



leading on tax incentivised savings

Press Release

For immediate release

Date: 9 August 2010

CTF contributions still strong

Contributions to Child Trust Funds have continued to increase – according to the latest quarterly statistics from TISA – despite the government announcement that children born after the end of this year will not qualify for an account.

Representing 73% of all CTFs the survey – for the quarter to 15 June – shows that monthly direct debit subscriptions to the 3.8 million CTF accounts covered now exceed £18million (an increase of £1million on the previous quarter). The number of accounts receiving a one-off lump-sum subscription also increased by 23,000 on the previous quarter and the average contribution grew from £507 to £511. The total amount subscribed in lump sum contributions is now in excess of £162million.

In May the government announced that for children born from August 2010 to January 2011 the CTF voucher will reduce from £250 to £50. CTFs will be then be closed for Children born after December 2010. However the scheme will remain open to existing account holders with contributions up to the overall total of £1200 per annum continuing to be permitted.

Tony Vine-Lott, Director General of TISA says:

“Our survey points to the continuing popularity of the scheme and it is good news that subscriptions into existing accounts will still benefit from the tax free investment growth after the scheme closes to new applications.

“It is unfortunate that the current fiscal constraints mean that the government cannot continue with the CTF scheme in its present format. CTFs were fulfilling their original objective of creating assets for young adults regardless of their background. The scheme also had the potential to improve the financial literacy of youngsters at a time when this is perhaps more important than ever.

“TISA is working with the government to identify how we can continue to provide the obvious social benefits at little or no cost to the State. I hope that in time a successor to CTFs will emerge that continues to encourage regular children’s saving and helps to build financial literacy.”

Ends.....

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Notes for editors

Key figures from the most recent three quarterly reports are as follows (full reports are available on the TISA website www.tisa.uk.com):

	Quarterly Survey to 15 June 2010	Quarterly Survey to 15 March 2010	Quarterly Survey to 15 December 2009
Number of accounts open on participating date	3,818,552	3,655,765	3,523,288
Number of CTFs receiving active monthly direct debit subscription	775,363	739,602	708,042
Monthly rate of subscriptions	£18,096,345	£17,112,268	£16,223,791
Average amount of monthly subscriptions	£23.34	£23.14	£22.91
Number of accounts that have received a lump sum subscription	317,521	294,280	265,176
Total lump sum subscriptions to date	£162m	£149m	£136m
Average amount of total lump sum subscription	£511	£507	£513

The Tax Incentivised Savings Association (TISA)

TISA is the premier industry funded body in the UK retail savings and investment industry. By engaging with member firms, government, political parties, regulators and consumer groups TISA's ultimate goal is always to further consumers' best interests. It seeks to improve the range, features and quality of savings and investment schemes available whilst encouraging more people to save for their financial security and peace of mind.

Uniquely, TISA is able to articulate the opinions of the whole savings and investments marketplace through its membership comprising over 120 member firms involved in the supply or distribution of products. TISA's remit extends across the broad spectrum of government sponsored savings and investment vehicles.