

The

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Guide

to more than 25 things you need to know about children's savings but don't know where to look!

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1. Introduction

This Guide is an introduction to the State financial benefits available from the Government for those with children and the savings products available from the Finance Industry. Its intention is to provide a reference guide as to what is available; what you need to do to access these benefits and savings products; what advice there is for you; and the alternatives available to you and your children.

The guide is divided into three sections which try to answer the following questions:

- a. What are the main financial benefits available from the Government?
- b. What are the main financial products available for investing in your children's future?
- c. What other planning points might you consider for the protection of your children and your future?

For your help we have added at the end of each section details of the web sites and contact numbers mentioned in the leaflet and other sites where you can find more information.

1. What are the main financial benefits available from the Government?

There are two forms of financial assistance available from the Government; those benefits which you receive automatically (e.g. Child Trust Funds) and those which you may need to claim (e.g. Working Tax Credit). This guide is intended as an introduction to the main benefits available from the Government and a place from which you can start to gather knowledge on what financial help is available to you and your children.

From personal experience the directors of [saveabitspendabit™ Ltd](http://www.saveabitspendabit.com) have found the information and help available from the various Government agencies to be generous, but you should expect to spend some time completing all of the forms which are required.

One tip, read the forms carefully, and answer the questions asked. We know it seems obvious, but we repeat this, because we have come across incorrectly completed claim forms, e.g. where the availability of self-employed losses not being entered, or the fact that pension contributions are being made but not entered, which all count towards additional benefit entitlement.

The Main Benefits:

- A. Child Benefit
- B. Child Tax Credit and Working Tax Credit
- C. Child Trust Funds
- D. Educational Maintenance Allowance

A. Child Benefit

Child Benefit is a tax-free monthly payment to anyone bringing up a child or young person. It is not affected by income or savings, so most people who are bringing up a child or young person qualify for it.

Additional qualifying conditions apply once a child reaches 16 years of age.

If you're entitled to **Child Benefit** for a child or young person that is not your own, you may also be entitled to [Guardian's Allowance](#) for them if both of their parents have died or in some circumstances where only one parent has died.

For the tax year 2008-2009 you receive:

- ✚ £18.80 (£18.10 – 2006/07) a week for the eldest child.
- ✚ £12.55 (£12.10 – 2006/07) a week for each additional child.

[Child Benefit](#) is paid directly into a Bank, Building Society or Post Office ® card account. It is usually paid every four weeks, but can be paid weekly if you're bringing up children on your own, or you (or your partner if you have one) are getting Income Support, or Income-based Jobseeker's Allowance.

Importantly, you should [Claim Child Benefit](#) as soon as:

- ✚ your child is born
- ✚ a child or young person comes to live with you that you are responsible for
- ✚ you adopt a child who is living with you.

B. [Child Tax Credit and Working Tax Credit](#)

The two tax credits, [Child Tax Credit](#) and [Working Tax Credit](#), are free of liability to income tax and must be claimed.

If you have children, are working as an employee, or a self-employed person, you should find out more about them. Please read the comprehensive guidance notes which are available with the claim form available from Her Majesty's Revenue and Customs (HMRC), formerly the Inland Revenue. And yes, you have to complete a form and **CLAIM** the benefit.

[Child Tax Credit](#) is the main way that families get Benefits money for their children under 16 and for those between 16 and 18 year in education. The amount you get is based on your income. You can claim whether or not you are in work. The Child Tax Credit replaced the old tax credits and benefits with a single system - so all families with children, with an income up to £58,175 a year (or up to £66,350 a year if there is a child under one year old), can claim in the same way.

In effect, [Working Tax Credit](#) supports working people, helping to top up earnings.

[Child Benefit](#) claims are not affected by [Child Tax Credit](#) and [Working Tax Credit](#).

[Who is eligible?](#)

We have outlined here the main points to do with both tax credits. For a more comprehensive guide to this valuable benefit for families we suggest you refer to the assistance available from HMRC which is detailed at the end of this section.

