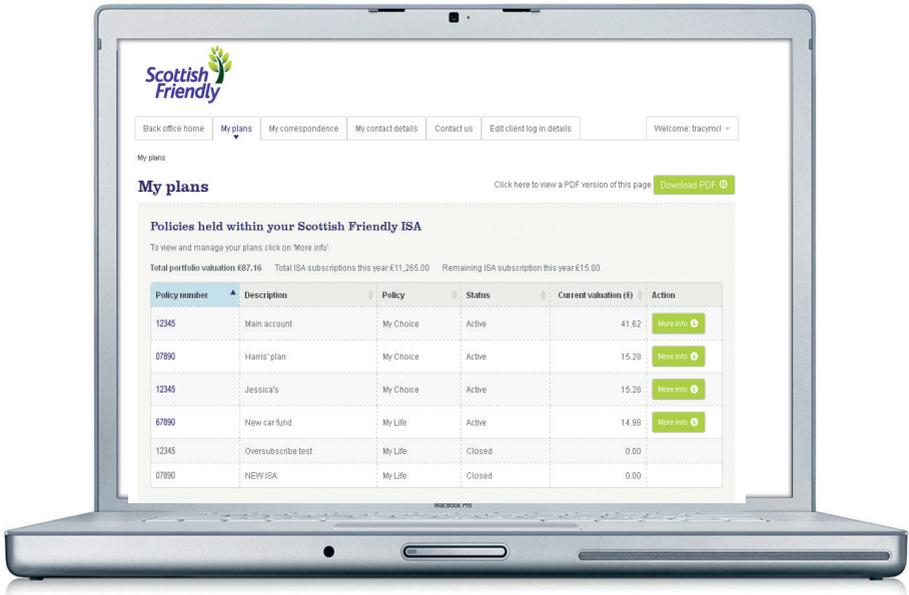
Claire and Grant can see how it's all doing at any time, and because they started early they have loads of time to build up each pot for Oliver.



Keeping track of your child's investment is easy

We will send you statements every 6 months as it happens – but the best way to track your child's policies is via 'My Plans' on the web.

'My Plans' is the online area of Scottish Friendly where you can access your child's investment plans. It's got the sort of security you would expect from an online bank. Here you can log in to manage and keep track of your child's investment.



David and Cheryl have three kids. Harry who's seven and is in training for the World Cup. Lucy who's five and wants to be a prima ballerina and little Holly who's just turned one and is into everything at the moment.

David and Cheryl manage to find £10 a month to regularly put away for each of their children's future.

But last week the car broke down and so they had to get it repaired putting a strain on their monthly budget.

That's frustrating, but at least David and Cheryl knew that by using our 'My Plans' online

service, they can stop or change their payments to Scottish Friendly, in just 3 easy steps:

- 1. Log into 'My Plans' with username and password**
- 2. Click into 'more information on My Junior ISA'**
- 3. Click 'stop regular payments'**

So although David and Cheryl will have some unforeseen costs to make every now and then, they have the option to alter their monthly payments with no fuss. When their budget is back on track, they can just use 'My Plans' to start up payments again. Easy and hassle free.



How do I apply?

We hope you've found this interesting, and we're excited that you're considering investing for your child's future with Scottish Friendly. But before you apply, you need to make sure this plan is right for your child. Please read the following important documents enclosed in the pack:

Junior ISA at a glance:

Provides a brief overview of the particular Junior ISA you've asked about.

Product Guide and Junior ISA Terms & Conditions document and Key Information Document (KID):

These documents provide you with important information to help you decide whether this Junior ISA plan is right for you. The Junior ISA Terms & Conditions is literally the small print for our Junior ISA. Read this alongside the Product Guide and Key Information Document(s). You should read them carefully so that you understand what you are buying, then keep them safe for future reference.

Some of the information we need to provide is quite technical. We've worked hard to make sure it's as accessible as possible within the rules we have to work to. If we lose you along the way, just give us a call on 0333 323 5433** and we'll take you through it (although we can't advise you as to whether a plan is right for your child or not).

Then either go online or complete the application form which is included with this brochure and return it to us in the envelope provided. You'll be up and running in no time.

**Calls cost no more than calls to numbers starting with 01 or 02 and if you are calling from a mobile phone, calls will count towards any inclusive minutes you have rather than being charged separately.

Why invest with us?



Scottish Friendly is proud to be one of the largest mutual's in the UK looking after assets worth more than £2.7 billion (as at 31/12/17).



Scottish Friendly has been helping customers invest for over 150 years.



We are regulated by the Financial Conduct Authority and your money is Financial Services Compensation Scheme protected.



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JISAEXP1018

