

15/05

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## **CHILD TRUST FUND – VOUCHERS ARRIVING**

As the first Inland Revenue child trust fund vouchers begin arriving through Britain's letterboxes\*, Lloyds TSB is advising parents to begin searching now for the best home for their child's account. Parents in receipt of a voucher will be able to use it to open a trust fund for their child at an approved provider of their choice.

Lloyds TSB has linked with The Children's Mutual, the UK's only specialists in savings for children, to provide a stakeholder child trust fund (CTF). The account will be available through Lloyds TSB's branches and telephony and internet services, allowing parents to easily use their newly received vouchers.

Rick Hunkin, savings director at Lloyds TSB, says: "This is an exciting initiative which will help kick-start the savings of a new generation. By working together with The Children's Mutual we will be offering parents vital support in getting their child's fund up and running."

David White, chief executive, The Children's Mutual, says: "We've focused on supporting the Government in shaping the concept. Now our priority has to be making parents aware of the accessibility of these funds. Working with major providers like Lloyds TSB will help us achieve this. Hopefully we will begin to see the re-establishment of a savings culture in this country."

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## **CHILD TRUST FUND – VOUCHERS ARRIVING/...2**

Lloyds TSB customers will be able to open their child's CTF account from January onwards, although the accounts will not go live until April. The stakeholder account will be managed and administered by The Children's Mutual and fully meets Government requirements.

Initially monies will be invested in Scottish Widows' Balanced Growth Portfolio with charges capped at 1.5 per cent per annum. From age 13 onwards funds will gradually be moved from equities into cash or gilt-based investments to consolidate gains and reduce the impact of any stockmarket fluctuations as the child reaches 18.

Child trust fund application packs will be available from Lloyds TSB from January 2005.

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### **Notes to editors:**

\* From 17 January, 1.7 million children born since 1 September 2002 will receive a voucher for at least £250 to set up a child trust fund account. From then on around 60,000 new born children each month will qualify for a child trust fund into which parents, family, friends and the children themselves can add up to £1,200 per year. The accounts, which mature when the child reaches 18, are intended to provide a tax-free lump sum as a financial springboard into adult life.

The Children's Mutual/Lloyds TSB child trust fund will conform to stakeholder product requirements by:

- Having the appropriate exposure to equities for a long term investment.
- Life-style switching – gradually moving out of equities and into safer investments as maturity approaches.
- Capping charges at 1.5 per cent per annum.

### **For more information:**

Jo Ganly

Lloyds TSB Press Office

Tel: 020 7356 2075

E: [jo.ganly@lloydstsb.co.uk](mailto:jo.ganly@lloydstsb.co.uk)

[www.mediacentre.lloydstsb.com](http://www.mediacentre.lloydstsb.com)