

## Important news about the Child Trust Fund

On 24th May 2010 the Government announced a number of changes to the way Child Trust Funds (CTF) will work in the future. These changes affect nearly all existing CTF accounts, as well as parents who haven't yet used their CTF vouchers and those families expecting a baby.

### What are the changes to CTF?

- From 1st August 2010 children will no longer receive an additional payment from the government when they reach age 7.
- If your baby was born on or before 1st August 2010 and you successfully claim Child Benefit by the 1st November 2010 you should receive a voucher for £250.
- If your baby is born after the 1st August 2010 up to the 31st December 2010 and you successfully claim Child Benefit by 31st March 2011, you should receive a £50 voucher although children in lower income families should receive a £100 voucher.
- Children born after 31st December 2010 will no longer be eligible for a CTF and will not receive a voucher from the government.
- Existing accounts will remain open but will not receive any further government contributions.
- CTF vouchers already issued will continue to be valid until their expiry date.

### I have received my child's CTF voucher but not used it yet – can I still use it?

Yes. You will be able to use it up to the expiry date shown on the voucher. If you do not use your voucher before the expiry date, HMRC will open an account for your child.

### I am pregnant. Will I still get a CTF voucher when my child is born?

Yes, as long as your child is born before the legislation to stop issuing CTF vouchers comes into place, and your child is eligible. The voucher is triggered by a valid claim for Child Benefit, so you should apply for this as soon as possible.

### I've lost my child's voucher. Does that mean I won't now get a CTF for my child?

No. You can apply without the voucher, but you will need the voucher details including the voucher number and expiry date. Alternatively you can apply for a replacement voucher at the CTF website at [www.childtrustfund.gov.uk](http://www.childtrustfund.gov.uk) or by calling their helpline on 0845 302 1470.

### Will I (or my child) now be able to withdraw the money invested in my child's CTF?

No. There are no plans to change anything – no withdrawals will be permitted until the child turns 18.

### When government contributions stop, will I be able to open a CTF account for my child anyway (i.e. without a voucher)?

When the relevant legislation is in place, the Government intends that HMRC will no longer issue vouchers and it will not be possible to open a CTF account (other than for those who have already received a voucher before this date).

### Will the Government withdraw the money it has put into my child's CTF account?

No. The money will remain invested.

## **My child already has a CTF provided by Family Investments what will happen to it?**

If your child is lucky enough to already have a CTF, their account will continue to operate as it currently does. But once the relevant legislation is in place, your child will not be eligible for any further government contributions.

You, family and friends can still contribute a combined total of up to £1,200 a year into your child's account without incurring income tax or capital gains tax on the fund. You will continue to receive an annual statement and can still track and manage your child's account online using the Family Investments Online Wizard service.

As the leading CTF provider, Family Investments is committed to looking after the accounts of their 1.1m customers for the next 18 years. Family Investments were market leaders in long-term investments for families before the Child Trust Fund and they expect this to continue in the future.

## **How can I find out more?**

For more detailed information on the changes to CTF you can visit the Family Investments website [www.family.co.uk](http://www.family.co.uk) or call the Family Investments Customer Service team on 0800 616695 (calls may be recorded and monitored for training purposes).

You can also contact the Government Child Trust Fund helpline number on 0845 302 1470 or visit their website at [www.childtrustfund.gov.uk](http://www.childtrustfund.gov.uk).

## **Please note**

In light of the changes announced by the government, to CTFs, some information contained in our literature and on our website (including any projections of future value) will not reflect the new voucher amount of £50, or the removal of the additional government payment when a child reaches age 7. We will of course be updating all our communications as soon as we can.