

Raise

Child Trust Funds

14 – 19

What you need
to know



What is a Child Trust Fund?

The Child Trust Fund scheme was set up by the UK government for almost all children born in the UK between 1 September 2002 and 2 January 2011. They were designed to make sure that children arrived at adulthood (18) with some savings which would encourage them to continue saving in the future and have good financial habits.

How do Child Trust Funds work?

The programme issued each child with a starting payment voucher for their parents or guardians to put into a tax-free account in the child's name – this voucher ranged from £50-£500, depending on the child's date of birth and their household income. Parents and guardians could also pay money into these accounts if they wanted to. If the initial voucher was not invested within a year, the government placed it in a Child Trust Fund on the child's behalf.

When the child reaches 16, they can take over responsibility for their Child Trust Fund account and have a say in where it can be invested. Or, they can choose to leave their parent/guardian to manage it on their behalf. They cannot access the money in their Child Trust Fund until they turn 18.



Supporting young people before they turn 18

Information for Teachers & Carers

Young people should talk to their parents/guardians about the choices available to them before their Child Trust Fund matures. On their 18th birthday, the Child Trust Fund will mature, and they can automatically take over the account.

A young person has choices about how they can best use this money. They may have plans to use it to fund driving lessons or living expenses at University. Should they decide to keep it invested, they have various options, including moving it to an Individual Savings Account (ISA) or another type of savings or investment account. Until a young person withdraws or transfers the money, it will stay in an account that no one else can access.

There are different types of Individual Savings Accounts (ISAs) to choose from, such as a Cash ISA and a Lifetime ISA. (More information can be found in our Teachers Guide – Saving to Buy a New Home).

Young Money has a range of Quality Marked resources available on our **Resource Hub** to help young people manage their money and understand their options. **My Money Week** Secondary School resources shine the spotlight on Child Trust Funds: Activity – Funding my Future 16- 19.

The **Your Money Matters** textbook also includes information and activities about managing money, including chapters on saving, making the most of your money, and risk and reward.

The more aware young people are of the options available, the more likely they are to use the funds wisely.

The resources below could be used in the classroom or at home to help young people understand their options.



The Share Foundation website has practical advice on Child Trust Funds and how to find them: www.sharefound.org/

MoneyHelper (provided by Money & Pensions Service) has an useful guide on Child Trust Funds: www.moneyhelper.org.uk/en/savings/types-of-savings/child-trust-funds

DID YOU KNOW?

Since October 2011 HMRC no longer issue plastic National Insurance Number (NINo) cards. Shortly before a child's 16th birthday, they will receive a letter telling them what their NINo is.

A letter can be easily mislaid, especially if a child doesn't understand the importance of their NINo.

Why not take a moment to explain what they will use their NINo for in the future and to make a note of it for future reference.

What happened on 1st September 2020?

This is the date that the first Child Trust Fund holders turned 18. It is estimated that 55,000 Child Trust Funds will mature each month, according to HM Revenue and Customs (HMRC). However, not all those young people will know that they have a Child Trust Fund.

What first step should a young person take to learn more about their Child Trust Fund?

They should start by asking their Parents/Guardians if they know where their Child Trust Fund is. They will need to know where the account is held, including the Unique Reference Number (this can be found on a CTF statement that they should have been getting yearly).

6,000,000

Over 6 million Child Trust Funds were opened, with 1.7 million of these being for children whose parents or carers did not register the account and it's likely they don't know where this money is now and how to access it.

Source: <https://www.ctfambassadors.org.uk/impact>



How do you find a Child Trust Fund that is 'lost'?

A child might not know they have a Child Trust Fund for many reasons; their parents/guardians may have forgotten where they invested it; they may have moved house and never changed their address, or the original voucher was not used to open an account. If the voucher was not used in the first year, HMRC opened a Child Trust Fund account for the child. So, that means there may be an account that neither the parents/guardian nor the child knows about.

These are two FREE ways of tracking down a lost Child Trust Fund. Young people should be aware that other firms might charge them, and they do not need to pay someone to find it.

The Share Foundation can help young people and their parents/guardians track missing Child Trust Funds by searching a CTF Register or contacting HM Revenue and Customs if necessary. The Share Foundation is a registered charity which also runs the Child Trust Fund and Junior ISA schemes for young people in care for the Department of Education.

OR

Fill in the form online to **ask HM Revenue and Customs (HMRC) where the account was originally opened.** They will need their National Insurance number, which will be sent to them when they turn 16.

Find out more about how to locate a lost Child Trust Fund

Watch the video on YouTube

