

# Key Features of the Cofunds Junior Investment ISA

This document relates to the Cofunds Junior Investment ISA.

This is the only product available on the Cofunds platform for a person under the age of 18.



## **JISA0417**

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# This document provides you with information about the Cofunds Junior Investment Individual Savings Account. This is a Stocks and Shares Junior Individual Savings Account (JISA) that can be used to hold funds available on the Cofunds platform in a tax-efficient way.

The Financial Conduct Authority is a financial services regulator. It requires us, Cofunds Limited, to give you this important information to help you to decide whether the Cofunds Junior Investment ISA (Cofunds JISA) 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. It should be read alongside:

- The Cofunds Platform Key Information Document
- The Key Investor Information Document (KIID) for the fund or funds you choose to invest in
- Terms and Conditions of the Cofunds Junior Investment ISA

The Terms and Conditions document is important as it governs your rights as an investor. If you're unsure about any of the information provided, or have any questions, please speak to your intermediary who will be able to help you. The use of 'intermediary' in this document can mean either your Adviser or your Intermediary, as relevant to you.

## Before you start reading

For the purposes of this document, the terms 'You' and 'Your' refer to the 'Registered Contact' as parent or person with parental responsibility for the child, or the child themselves if they are aged between 16 and their 18th birthday and have applied to manage the account.

## Its aims

To provide a tax efficient investment for the benefit of a child, with the potential for capital growth over the medium to long term. You can invest in a wide range of funds available on the Cofunds platform.

## Your commitment

You need to invest a lump sum, or make a regular payment every month. The minimum investments you can make are as follows:

### Minimum investments in the Cofunds JISA

Lump sum (further top-ups)	£500 per fund (£50)
Regular investments	£25 per fund a month

Although there is no fixed term, you must be prepared to hold the investment for at least five years, or until age 18 if longer, and ideally not be tied to a fixed end date.

Once the account has been opened, the account will remain in place until the child is 18. During this time the child may not hold another stocks and shares JISA with another provider but the child may have a cash JISA with another provider. You'll have the right to transfer either account to another ISA Manager at any time.

## Risks

When you use the Cofunds JISA your main risk is that the value of the funds you have invested in may go down in value. You may not get back the amount you invested.

The tax treatment of JISAs may change so that investing in funds through the Cofunds JISA is no longer a tax-efficient option.

For risks specific to each fund, please see the relevant fund specific information, including the Fund Key Investor Information Document.

# Questions and Answers

## About the Cofunds platform

### Q. What is the Cofunds platform?

The Cofunds platform is a collection of services and tools that you and your intermediary can use to arrange, manage and track your investments more easily. Cofunds helps to keep things simple - one administrator to handle all the paperwork and one site for viewing all your investments at the click of a mouse.

We offer a range of investment products, and enable access to over 3,400 individual investment funds from over 210 fund managers (at 31.12.2016), that you can use to achieve whatever investment objective suits your circumstances.

### Q. How long has the platform been in operation?

Cofunds was founded in 2001. Cofunds was one of the first platforms to enter the market. As a result, we have a great deal of experience in helping people to manage investments more effectively. Cofunds was founded in direct response to the need for an independent platform provider that administered investment funds.

### Q. Who uses the platform?

Cofunds is the largest investment platform for advisers and other financial institutions in the UK, with assets under administration of £83.6bn\*.

We provide flexible administration and management services for advisers and their clients as well as dealing and custody services for financial institutions. Cofunds provides services to around 8,000 intermediaries and around 750,000 investors\*.

**Source:** Cofunds Market Insight Team (B) Figures correct as at 31/12/2016 and made up of Cofunds and the Investor Portfolio Service.

### Q. What is the role of the platform in my investment?

The Cofunds platform is designed to enable intermediaries and their clients to manage their investments more easily.

Through your intermediary, you can instruct us to buy, sell and switch collective investment funds directly with the fund manager.

We're responsible for holding your investments safely on your behalf. Cofunds has a separate subsidiary company, Cofunds Nominees Ltd, which is dedicated to holding your investments separately from Cofunds' own corporate assets and prevents Cofunds from mixing investors' money with its own.

We also offer an Individual Savings Account (ISA) and act as an ISA plan manager on an investor's behalf.

We don't assess or advise on the suitability or appropriateness of your investments. We don't provide investment management services. This is the role of your nominated intermediary.