To qualify for tax credits, you must be aged 16 or over and usually live in the United Kingdom (that is, England, Scotland, Wales and Northern Ireland). Short absences abroad for holidays or on business will not affect your eligibility.

For new claims to [Child Tax Credit](#) made on or after 1 May 2004, you must also have a right to reside in the UK under UK or EC law. Some people may be eligible even if they do not live in the UK; if you live outside the UK, and you or your partner then we suggest you phone the HMRC Helpline for more information.

- ✚ work in the UK or
- ✚ are a Crown Servant posted overseas or
- ✚ are a citizen of a country in the European Economic Area (EEA), including the UK, and you receive a UK state pension or contributions-based Jobseeker's Allowance,

If you are a single (or separated) person, you should make a claim based on your individual circumstances.

If you are

- ✚ part of a married couple living together and not permanently separated, or
- ✚ a man and woman living together as if you are married

you must claim together, based on your joint circumstances.

[How are tax credits paid?](#)

[Child Tax Credit](#) is paid directly into your bank or building society account.

If you do not have an account, any bank or building society will be able to advise you about the most appropriate type of account for you. Alternatively, you may open a Post Office Card Account to receive your tax credit payments.

[Child Tax Credit](#)

[Child Tax Credit](#) is a payment to support families with children. You can claim it if you, or your partner, are responsible for at least one child or young person who usually lives with you.

If the children also live with another family for part of the time, you and that other family must decide jointly which of you has the main responsibility for that child or young person and let HMRC know. Only the family with the main responsibility can claim [Child Tax Credit](#).

Please note that you do not have to be working to claim [Child Tax Credit](#).

[Child Tax Credit](#) will provide support for

- ✚ a child until 1 September following his or her 16th birthday

a young person aged under 19 in full-time non-advanced education, up to and including 'A' levels, NVQ level 3 or Scottish Highers

- ✚ a young person aged 16 or 17 who has left full-time education, does not work more than 24 hours a week or have a paid training place and has registered with the Careers Service or Connexions Service (the Connexions Service does not operate in Wales, Scotland or Northern Ireland),

provided that child or young person

- ✚ is not claiming benefits (such as Income Support) or tax credits in his or her own right, or

- ✚ is not serving a custodial sentence of more than four months imposed by a court, or

- ✚ has not been placed with you for fostering or adoption in cases where the local authority is paying you for the cost of caring for that young person under section 23 Children Act 1989 (in Scotland, section 26 Children (Scotland) Act 1995 and in Northern Ireland, Article 27 Children (Northern Ireland) Order 1995).

[How is Child Tax Credit calculated?](#)

[Child Tax Credit](#) contains several elements. When you have completed and returned your **claim** form, the HMRC will advise you how much you are to receive and when the payments start and finish.

[Child Tax Credit](#) is paid in addition to [Child Benefit](#).

[Child Tax Credit](#) will be paid directly to the main carer for all the children in the family. If you are a single parent, this will be paid to you directly. If you are part of a couple, you will need to tell HMRC which of you is the main carer for the children. You can choose whether to receive payments weekly or every four weeks.

[Working Tax Credit](#)

[Working Tax Credit](#) is a payment to top up the earnings of low paid working people (whether employed or self-employed), including those who do not have children.

The 'childcare element' of [Working Tax Credit](#) is paid directly to the main carer of the child or children along with [Child Tax Credit](#).

How is [Working Tax Credit](#) calculated?

[Working Tax Credit](#) contains several elements, including additional amounts for

- ✚ working people with a disability,
- ✚ people with a severe disability, and
- ✚ the costs of registered or approved child care.

The amount you get depends on your income.

Working hours

You need usually to be working a minimum number of hours a week to claim [Working Tax Credit](#).

If you are aged 16 or over and either

- ✚ you or your partner are responsible for a child or young person, or
- ✚ you have a disability which puts you at a disadvantage in getting a job and you satisfy either the '[qualifying benefit](#)' test or the special '[fast-track](#)' rules to qualify for a [disability element](#)

then you must work at least 16 hours a week.

