

# The Children's Mutual Reports CTFs Have Revolutionised Child Savings



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The Children's Mutual, a leading Child Trust Fund provider, has revealed new research that, five years on from the first CTF vouchers being issued, the introduction of the CTF has revolutionised long-term savings for children.

## Child Trust Funds

Ensure your child gets a great start to adult life



With every eligible child born since 1 September 2002 having a [CTF account](#), 2010 will see more than five million children holding CTFs.

The Children's Mutual has revealed that around half of their CTF customers set up a monthly direct debit on the day they open their child's account. If you look at wider industry statistics, 31% of CTFs receive some form of additional saving. Before the Child Trust Fund was introduced, just one in five families were saving over the long-term for their children.

In addition, while nearly three quarters of parents choose to proactively open their child's CTF account, a survey by the awards

winning Child Trust Fund provider found that when asked over one in 10 parents with CTF vouchers were opting to let the government open the account for them - making an engagement rate of 85%. Compared to engagement rates of other [savings](#) products - 40% of the adult population has a private pension and 30% have an ISA - the CTF has driven the UK adult population to engage.

The Children's Mutual also found that currently 1.4m parents, family and friends are contributing to their children's accounts with in excess of £22m being added every month - money set to help towards the cost of higher education, first homes and beyond. As a result they estimate £2.74 billion will be available to young adults each year as they turn 18.

According to its calculations, 50% of the government CTF investment so far is going to 1.5 million families on the lowest incomes (under £15,000), with families in the lowest income bracket saving a higher proportion of their household income for their children than those in more affluent groupings.

David White, chief executive of [The Children's Mutual](#), said: "To those of us involved with the CTF, five years has gone by in the blink of an eye. And yet in that short amount of time, the results have been startling - the CTF has done what no other savings account has achieved before - getting the mass UK population engaged and saving. We're delighted that parents have engaged with the first universal savings scheme, realising that the only realistic way to fund their adult children's futures is to start saving now."

Child Trust Funds are designed to provide a tax efficient, long term savings vehicle for all eligible children. Each eligible newborn child (born on or after 1 September 2002) receives a £250 Child Trust Fund voucher (£500 for low income families) from the government when their parents register for Child Benefit. The government will make a second contribution of £250 (£500 for low income families) when the child reaches seven and is considering a third in the child's teenage years. Parents, family and friends can all then add to this account up to a maximum value of £1,200 each year.

Please view our [footnotes](#).

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## **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 more than 750,000 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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