### Others involved in your investment:

**INTERMEDIARY:** Arranges to buy and sell investments on your behalf, and may provide other ongoing services. Cofunds only operates with intermediaries authorised and regulated by the Financial Conduct Authority (FCA).

Your intermediary will carry out your instructions through the Cofunds platform. You accept responsibility for ensuring the investment is suitable for you.

**BANK:** Responsible for holding investors' money in separate accounts while the money awaits investment in, or settlement, by funds. Cofunds Nominees Ltd use these separate accounts to execute their duty to ensure the platform cannot mix investors' money with its own. As a further level of protection we use a number of banks to spread any potential risk.

**FUND MANAGERS:** Allow access to their funds, where investors' money is pooled together and invested in a fund according to the manager's investment strategy.

## Your investment

### Q. What's a JISA?

A type of Individual Savings Account (ISA) for children that's managed by a Registered Contact. There are two types of account: stocks and shares; and cash. You may open both types of account provided you do not hold more than one of each type. Cofunds only offers a stocks and shares JISA.

### Q. What are the requirements of opening a Cofunds JISA?

To invest in the Cofunds JISA the child needs to:

- Be under the age of 18
- Have been born on or after 3 January 2011 or not hold a Child Trust Fund account
- Be resident in the UK for tax purposes, unless they are currently a Crown employee, or the spouse, registered civil partner or dependent of a Crown employee
- Be signed up to our Terms and Conditions of the Cofunds Platform for the Junior Investment ISA.

### Q. Can a JISA be held jointly?

No, a JISA is for a child who is under the age of 18 – it cannot be held jointly.

# Questions and Answers

## Q. Whose name will the JISA be in?

The account will be in the name of the child, who remains the beneficial owner. However, the person with parental responsibility for the child, known as the 'Registered Contact', will be responsible for administering the account until the child becomes 18, or if the child applies to operate the account once they are 16.

## Q. What happens when the child turns 16?

We'll contact the child to advise that they have the option to take control of the JISA by becoming the Registered Contact. In addition, a child turning 16 can apply to open a JISA, if they do not already hold one, and act as the Registered Contact.

## Your investment (continued)

### Q. What happens to the child's JISA when they turn 18?

Prior to turning 18 we will contact the child to advise that their JISA will be rolled-over to an Individual Savings Account (ISA) and explain the formalities that need to be completed. Upon reaching 18, we will automatically roll the JISA over into an ISA.

Please note that the ISA will be subject to Cofunds Platform Charges and intermediary charges, and so will be more expensive than the JISA. Please speak to your intermediary to discuss whether this is right for you.

### Q. What are commission-free share class funds?

A fund share class where the relevant fund manager doesn't pay commission to your intermediary, or include any payment to Cofunds in the purchase price.

### Q. What's the maximum I can invest?

There are strict limits on how much you can invest in a JISA each tax year (6 April to 5 April the next year). The limit is £4,128 for the 2017/2018 tax year.

### Q. Who can subscribe to make payments?

Any person can make subscriptions to the child's JISA by direct debit or cheque. A subscriber doesn't need to be resident in the UK but the payment must be in sterling drawn on a UK bank account.

All subscriptions will be deemed to be a gift to the child and cannot be repaid or refunded to the subscriber at any time after the cancellation period.

### Q. How can I use my JISA allowance in the current tax year?

You can invest the whole of your annual JISA allowance in a stocks and shares JISA, such as the Cofunds JISA. Alternatively, you can invest all or a proportion of your allowance in a Cash JISA (Cofunds does not offer a Cash JISA). If you don't use the whole of your Cash JISA allowance in a particular tax year, you can put the remainder in a stocks and shares JISA to bring you up to the annual allowance. In this way, you can tailor your balance of cash and stock-market based investments to meet the child's needs.

## Holding Cash

### Q. Can cash be held in a Cofunds JISA?

Yes, the Cofunds JISA includes an interest-paying Cash Reserve. It isn't a Cash ISA, it's a facility that provides you with extra flexibility and control.

#### For example, it can allow you to:

- Shelter money away from the stock market when you feel conditions are uncertain or too volatile
- Secure your JISA allowance for the tax year without having to invest it right away

Money in the Cash Reserve earns interest - you can find the rate of interest paid on [www.cofunds.co.uk/docs/gbub/cofundssinterestrates/](http://www.cofunds.co.uk/docs/gbub/cofundssinterestrates/)

Interest paid on the Cash Reserve is not subject to tax. Interest paid is unlikely to match the potential returns available on stock market-based investments over the long term, and may not outpace inflation.