If you are part of a couple with children, you are eligible for the 30 hour element if you jointly work at least 30 hours a week, provided one of you works at least 16 hours. Childless couples cannot add their hours together to qualify for the 30 hour element.

[Help with the costs of childcare](#)

You may be able to get more [Working Tax Credit](#) to help with the cost of registered or approved childcare. This is the childcare element of [Working Tax Credit](#). The childcare element can help with up to 80% of your childcare costs up to a maximum cost of £175 a week for one child and £300 a week for two or more children. This means that the childcare element is worth up to an extra

- ✚ £122.50 a week (£175 x 80%) for families with one child, and
- ✚ £210 a week (£300 x 80%) for families with two or more children.

The amount you receive will depend on your income and will be paid directly to the main carer.

To claim the child care element you must be over 16 and

- ✚ if you are a lone parent, you must work 16 hours a week or more, or
- ✚ if you are in a couple
 - both of you must work 16 hours a week or more, or
 - one partner must work 16 hours a week or more and the other partner must be
 - incapacitated, or
 - an in-patient in hospital, or
 - in prison (whether serving a custodial sentence or remanded in custody awaiting trial or sentence).

If you are becoming a parent for the first time, [Working Tax Credit](#) is available before the baby or child arrives if you were aged 25 or over and worked at least 30 hours a week before the maternity, adoption or paternity leave began. You can [claim Working Tax Credit](#), including the childcare element from the birth or adoption of the child, as long as you usually worked at least 16 hours a week before the maternity, adoption or paternity leave began.

Income

The amount of tax credits you will receive depends on your circumstances, for example

- ✚ the number and ages of your children
- ✚ the number of hours you work each week
- ✚ whether you are disabled, and
- ✚ how much you pay for registered child care.

It also depends on the level of your income. If you are part of a couple, it depends on your joint income.

As [Child Tax Credit](#) and [Working Tax Credit](#) are annual tax credits, we will look at your income for a tax year to work out your award, usually the last complete tax year before the year of the tax credits claim.

Capital is not normally considered in judging your claim.

How much Working Tax Credit can you get?

[Working Tax Credit](#) is paid in addition to any [Child Tax Credit](#) you may be entitled to. Some people will be paid both [Child Tax Credit](#) and [Working Tax Credit](#).

The amount of your [Working Tax Credit](#) award is based on your circumstances (for example, how many hours you work or whether you are disabled) and your

income. The tables below provide a guide to how much you could receive for the tax year 2006-2007.

Working and Child Tax Credits rates 2008-09 (revised every 6th April)

Working Tax Credit (£ per year, unless stated)	2008-09
Basic element	£1,800
Couple and lone parent element	£1,7700
30 hour element	£735
Disabled worker element	£2,405
Severe disability element	£1,020
Age 50+ return to work element (16-29 hours)	£1,235
Age 50+ return to work element (30 + hours)	£1,840
Childcare element of the Working Tax Credit	
Maximum eligible cost for one child	£175 per week
Maximum eligible cost for two or more children	£300 per week
Percentage of eligible costs covered	80%
Child Tax Credit	
Family element	£545
Family element, baby addition	£545
Child element	£2,085
Disabled child element	£2,5440
Severely disabled child element	£1,020
Income thresholds and withdrawal rates	
First income threshold	£6,420
First withdrawal rate (per cent)	39%
Second income threshold	£50,000
Second withdrawal rate (per cent)	6.67%
First threshold for those entitled to Child Tax credit only	£15,575
Income Disregard	£25,000

What happens once you are receiving tax credits?

Tax credit awards will initially be based on your current circumstances and your income for the previous tax year.

If your circumstances do not change and there are no significant changes in your income during the year, the initial award will run until the end of the tax year (5 April).

