



**Need help choosing a Child Trust Fund account?
Here's a handy toolkit**

Choosing a Child Trust Fund account

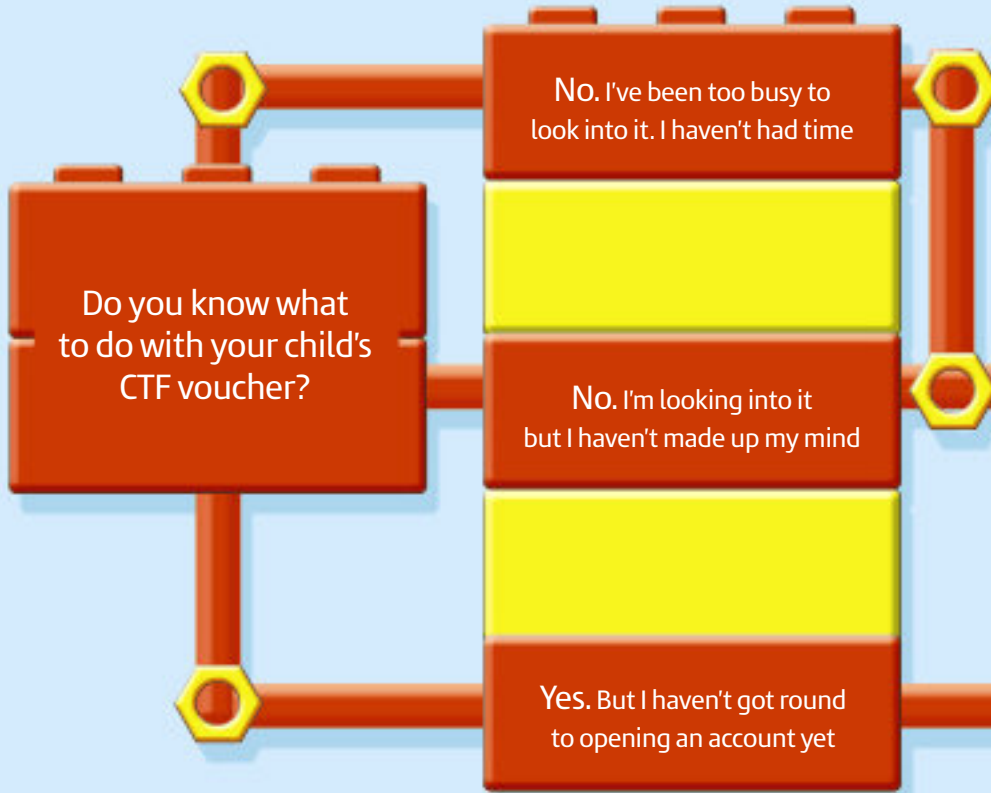
With a little help, you can do-it-yourself

We all want to make the best decisions for our children but sometimes we need a little help. So here's a decision-making toolkit to help you choose a Child Trust Fund account.

This side of the toolkit helps you to decide which type of Child Trust Fund account to open for your child. On the reverse you'll find a step-by-step guide to opening the account itself including where to find further information.



Which type of CTF account for my child?



CTF is a long-term investment. Choosing an account that invests in shares could mean your child's money grows to a larger sum. But you could get back less than you put in. How do you feel about this?

Putting off opening your child's account means they could miss out on valuable growth. Opening an account is easy and you'll find an up-to-date list of CTF providers at www.childtrustfund.gov.uk

'I am happy to invest in shares and take a higher risk if it means my child might get more at 18.'

'I understand that investing in shares and taking some risk might mean my child gets more at 18, but I'm a little unsure about shares.'

'I don't want to take the risk of investing in shares.'

Shares Account (Non-Stakeholder)

- The money is invested in companies' shares, so it grows if they do well.
- The value of the shares might go down in some years, but over the long-term this may be made up for by good performance in other years.
- Accounts that invest in shares almost always produce a better return than savings accounts. In fact, this has been the case for every 18-year period in the last 40 years.
- But the value of shares can fall as well as rise, and you could get back less than you put in.

Stakeholder Account (Stakeholder)

- The money is invested in companies' shares, so it grows if they do well.
- The value of shares can fall as well as rise, but the account has to follow Government rules to help reduce the risk. Your child's money is spread over a range of investments.
- When your child turns 13, money invested in shares is gradually moved to lower risk investments to help safeguard your child's money as they approach 18.
- Accounts that invest in shares almost always produce a better return than savings accounts. In fact, this has been the case for every 18-year period in the last 40 years.