A variety of cash funds are also available to invest in through the Cofunds Investment JISA.

Please speak to your intermediary about what type of cash investment is best for your circumstances.

## Transferring a Child Trust Fund (CTF)

### Q. Can I transfer an existing CTF to a Cofunds JISA?

Yes, you can transfer a CTF held with another provider to a Cofunds JISA. The minimum transfer value is £500. Cofunds does not make an additional charge to you for CTF transfers.

#### Transferring the CTF

You have to transfer the whole CTF, as you can't hold both a CTF and a JISA at the same time. The transfer closes your CTF and invests the money into a JISA with Cofunds.

You may be able to transfer the funds you already hold as a 're-registration', (which we explain below) or you can sell them and transfer the cash, or a combination of these options. Any amount you've already subscribed in a previous tax year will not count towards the current tax year subscription.

#### The following stakeholder CTF features will not be included in a Junior ISA:

- Lifestyling from age 15;
- Minimum subscriptions of £10 allowed;
- Annual Charge cap of 1.5%.

You should consider the differences between the investments before you decide to transfer. It may not necessarily be in your best interests to transfer your CTF to a JISA.

# Questions and Answers

## Q. How do I transfer my CTF to Cofunds?

CTF transfers can take place by re-registering funds or as cash.

- **Re-registration of funds:** If you wish to keep the same choice of funds when you transfer a CTF, it may be possible for you to re-register them. This means that the funds will simply be moved to sit within a new Cofunds JISA. To do this the funds will need to be available on the Cofunds platform and your existing CTF manager must support fund re-registration. Your money will remain fully invested in the funds and no initial charges will apply.

If we receive commission-included share class funds we will convert these to commission-free share class funds if there is an available equivalent. If there is no commission-free share class fund equivalent available this transfer will be rejected, however, you do have the option to transfer as cash.

- **Cash transfers:** If the existing CTF manager doesn't support fund re-registration or you want to have a different choice of funds, the funds you currently hold in your CTF will be sold. The cash proceeds will then be transferred directly to Cofunds to purchase the funds of your choice.

A 'cash transfer' requires your investments to be sold then reinvested.

## Transferring JISAs

### Q. Can I transfer an existing JISA into a Cofunds JISA?

Yes, you can transfer existing stocks and shares and/or cash JISAs held with another provider into the Cofunds JISA. Cofunds doesn't make an additional charge to you for JISA transfers.

#### Transferring JISAs

**Stocks and shares JISA** – If you have set up a stocks and shares JISA with another provider and then decide you would prefer to hold it with Cofunds, you must transfer the full amount, as you can only have one stocks and shares JISA. The amount already subscribed in the current tax year will continue to be treated as part of your current tax year JISA allowance.

**Cash JISA** – You can transfer a cash JISA to the Cofunds JISA. However, it will be converted into a stocks and shares JISA. Again, the amount already subscribed in the current tax year will continue to be treated as part of your current tax year JISA allowance.



If you wish to transfer a CTF or JISA, you need to make a formal transfer through Cofunds. Do not attempt to cash in the child's investments yourself.



Ask your intermediary about the costs of transferring a CTF or JISA. Your existing manager may charge an exit fee.

## Q. How do I transfer an existing JISA to Cofunds?

JISA transfers can take place by re-registering funds or as cash. Cash funds formerly held within a Cash JISA can be re-registered into the Cofunds JISA.

- **Re-registration of funds:** If you wish to keep the same choice of funds when you transfer your JISA, it may be possible for you to re-register them. This means that the funds will simply be moved to sit within your new Cofunds JISA. To do this the funds will need to be available on the Cofunds platform and your existing ISA manager must support fund re-registration. Your money will remain fully invested in the funds and no initial charges will apply.

If we receive commission-included share class funds we will convert these to commission-free share class funds if there is an available equivalent. If there is no commission-free share class fund equivalent available this transfer will be rejected, however, you do have the option to transfer as cash.

- **Cash transfers:** If the existing ISA manager doesn't support fund re-registration or you want to have a different choice of funds, the funds you currently hold in your JISA will be sold. The cash proceeds will then be transferred directly to Cofunds to purchase the funds of your choice.