At the end of the tax year, HMRC will send you a further notice that tells you the information they hold about your claim, in particular the circumstances and income upon which we based the award and the amount of tax credit paid over the year. **You should check this notice carefully.** You must then either

- ✚ confirm that the details are correct, or
- ✚ correct them if there were changes that you have not previously told us about.

You also need to tell HMRC about your income for the year just ended.

When you send the notice back and HMRC have all the details, they will

- ✚ check whether the award paid to you for the year just gone was correct, and
- ✚ work out your award for the following year, as the notice will also act as the claim for the next award.

If your circumstances and income stayed the same throughout the year which has just ended, you should have received the right amount of tax credits.

If you only get the family element of [Child Tax Credit](#), you don't have to return the notice if your income remains within a certain range specified in the end-of-year notice, provided your circumstances have not changed.

- ✚ If you do not have to return the notice, you will be treated as having automatically made a new claim for the next award.

Changes in circumstances

You must inform the HMRC of any changes in your income or circumstances as soon as they occur, or at least within 3 months.

You can tell the HMRC about any of these changes by

- ✚ phoning the [Tax Credits Helpline](#)
- ✚ visiting an Inland Revenue Enquiry Centre or a Jobcentre Plus office (in Northern Ireland, a Social Security office), or
- ✚ writing to the HMRC at The Tax Credit Office (Change of Circumstances), Preston, PR1 0SB.

What other help is available to you?

If your income is below a certain level you may be entitled to benefits and services, such as help with the costs of health services, provided by other government departments, agencies or local authorities. You may need to use your tax credits award notice as proof of your income for these benefits and services.

For information about these benefits and services, you will need to contact the organisation that provides them. A list of these benefits and the relevant organisations, with initial contact numbers, can be found in HMRC booklet [WTC6](#)

['Child Tax Credit and Working Tax Credit. Other types of help you may be able to get'](#), which will be available

- ✚ on the Internet at www.hmrc.gov.uk/taxcredits, and
- ✚ in paper form at HMRC (Inland Revenue) Enquiry Centres.

If you receive Housing Benefit or Council Tax Benefit, your tax credit award may affect the amount of benefits you are entitled to. When you get your award notice, you should contact your local authority's Housing Benefit or Council Tax Benefit office so that they can reassess your case.

Home Responsibilities Protection

If you are the person awarded [Child Benefit](#), this will give you access to Home Responsibilities Protection (HRP). HRP can help to protect your rights to the basic Retirement Pension and the State Second Pension. To help you build up entitlement to the basic Retirement Pension, HRP reduces the number of years you need to

- ✚ pay National Insurance contributions on your earnings, or
- ✚ receive National Insurance credits because you were unable to work

provided you received [Child Benefit](#) for the whole of the tax year.

If you are part of a couple who share caring responsibilities for a child, you should consider carefully who should receive [Child Benefit](#), to make sure that the person who most needs to protect their pension will receive HRP.

National Insurance credits for social security benefits

If you receive [Working Tax Credit](#) and are earning below the Lower Earnings Limit for liability to National Insurance contributions (£90 a week in the tax year 2008-9), you may be awarded National Insurance credits to help to safeguard your entitlement to some social security benefits, such as the basic Retirement Pension.

For any of the above benefits, and to obtain advice contact the [Helpline](#), any HMRC (Inland Revenue) Enquiry Centre or your local Jobcentre Plus office (in Northern Ireland, a Social Security office).

C. Child Trust Funds

Child Trust Fund (CTF) is a savings and investment account for children which is free of income and capital gains taxes. Children born on or after 1 September 2002 receive a £250 voucher to start their account. The account belongs to the child and can't be touched until they turn 18, so that children have some money behind them to start their adult life.

