The Children's Mutual Reports Saving For Children Is Still Crucial

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The Children's Mutual, a leading Child Trust Fund provider, reports that saving for children is crucial and urges the 5 million families whose children hold Child Trust Fund (CTF) accounts to continue saving for their children into CTFs.

David White, Chief Executive of The Children's Mutual, said: "The CTF has changed the nation's savings habits and we congratulate families across the UK for recognising the critical importance of saving for their children's futures."

According to The Children's Mutual, today's parents are paying out an average of£30,000 to fund their children between the ages of 18 to 30 and these costs are only expected to rise for families of tomorrow.

The Children's Mutual urges families to not be disheartened by the Government's announcement to stop all payments to Child Trust Funds by January 2011, but to continue to help their children fulfil their future potential by saving regularly over the long term. CTF holding children now have a unique asset that others will not.

The Children's Mutual also revealed that the Child Trust Fund is the single most successful savings policy to date and that this sort of short term cut does not address the pressing need for families to save or recognise the significant benefit to society that the CTF will bring from 2020 as maturing funds return an anticipated £2.96bn each year to the economy.

David White continued: "We also reassure our current and existing customers that having been in existence for the last 129 years, we have been providing long-term savings accounts for children and helping support families throughout our history. We are committed to continuing to do so in the future."

Launched in 2005, Child Trust Funds were designed to provide a tax efficient, long term savings vehicle for all eligible children. Newborn children (born on or after 1 September 2002) received a £250 Child Trust Fund voucher (£500 for low income families) from the government when their parents registered for Child Benefit. The government then makes a second contribution of £250 (£500 for low income families) when the child reaches seven. Parents, family and friends can all then add to this account up to a maximum value of £1,200 each year. The proposed changes to the CTF will mean that for existing customers the accounts remain as before, with an annual tax-efficient top up allowance of £1,200, albeit without government's additional contributions from 1 August 2010.

- Ends –

Notes to editors
Findings are from The Children's Mutual and HMRC quarterly stats. Workings are available on request.

About The Children's Mutual - Home of the Child Trust Fund
The Children's Mutual's mission is to help parents, grandparents, family and friends fulfil their hopes for today's children. The Children's Mutual is the only UK company that specialises in long term savings for children and is now the choice of one in four parents for their child's Child Trust Fund, with over 800,000 accounts. This expertise has led several financial institutions and family-focused high street retailers to choose The Children's Mutual as their stakeholder Child Trust Fund provider.

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