



Key Features of the Modular ISA

(For Modular ISAs applied for on or after 16 October 2014)

Important information you need to read
and understand before you invest

The Financial Conduct Authority is the independent financial services regulator. It requires us, James Hay Partnership, to give you this important information to help you to decide whether our Modular ISA 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.



What you should know before you invest

What is the purpose of this document?

This document gives you a summary of information to help you decide if you want to invest in the Modular ISA.

In this document we have given you the answers to some very important questions about the Modular ISA. These will help you decide whether the Modular ISA is right for you.

What is an ISA?

Investment in an ISA provides a tax efficient way of saving. There are two types of ISA available:

- Cash ISA
- Stocks and shares ISA

In each tax year you may subscribe to one cash ISA and one stocks and shares ISA.

For the 2016/17 tax year, the ISA allowance is £15,240. You can split the amount you pay into an ISA between a cash ISA and a stocks and shares ISA as you choose, up to the £15,240 limit.

If you do not use the ISA subscription limit in any tax year you cannot carry it forward or add it to the subscription limit of the next tax year.

Who are ISAs suitable for?

- An ISA is suitable for anyone who can afford to set aside money, to build up savings over the medium to long term.
- A cash ISA will guarantee to return your initial investment. A stocks and shares ISA may be able to offer a potential for higher returns, but there is no guarantee of what you might get back. You could get back less than you paid in. You should therefore think carefully about the risks before deciding which type of ISA is right for you.

What is the Modular ISA?

The Modular ISA is a stocks and shares ISA as defined under ISA regulations.

Key Features of the Modular ISA

Its Aims

- The Modular ISA provides a tax efficient way of investing in a wide range of investments, including stocks and shares, bonds and gilts, as well as collective investment schemes and secure cash deposits. It provides you with the facility to make regular withdrawals, if required, as you continue to invest.
- It enables you to benefit from potential capital growth and/or income over the medium to long term as well as a return on cash investments in the form of interest, that is paid gross.

Your Commitment

- Before buying the Modular ISA, you need to consider whether you have sufficient investment experience and are prepared to be responsible for making decisions about how your money is invested during the time that your Modular ISA is open. If you have appointed a Financial Adviser, they will be able to assist you with this process.
- You will need to make at least one payment into your Modular ISA.
- You will need to pay the fees and charges which are set out in the Modular ISA Charges Schedule.

- You should regularly review your investments and the amount you pay with your Financial Adviser.
- You should consider this type of investment as a medium to long term commitment.
- To open a Modular ISA you must already hold a Modular iSIPP. If you later close your Modular iSIPP, the Modular ISA will also have to be closed. For further information, please refer to the Modular ISA Terms and Conditions.

Risk Factors

General

- Future changes to tax rules could affect the taxation of your investments and the interest you receive on your cash deposits.
- Decisions you make in relation to payments into your Modular ISA, the investments and fixed term deposit accounts you select and whether you make withdrawals from your Modular ISA could affect the value of your investments.

Applying for the Modular ISA

- If you apply for the Modular ISA and later change your mind and want to cancel it, you may get back less than you paid in. For further information, please refer to the Modular ISA Terms and Conditions.
- If you are transferring an existing ISA, there could be exit penalties imposed by the transferring ISA Manager.
- If you transfer existing investments into (or out of) your Modular ISA, they may need to be transferred as cash and you may not get the benefit of any investment increases whilst the transfer is being processed.

Whilst your money is invested

- The value of an investment can go down as well as up, and you may not get back the amount you originally invested. This is more likely if you select complex, high risk investments. This would affect the value of your Modular ISA.
- The rate of interest offered on the ISA Bank Account is variable and could change in the future.
- The rates of interest offered on fixed term deposits with one of the providers on our Non SIPP Cash Panel, whilst fixed for the term you select once invested, may not be the same once your deposit has matured.