The Main Points you should know about **Child Trust Funds**

- ✚ a long-term savings and investment account where your child (and no-one else) can withdraw the money when they turn 18
- ✚ neither you nor your child will pay tax on income and gains in the account
- ✚ £250 voucher to start each child's account
- ✚ children in families receiving **Child Tax Credit (CTC)**, with a household income not greater than the CTC threshold of £15,575 2008/09 will receive an extra payment
- ✚ a maximum of £1,200 each year can be saved in the account by parents, family or friends
- ✚ money cannot be taken out of the **Child Trust Fund (CTF)** once it has been put in – once your child is 18 they will be able to decide how to use the money
- ✚ children can start to make decisions about how the money is managed when they are 16
- ✚ the Government will make a further contribution when your child is seven - all eligible children will receive a further payment of £250 into their CTF account at age 7, with children in lower income families receiving an additional £250. These payments will be paid around the child's 7th birthday direct into their account
- ✚ not just one type of **CTF** account – you choose the type of account you want for your child
- ✚ at any time you can move the account to a different provider or change the type of account
- ✚ it will not affect any benefits or **Tax Credits** you receive.

Which account is right for your child?

You may want to put your child's money in a very safe account where there will not be a risk to the capital invested, but the return on the money might not be so high. On the other hand you might be willing to take a risk to try and obtain a higher return.

Don't forget, whichever method you choose to use the voucher now, you can move to another type of **Child Trust Fund** account or provider at any time.

Which type of account might be best for your child?

There are three types of account to choose from, depending on how you feel about taking a risk in order to give the money a better chance to grow.

Types of account

There are three main types of [Child Trust Fund \(CTF\)](#) accounts:

a. Savings accounts

If you don't want to invest in shares, you could choose a savings account for your child's [Child Trust Fund](#) account. With a savings account any money you invest is secure. For example if you invest £500, your child will get that sum of money back as well as earning some interest.

But you should consider that although your money earns interest, it might not grow as much as it would if it was invested in shares. Savings accounts do not usually perform as well as money invested in shares over the long term, especially when inflation is taken into account. The effect of inflation means that money in the account could lose value over the long term. This is because prices usually rise each year and so £20 won't buy you as much today as it did ten years ago.

As with all accounts your provider will charge you for the cost of running it. You might not notice this cost as it will not appear on your statement, but providers cover these costs when deciding how much interest to pay on savings. This is something you should check before deciding to open an account.

b. Accounts that invest in shares

These accounts invest your child's money by buying shares in companies. When those companies do well and the shares go up in value, they make money.

This type of account has the potential to do well when money is invested for a long time. This is because poor performance of shares in some years can be made up for by good performance in others, and over a long time period the stock market's value tends to rise more than it falls.

Investing in shares is more risky than putting money in a savings account as shares can lose value if companies are not performing well. But in the past an amount of money left for a long time in this type of account has grown more than

the same amount left in a savings account. This is true for every 18-year period in the last 40 years. (Source: Child's Mutual 2006)

Nobody can promise that shares will continue to be the best long-term investment but in the past this has usually been the case. However, you must remember that shares can go down as well as up and past performance is not a guarantee of how shares will perform in the future.

The charge on this type of account is usually a percentage of its value. You should check how much this would be with your chosen provider.

c. Stakeholder accounts

Stakeholder accounts invest your child's money in shares in companies. The Government has made certain rules for these accounts to reduce the risk of investing in shares.

Your child's money is not invested in just one company, as they could lose out if that company does badly. Instead, it is invested in a number of companies in order to reduce the risk.

Once your child is 13, money in the account starts to be moved to lower risk investments or assets, such as cash. Providers will consider how well shares are performing to decide how much to move over into safer assets and how quickly. This means that although your child's money may not benefit if the stock market is performing well, it is protected from stock market losses as they approach their 18th birthday.

Once the account is open, all providers must accept minimum contributions of £10 into a stakeholder account, but they can accept less if they wish.

The charge on the stakeholder account is limited to no more than 1.5 per cent a year. This means the charge can be no more than £1.50 for every £100 in the account. The charges on all other types of [Child Trust Fund](#) account are not limited in this way.

The stakeholder account is the one the HMRC will open if you don't use the voucher before it expires.