A 'cash transfer' requires your investments to be sold then reinvested.

Please be aware that:

- You may lose out on income or investment growth while your money is not invested during the transfer period
- You won't be able to make further investment decisions until the transfer has been completed
- Your existing manager may charge an exit fee. Please check with them or a financial intermediary regarding the costs of transferring.

## Q. Can I transfer to another provider?

You can transfer your Cofunds JISA to another ISA manager. To do this, Cofunds requires a completed Transfer Authority Form from your new ISA manager. You can transfer a stocks and shares JISA into another stocks and shares or cash JISA. Your Cofunds JISA can be transferred in cash, or re-registered, please speak to your new plan manager for more information. You may lose opportunities for investment growth through this process. You won't have access to your JISA until the transfer is complete.

You can re-register commission-free share class funds off the platform if the new provider offers the same share class. Please check carefully with the platform/fund manager you're intending to move to as to the availability of your funds at their end.

You can transfer out of the Cofunds JISA into a Cash JISA.

# Questions and Answers

## Managing your JISA

### Q. Can I take money out of the JISA?

No, you can't withdraw or close the account until the child is aged 18. However, in the unfortunate event of their death or terminal illness the funds can be withdrawn irrespective to the child's age.

### Q. Do I need to complete an application for an existing Cofunds JISA every new tax year?

No, your existing JISA will continue to be invested until you provide Cofunds with instructions otherwise.

### Q. What information will I receive about the JISA investment?

**Confirmation of transactions** – Provided for every transaction that you instruct, on the next business day after completion of the transaction at Cofunds. Where you have arranged regular transactions, we provide a consolidated confirmation if you haven't seen confirmation within the last six months.

**Statement(s) and valuation(s)** – annually

You can access account information online 24 hours, 7 days a week if your intermediary has granted you access.

## Tax treatment

### Q. What is the tax treatment of JISAs?

No personal liability to Income Tax or Capital Gains Tax arises in respect of the Junior ISA. There is no need to declare any gains or income received in the Junior ISA to HMRC and any income generated from parental subscriptions does not count towards the parent's income. When the Junior ISA plan value is paid out to the child at the age of 18, the lump sum is free of any tax charge. If the child dies then the money in the Junior ISA will form part of the named child's estate and may be liable for Inheritance Tax. The tax benefit of the Cofunds JISA is based on current rules. The current tax rules may not be maintained and the benefit of the tax treatment depends on individual circumstances.



Please note you won't have access to your JISA until the re-registration is complete.

## Charges

### Q. What are the charges?

Currently there is no Platform Charge for the Cofunds JISA.

However, we do plan on introducing charging on this product in the future. We've left information regarding the standard charging we apply to other products within the Terms and Conditions. Though the processes and charges may not be exactly the same when we introduce charging on your JISA, they're likely to be very similar. We've left this information available so that you can see what charges might be applied in the future.

Each fund you choose to invest in will carry a charge. Details of these charges are contained in the KIID. In addition, your intermediary may charge you for their services in providing information for/setting up the JISA. Your intermediary will be able to give you details of these.

## Changing your mind

### Q. What happens if I change my mind about setting up a JISA?

If you wish to cancel your JISA, you must inform Cofunds in writing within 14 days of receipt of your confirmation notice. Please send your cancellation request to:

**Cofunds, PO Box 1103, Chelmsford CM99 2XY.**

Provided you cancel within the 14-day period, the monies will be paid to you – subject to the conditions below – and your JISA allowance will be unaffected.

Please note:

- If the value of your chosen investment falls between the date your subscription was invested and the date Cofunds receives your instruction to cancel, you may not receive a full refund of the amount you have invested.
- If the value of your investment rises between these two dates, you will only receive back the amount invested.
- Interest will not be paid on money held in the Cash Reserve

Before sending you your money, Cofunds may need to carry out additional security checks and ensure all payments have been cleared, which may delay payment to you.

### **Withdrawing after 14 days**

You will not be able to cancel your Cofunds JISA following the 14-day period of receipt of your initial investment, and the money will remain invested and subject to the risks of the product and the funds it is invested in.

### **Cancelling a JISA or CTF transfer**

The 14-day period also applies to transfer requests. Provided you cancel within the 14-day period, you will be given the option of transferring the JISA to an alternative ISA manager. You may be able to transfer your JISA back to your previous ISA manager. You can't transfer back into a CTF once it has been closed, although you may be able to transfer the investment back to your original provider as a JISA if they offer them.