Savings Account (Non-Stakeholder)

- This is the cash option - your child will get back whatever has been put into the account, plus some interest.
- But the risk with this type of account is you might not get as much as you would with an account that invests in shares - especially over a long period such as 18 years, and also when you take inflation into consideration.

Choosing a provider

- You can find detailed information on choosing a provider overleaf
- You will find an up-to-date list of all providers, including the account types they offer, on the website www.childtrustfund.gov.uk
- You can also request a list from the CTF helpline by calling 0845 302 1470
- Remember to ask your chosen provider questions to help you decide if they offer what you want
- You might want to look at information from more than one provider

Step-by-step guide to opening a Child Trust Fund account

Nail down the right kind of account

There are three types of account:

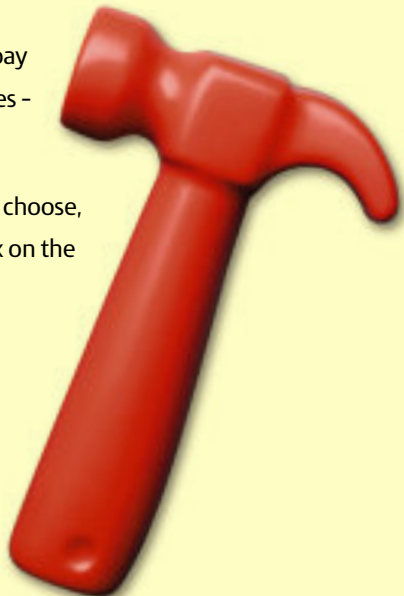
- a stakeholder account
- a shares account that is not a stakeholder
- a savings account

Which you choose depends on how you feel about taking a risk in order to give the money a better chance to grow. The flow chart on the other side of this leaflet may help you decide.

You may also want to use our online calculator at www.childtrustfund.gov.uk to estimate how much your child's account might be worth when they turn 18.

It's worth bearing in mind that you can always change the account later if you're not satisfied. There will be no charge for this. (But you may have to pay for the cost of buying and selling shares - so check with your provider first.)

Remember no matter which type you choose, neither you nor your child will pay tax on the money earned in the account.



Secure your child's money with a provider

Opening an account is easy. Fill in an application form, and simply take or post your child's voucher to your chosen Child Trust Fund provider.

There are lots of providers, from banks and building societies to friendly societies and supermarkets. Each offers a stakeholder account, and some also offer the other accounts.

Although you need to think carefully about your account and provider, you should open the account as soon as possible, so the money can start to grow.

If you don't choose the account you want for your child by the time the voucher expires, the Government will automatically open a stakeholder account for them. But remember, your child will have missed out on the chance of a whole year's growth.



Choosing a provider

Once you have decided on the best account for you and your child, the next important step is to choose a provider. Here are some things to do before you make a decision:

1. Take a look at the list of providers and the accounts they offer. You'll find an updated version on our website www.childtrustfund.gov.uk. This shows who offers which accounts.
2. Check the fees charged by providers for running the account. The charge on the stakeholder account is limited to 1.5% per year, but charges for other accounts may vary from one provider to another.
3. Think about how you want to manage and contribute to your child's account - online, by phone or over the counter at a local branch. You don't have to add to the account, but if you do, think about whether you want to save regularly, for example by standing order, or only now and again.
4. Consider how much you might want to pay into the account. All providers must accept a minimum contribution of £10 into a stakeholder account, but they may require larger payments for other accounts.
5. Keep an eye on returns from the account and any charges to make sure you are happy with how your child's money is growing.

And remember, you can move the account if you're not happy.

What to do next – the nuts and bolts



Choose the right account for your child. In addition to this leaflet, you might also want to take a look at the information booklet we sent you earlier this year.



Choose a provider and fill in their application form.



Open an account by taking along the voucher and completed application form to your chosen provider, or by posting the voucher to them if you applied for the account online or by phone. You don't need to have an existing account with your chosen provider, but they may require proof of your identity so please check beforehand.



Let family and friends know you have opened an account for your child so they can put money in as well. Remember the maximum that can be put in each year is £1,200. (Government payments don't count towards this limit.)

Want to know more?

If you want more information, here are some useful contact details:

- Visit www.childtrustfund.gov.uk for more about how the CTF works
- Call the Child Trust Fund Helpline on 0845 302 1470, open 8am to 8pm, 7 days a week, excluding 25th and 26th December, and 1st January
- Textphone 0845 366 7870 (opening hours are as above)

If you feel you need further help you could:

- Speak to an Independent Financial Adviser (there may be a charge)
- Ask at voluntary organisations such as your local Citizens Advice Bureau



HM Revenue
& Customs

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Child Trust Fund
What will yours grow into?