Additionally, and as part of one or all of the above accounts you can further choose to invest in

- Ethical accounts

Some people don't like to invest money in businesses they don't agree with, such as companies involved in arms, tobacco or alcohol. And some prefer to invest in companies that sell goods according to the rules of fair trade or that work to protect the environment.

All providers are required to publicise their policy about social, ethical and environmental investments, if they have one. So you may wish to ask providers about this when you are considering which account and provider to choose.

- Shari'a accounts

Shari'a accounts are based on Islamic values, as defined by the principle of Shari'a law, and will not invest in areas such as alcohol, tobacco and gambling.

More about Investment

For general information about choosing an account you may also want to look at the [Financial Services Authority website, www.fsa.gov.co.uk](http://www.fsa.gov.co.uk).

If you would like to know more about types of investment there is information available from a local Independent Financial Adviser, who can be found by looking at the IFA Promotions website, www.unbiased.co.uk.

D. Education Maintenance Allowance

[Education Maintenance Allowance \(EMA\)](#) is there to help your child financially if they want to stay on at school or college, after they are aged 16.

It's a weekly payment of £10, £20 or £30, depending on your household income, and the child's continued good attendance on the course agreed upon.

You will need to provide evidence of your household income and one of the easiest ways to do this is with a Tax Credit Award Notice from HMRC.

[Summary of Relevant Websites for State Benefits](#)

Her Majesty's Revenue and Customs (formerly the Inland Revenue)

www.hmrc.gov.uk

The official source of information about child benefits, child tax and working tax credits, child trust funds, and educational maintenance allowances.

The Department of Works and Pensions (DWP)

www.dwp.gov.uk

The DWP is responsible for administering many of the State's programmes for children and families. Their website is also a source of abundant information about benefits and services for families.

2. What are the main savings products available for investing in your children's future?

Saving and Investing for future events which you would like your children to benefit from can be a baffling choice to the unwary investor, who wishes matters to be simple and not complicated. We have laid out below the main sensible methods of saving which can be used for your Childrens' futures.

These take the form of immediate short term 'Piggy-Bank' savings, and more longer term investments. Note the difference between [savings](#) and [investment](#).

You [save](#) for short terms of up to 5 years, but [invest](#) over the longer term, hoping to obtain significantly higher returns (according to your attitude to investment risks).

1. 'Piggy-bank savings'

Here are some simple and effective methods of saving, which although only apparently use small elements of change from your pocket do actually build into significant amounts over time. These ideas have been refined and developed by the Directors of [saveabitspendabit](#)™ Ltd over a long period. When you get home after an inspiring day at your place of work, the last thing you wish to be doing is think about money, it is a time for relaxation and time with the family. However, how many people save the copper coins from their change into the proverbial litre Bottle of Whiskey, many we suspect. How much does this add up to after all that [saving](#) - £100 after a year?

We have developed a way in which you can use money in your pocket more than once, yes more than once.

How – quite simply by following the rules on the [loose change in your pocket](#) and [saving](#) it as follows:

Each time you walk into your home look at the [loose change in your pocket](#) and start [saving](#) it as follows:

- Silver coins are put into a [Piggy-Bank](#); and
- £1 coins are put into a jar or on a tray.

At the end of each month, do not be surprised if you have saved £50, this way.

The next trick is to each month take the silver coins and put into your car, so that you will always have change for the car park!

Then each month put the tray of £1 coins into a savings account at the Post Office or Building Society.

How much could you have saved after 5 years, of saving this way, something like £1,500 or more (and perhaps income tax free).

So using only your **loose change** you have saved some money.

2. The **saveabitspendabit**™ Principle

Each time your children receive some money, encourage them to save part of the amount they never had before they were given it, before going out to spend some of it on something for themselves.

In other words, **saveabitspendabit**™.

3. Childrens Investments

There are a myriad of ways to save for children's long term future, here are brief descriptions of some of the usual methods being used by parents and relatives up and down the country.

