The Children's Mutual Finds Parents Of Younger Children Being Warned To Start Saving

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According to research by The Children's Mutual, a leading Child Trust Fund provider, parents of 18 to 30-year-olds are warning families of younger children to start saving now to fund the future, with nearly a 28% saying that they have either remortgaged or are planning to remortgage to fund their child's adulthood. The research also revealed that many parents of adult children said that if they had their time again they would have saved more.

As the coalition Government threatens to cut the Child Trust Fund (CTF), The Children's Mutual is urging parents whose children are eligible for the accounts to make the most of them while they can.

David White, Chief Executive of The Children's Mutual, said: "Saving for your child is a 'necessity' not a 'nice-to-have'. Parents of today's 18 to 30-year-olds are having to find an average of £30,000 to fund their adult children the hard way - by remortgaging or borrowing further. We believe the only way that most families will be able to help fund children to fulfil their potential going forward is by saving regularly over the long term."

Parents of CTF holding children should not be disheartened or confused by the coalition's proposal. The Government has confirmed that for existing customers, the accounts will remain as they are; meaning that the families of the five million CTF holding children across the UK can continue to save up to £1,200 a year tax efficiently to help give their child a much needed springboard into adulthood.

David White continued, "We believe that children stand the best chance of fulfilling their potential if money isn't an insurmountable barrier to their choices and decisions. The CTF has been a phenomenal success with families investing more than £5 million every week for their children and we urge parents to make the most of it."

Launched in 2005, Child Trust Funds were designed to provide a tax efficient, long term savings vehicle for all eligible children. Eligible 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 the Government's additional contributions from 1 August 2010.

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Notes to editors
Research from The Children's Mutual Cost of Children Report. Figures from TISA, workings available on request.

Further information on the changes to Child Trust Funds can be found on The Children's Mutual website.

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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