- If you invest in a fixed term deposit on our Non SIPP Cash Panel, there may be charges or loss of interest if you transfer out before the end of the term.
- If the value of your Modular ISA is low, the effect of charges could significantly reduce its value over time if the returns on the investments in the Modular ISA do not cover the level of charges.
- Different types of investment have different risks. For further information on the risks that are specific to a particular investment, please speak to your Financial Adviser.
- The illustration you receive will give you an indication of what you might get back from your Modular ISA. The figures quoted are based on a number of assumptions and are not guaranteed. The actual performance of your investments held in your Modular ISA could be better or worse than the amounts shown in the illustration. You should regularly review the performance of your investments to ensure they are in line with your expectations.
- If you withdraw money from your Modular ISA, it will affect any income and capital growth you receive, and you may not get back the amount you originally invested.
- Any foreign investments will be affected by changes in rates of currency exchange.
- Any change in general interest rates could affect the value of your investment.
- Depending on where you invest, your investment may not have protection under the Financial Services Compensation Scheme (FSCS). Whilst the ISA Bank Account and the fixed term deposits available on our Non SIPP Cash Panel are covered by the FSCS, in the event of the failure of the investment bank, there are limits to this cover. For further information, please see page 7 of this Key Features Document.

Withdrawals from your Modular ISA

- The value of your Modular ISA is not guaranteed. It will depend on a number of factors such as future investment performance and charges deducted.
- It may take time to sell certain investments. If a delay does occur, this may affect your financial planning, as the money to pay your required withdrawals may not be available when you need it.

Questions and Answers

Is the Modular ISA the correct product for me?

- If you are looking to build capital growth, save money whilst earning interest free of UK income tax or take income from your existing investments, or a combination of all, and want access to a wide variety of investment options and, depending on the investments you select, are willing to take a degree of risk with your capital, then the Modular ISA may be right for you.

Who can take out the Modular ISA?

- You can take out the Modular ISA if you are over 18, are resident in the UK, and are not an undischarged bankrupt.

Who can make payments into the Modular ISA?

- We will normally only accept payments into your Modular ISA if they are from you.

How do I make payments into the Modular ISA?

- You can make payments into your Modular ISA by cheque, electronic bank transfer or direct debit.

How much can I pay in?

- There is no minimum amount you must pay into your Modular ISA. The maximum amount you can pay into an ISA in the 2016/17 tax year is £15,240. You can split the amount you pay into an ISA between a cash ISA and a stocks and shares ISA as you choose, up to the £15,240 limit.
- If you wish to invest in a fixed term deposit with one of the providers on our Non SIPP Cash Panel, a minimum investment level will apply. Please see our website at www.jameshay.co.uk for further details.

- You can make regular or occasional payments at any time and you can vary the amount and frequency of your payments as long as you do not exceed the HMRC maximum limits for tax free savings into an ISA account in any tax year.

Please note: if you have not engaged an FCA authorised Financial Adviser who is both promoting and advising you to open the Modular iPlan, transfer

in any investments and purchase particular investments then we would normally not accept an instruction to invest outside of the Core Modular iPlan investments without a minimum of £100,000 within the plan being applied for. Core Modular iPlan investments include our Investment Centre (including Managed Portfolio Panel), Cash Panel and panel of execution only stockbrokers.

Can I transfer existing ISAs into the Modular ISA?

- Yes, you can transfer existing ISAs that you own into your Modular ISA. Transfer payments in the form of cash or assets other than cash (known as in-specie transfers) can be accepted.

Please note: if you have not engaged an FCA authorised Financial Adviser who is both promoting and advising you to open the Modular iPlan, transfer in any investments and purchase

particular investments then we would normally not accept an instruction to invest outside of the Core Modular iPlan investments without a minimum of £100,000 within the plan being applied for. Core Modular iPlan investments include our Investment Centre (including Managed Portfolio Panel), Cash Panel and panel of execution only stockbrokers.

What can I invest in?

- Through the Modular ISA you can invest in a wide range of investments, including collective investment funds (such as unit trusts and OEICs), investment trusts and individual stocks and shares and fixed term deposits. For further information please see the Modular ISA Permitted Investments List.
- You can invest in a model portfolio made up of funds from the Investment Centre via the Managed Portfolio Panel. A list of model portfolios is available from our website at www.jameshay.co.uk.

Please note: if you invest in a model portfolio on the Managed Portfolio Panel, you will be unable to hold Investment Centre funds outside of the portfolio in the Modular ISA. The Managed Portfolio Panel is only available to clients who have a financial adviser appointed.

- You can open an account with Execution Only Stockbrokers on our Panel to buy and sell stocks and shares.
- Any money within your Modular ISA is held in the ISA Bank Account in your name, with Santander UK plc, until we receive instructions to invest. Interest is paid gross on this account and you have no further tax liability on any interest. The account is operated by us under a Power of Attorney you grant us when opening your Modular ISA.