1. Childrens Regular Savings Bonds

These are long term investment plans, specially designed by specialists at The Children's Mutual – the only company in the UK that specialises exclusively in children's savings.

Your monthly investment, invests in a fund that aims to balance growth and security

If all regular payments are maintained, you can build up a tax-free lump sum for your child when the plan ends.

Save up to £25 a month in a tax-free fund for each child

Tax-free means free from income and capital gains taxes for plans taken out under current legislation, which helps your money grow faster than it would in a taxed investment. This favourable tax treatment may not be available in the future. The fund receives UK dividend income net of corporation tax, which neither it nor individual taxpayers can reclaim.

2. Grand Parents investing tax efficiently

Typically these form the same methods as identified here, but with one significant advantage, there is not tax liability on the giver. It is usual for National Savings or other investments to be given.

3. Bank or Building Society Savings accounts

Special offers on various accounts for children from age 1 upwards are available from most High Street [Bank or Building Societys](#) to age 18. BUT, watch out for the income tax liability which will fall on the parents if they invest into the funds themselves, for the child's benefit.

4. Investment accounts utilising the opportunity to add to the Child Trust Funds, over and above the annual allowance of £1,200

These can be effective, but you must be aware that investing in a child's name, as a gift from the parent, the tax liability rests with the parent until the child has left full time education.

5. Individual Savings Accounts (ISA) in parents name

ISA's are tax efficient methods of saving or investing for individuals, as they do not suffer personal liability to income or capital gains taxes.

Unfortunately you cannot write these valuable investments under trust for the child

6. National Savings Accounts

The National Savings regime, offers a wide range of moderately competitive products, which secure the capital value of the investment, and offers a decent (and sometime competitive rates of income), from the Post Office or directly through the post.

A common purchase is a Premium Bond, in the hope that a large win will occur!

7. Unit trust, Investment Trusts or Open-Ended Investments

These are investments which according to the attitude to investment risk and timescales for the investment are best explained by a qualified Independent Financial Adviser, as there are literally 1,000's of choices available to you, some of which may not be suited to your needs and wants.

8. Stakeholder Pensions for the child

This is really long term investment planning. You or Grandparents or Guardians can purchase for your child a Stakeholder pension, and obtain tax relief on the contribution. The benefits of 25% of the value of the fund as a tax free cash sum, and the remaining 75% being used to purchase a pension for the child, may be appealing when they do arrive. But these benefits will only be available to your child after their 55th birthday.

Relevant Website for Children's Savings Products

The Financial Services Authority (FSA)

<http://www.fsa.gov.uk/>

The FSA authorise and regulate the various companies providing financial products – bank and building society accounts, life assurance plans, child trust funds, pensions and so forth.

www.Unbiased.co.uk

This website will help you find a suitably qualified independent financial adviser in your area who can advise you on savings products suitable to your children's needs.

3. What other planning points might you consider for the protection of your children and your future?

1. Wills

You must make one!! Why? It provides specific advice to your executors as to who is care for and look after you r children when you are no longer around to do so.

This is important if your children are under the age of 18, Guardians are appointed by you, not someone else, but you. These people will be the ones you trust to bring up your children in the way you wish them to be brought up.

2. *Income protection insurance on parents life*

Everything you do and undertake, is based upon the assumption that you can still receive the income you are currently receiving, or hoping to receive in the future.

But what if something goes wrong, and you are injured at work, or your employer decides to 'let you go', and it takes time to find another job of equivalent income?

This situation is a catastrophe for you and your family.

You can, by spending a little money each month, insure against these two events, and many more. Please consider the advice you are given about these situations, when considering your financial future.

3. *Additional life assurance in trust for new child, on parents' life*

Now you have additional responsibilities, you may wish to consider increasing the capital value of your life to your family, by the simple expedient of insuring your life for significant capital sum, at least until the child is aged 21.

Ask a Qualified Financial Adviser what £5 per week will buy you. You may surprised what the answer is.