### **Contacting us**

If you have any questions about anything in this document, please speak to your intermediary or contact us on the details below:

**Cofunds, PO Box 1103, Chelmsford CM99 2XY**

Tel: **0345 604 4001**. Call charges will vary. We may record and monitor calls.

### **Q. How can I complain?**

Cofunds has a strict complaints procedure to resolve issues quickly and efficiently. If you have a complaint about our services or products, please send a letter to the Complaints Team, Cofunds Limited, PO Box 1103, Chelmsford CM99 2XY, or by email [ComplaintsTeam@cofunds.co.uk](mailto:ComplaintsTeam@cofunds.co.uk) or phone as shown in our Contact details above. If you're contacting us by email please remember not to send any personal, financial or banking information because email is not a secure method of communication.

Details of our complaints policy can be found at:

**[www.cofunds.co.uk/docs/gbub/customercomplaints/](http://www.cofunds.co.uk/docs/gbub/customercomplaints/)**

If you don't have online access, please ask your intermediary for details.

Any complaint we can't settle can be referred to the Financial Ombudsman Service.

The Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London, E14 9SR.

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Tel: 0800 023 4567

Making a complaint to Cofunds or the Financial Ombudsman Service won't affect your legal rights.

### **Q. Can I get compensation from the Financial Services Compensation Scheme?**

If you meet the eligibility criteria of the Financial Services Compensation Scheme you will be able to seek compensation from them for up to £50,000 should we become unable to meet our liabilities to you. See this factsheet for more information: **[www.cofunds.co.uk/docs/gbub/assetprotect/](http://www.cofunds.co.uk/docs/gbub/assetprotect/)**  
If you don't have online access, please ask your intermediary for details.

# Questions and Answers

## Q. What is my customer category?

There are various categories of client set out in the financial regulations. If you buy the Cofunds product referred to in this document, we will treat you as a 'retail client'. Being a retail client gives you the greatest level of protection under the regulations and ensures you get full information about any products you buy.

You can choose to be categorised as a professional client or an eligible counterparty, but this means you receive less information about our products and services. Also, you would not be entitled to receive a suitability report or appropriateness assessment where these would be required for retail clients.

If, under the regulations, you are a professional client or eligible counterparty, we will still treat you as a retail client although this would not necessarily mean that you would be eligible to refer any complaints to the Financial Ombudsman Service or to make a claim under the Financial Services Compensation Scheme.

## Q. Are there any potential conflicts of interest?

During your investment conflicts of interest may arise between you and us, our employees, our associated companies and our representatives. To ensure we treat investors consistently and fairly, we are required to have a policy on how to identify and manage these conflicts.

A summary of our policy is detailed below. A copy of the full policy is available on request from Customer Services. We:

- a) will consider the interests of all our customers and treat them fairly;
- b) will manage conflicts of interest fairly to ensure that all customers are treated consistently and to prevent any conflicts of interest from giving rise to a material risk of damage to the interests of our customers;
- c) have in place procedures to ensure that staff identify and report any new conflicts;
- d) will keep a written record of any conflicts or potential conflicts;
- e) if appropriate, we will disclose any relevant conflict to a customer before undertaking business with that customer;
- f) will carry out an annual review to identify any new conflicts;
- g) will ensure new business developments identify any new conflicts of interest.

Further details can be found at [www.cofunds.co.uk/docs/gpub/coi/](http://www.cofunds.co.uk/docs/gpub/coi/)

If you don't have online access, please ask your intermediary for details.

## Our regulator

Cofunds are authorised and regulated by the Financial Conduct Authority. Cofunds are on the Financial Services Register under number 194734.

You can check this at [www.fca.org.uk/firms/systems-reporting/register](http://www.fca.org.uk/firms/systems-reporting/register) or you can call 0800 111 6768.

Financial Conduct Authority  
25 The North Colonnade  
London  
E14 5HS

## Law and language

All correspondence will be made in English. All communications from us will normally be by letter or telephone. The law of England and Wales will apply to any legal dispute and the courts of England and Wales shall have exclusive jurisdiction to settle any such dispute. Full details of the legally binding contract between you and Cofunds are contained or referred to in the Terms and Conditions.