Please Note: If you have already opened a Modular GIA and signed a Power of Attorney, you do not need to complete another one.

- You can change investments at any time, unless an investment has restrictions. These will be in the literature or terms and conditions for the relevant investment you or your Financial Adviser has chosen.

What are the modules within the Modular ISA?

Core ISA

- The Core Modular ISA gives you access to the James Hay Investment Centre which provides the facility for you to pick and mix individual collective investment funds from a wide range of leading Fund Managers at discounted charges.
- You can access a model portfolio via the Managed Portfolio Panel. A list of model portfolios is available from our website at www.jameshay.co.uk.

Please note: if you invest in a model portfolio on the Managed Portfolio Panel, you will be unable to hold Investment Centre funds outside of the portfolio in the Modular ISA. The Managed Portfolio Panel is only available to clients who have a financial adviser appointed.

- You can use the services of our Panel Execution Only Stockbrokers. A list of providers is available on our website at www.jameshay.co.uk or from us on request.
- You can invest in fixed term deposits with a provider from our Non SIPP Cash Panel.

Whole of Market Module

- You can invest in most other types of investments which are allowed under HMRC ISA rules and do not fit within the Core ISA.

Please note: If an investment fund is available under our Investment Centre, you must buy it through our Investment Centre and you will not be permitted to purchase it via the Whole of Market Module.

For further information on the investments available to you under the Modular ISA please see the [Modular ISA Permitted Investments List](#) which is available from our website at www.jameshay.co.uk.

Can I switch funds within my account?

- You can switch funds within your Modular ISA at any time. Each investment provider has their own limits for switching and how much must remain in a particular investment and they or your Financial Adviser should be able to give you more information.

What are the charges?

- Full details of our charges are given in the Modular ISA Charges Schedule. You may pay charges to other parties depending on the investments you select. You may also pay charges to your Financial Adviser. These charges can be paid out of your Modular ISA.
- Our charges are normally deducted from the ISA Bank Account. If there is insufficient money available in the ISA Bank Account we will ask you to either sell some investments within your Modular ISA or you can pay us directly.

Can I have an illustration?

- Yes. If you have a Financial Adviser they will provide you with an illustration. If you do not have a Financial Adviser, we will send you an illustration when we receive your application form. Alternatively, you can request an illustration before you make an application by contacting us. Our contact details are in the 'How to contact us' section later in this Key Features Document.

When can I make withdrawals?

- You can make withdrawals from your Modular ISA at any time. These can be ad-hoc or on a regular basis.
- Withdrawals generally take 14 to 30 days to complete and are made by CHAPS or BACS to an account in your name that you nominate. Ad-hoc withdrawals may alternatively be paid by cheque payable to you.

Can I transfer to another ISA Manager at any time?

- You can transfer your Modular ISA to another ISA Manager at any time. However, if you have invested in a fixed term deposit, there may be charges or loss of interest if you transfer out before the end of the term.
- You may transfer all of your current tax year ISA, or part or all of a previous tax year's ISA at any time, provided the transfer is in accordance with the regulations applying to ISAs and your new ISA Manager agrees to the transfer. A transfer may be made in cash or by re-registering assets depending on your new ISA Manager's agreement.

What tax will I pay?

- The Modular ISA is a tax exempt product which means you will not pay tax on any gains you make within your Modular ISA product.
- The tax treatment of ISAs may change in the future. We are unable to provide you with individual tax advice and if you need this you should speak to your Financial Adviser.

What happens when I die?

- The tax-free benefits of your Modular ISA will end from the date of your death and we will therefore open a Modular GIA in your name and transfer the balance of your Modular ISA into it.
- We will act on the instructions of your personal representatives once they have provided us with proof of title, such as a grant of probate or letters of administration.
- They may instruct us to either sell any remaining investments and, together with any interest earned, pay the cash balance on their instructions, or transfer any investments and cash held in your Modular ISA together with any interest earned up to the date we close on their instructions. Your Modular ISA will then be closed.
- Your Modular ISA forms part of your estate for inheritance tax purposes.
- If on your death you have a surviving spouse or civil partner, in addition to their usual ISA allowance, they will be able to invest as much into their own ISA as you had in your ISA at the date of your death. The details of how this will work in practice are still to be finalised by the Government.

Can I change my mind?

- Yes, you have the right to change your mind and cancel your Modular ISA, unless you choose to waive your cancellation rights when applying for your Modular ISA. On receipt of your Application Form we will send you a cancellation notice. You will have 30 days from receipt

of this notice to tell us that you have changed your mind and wish to cancel your application. For further details please see the Modular ISA Terms and Conditions.

What other documents should I read?

- We ask that you also read the Modular ISA Key Features Illustration provided by your Financial Adviser, or by us if you do not have a Financial Adviser. In addition, you should read the Modular ISA Charges Schedule, Permitted Investments List and Terms and Conditions, and the Modular iPlan Technical Guide. These documents provide you with more detailed information on the Modular ISA.
- For details on how we will hold any money and/or investments, please read the document available on our website called "How your Money and Investments are held within James Hay Partnership Products".
- If after reading the documentation you are unclear about any aspect of the Modular ISA, or you are unsure whether the Modular ISA is right for you, we strongly suggest you take advice from a Financial Adviser.

What correspondence and communications will I receive?

- We will issue:
 - a Cancellation Notice that gives you the right to change your mind and cancel your Modular ISA (unless you've waived these rights in your Application Form).
 - information to allow you to access the secure area of our website for you to view details of your Modular ISA.
 - a 6 monthly valuation of your Modular ISA.
 - other necessary correspondence depending on the day-to-day operation of your Modular ISA.
- Where you have a Financial Adviser we will send correspondence to them, apart from cancellation notices which we will send to you. The only correspondence we will send to both you and your Financial Adviser is your 6 monthly valuation.
- Our standard methods of communication are by letter, secure electronic messaging (through our secure website - James Hay Online) and telephone. We do not consider standard email to be secure and so we will not normally communicate in this way if the communication includes personal information or instructions relating to your Modular ISA or investments.

How to contact us

How to complain

If you are not satisfied with any aspect of the service that you have received from us, please contact the Complaints Manager using any of the methods detailed in the 'How to contact us' section overleaf. We have a formal complaints procedure and a copy is available on request.

Complaints that we cannot settle may be referred to the Financial Ombudsman at:

The Financial Ombudsman Service

South Quay Plaza
183 Marsh Wall
London
E14 9SR

Telephone: 0800 023 4567

Calls to this number are normally free for people ringing from a "fixed line" phone - but charges may apply if you call from a mobile phone.

Telephone: 0300 123 9 123

Calls to this number are charged at the same rate as 01 or 02 numbers on mobile phone tariffs.

Email: complaint.info@financial-ombudsman.org.uk

Website: www.financial-ombudsman.org.uk

Making a complaint will not affect your right to take legal proceedings.

Law

The information given in this document is based on our current understanding of financial services regulations and can be subject to change as tax laws and legislation may change over time.

In the event of a dispute, the law of England and Wales will apply, and by completing an Application Form for the Modular ISA you will be agreeing to this.

Financial Services Compensation Scheme (FSCS)

The Modular ISA is covered by the FSCS in the event that we are unable to meet our obligations to you regarding administration of the Modular ISA.

The ISA Bank Account we open in connection with your Modular ISA is also separately covered by the FSCS in the event of the failure of the relevant bank itself. Any fixed term deposits opened in your Modular ISA are also covered by the FSCS. There are limits on this cover of £75,000 per bank. This limit will include any money you may hold through any other Modular iPlan product and in your personal capacity (including in joint accounts).

Similarly, the underlying investments within your Modular ISA may be subject to their own protection from the FSCS in the event of the failure of the relevant investment provider. However, this will depend on the investments you select and there are limits on the amount of any cover. You should seek further clarification from the investment provider or your Financial Adviser of the cover applicable to your chosen investments before investing.

Other information

We do not provide financial advice. Your Financial Adviser (if you have appointed one) will normally be your first point of contact. However, if you need more help or information regarding the administration or features of your Modular ISA or if you wish to exercise your right to cancel your Modular ISA, you can write to us at the following address:

James Hay Partnership

Dunn's House
St Paul's Road
Salisbury
SP2 7BF

Website: www.jameshay.co.uk

Telephone: 03455 212 414

Lines are open from 9am to 5pm
Monday to Friday.

To help us improve our service we may record or monitor calls.



Dunn's House
St Paul's Road
Salisbury
SP2 7BF

www.jameshay.co.uk

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JHMP 0036A APR16 GDF