My Money
Guide to the Child Trust Fund

Explaining the Child Trust Fund to primary school pupils
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Key Facts about the Child Trust Fund

To help you to teach the children about the CTF and answer any questions parents and carers may have, here are the key facts:

- The Child Trust Fund (CTF) is a savings or investment account for children.
- The account belongs to the child and cannot be touched until they are 18 years old, so that they have some money behind them at the beginning of their adult lives.
- Children born on, or after, 1st September 2002 receive a £250 voucher from the Government to start their account.
- The CTF voucher is sent out automatically to parents / carers once they start receiving Child Benefit.
- They receive another £250 voucher when they are seven years old, with children in lower income families receiving an additional £250.
- A maximum of £1,200 each year can be saved in the account by parents, family or friends.
- Parents / carers decide the type of account they want for their child, and the account can be moved or changed to a different type of account at any time.
- No eligible child will miss out on a CTF account. If parents or carers do not use their voucher within one year, HMRC will automatically open a Stakeholder account for the child, and will write to parents or carers with the details.

For parents opening a Child Trust Fund there are three different options:

No.1

**Stakeholder accounts** are designed as a low-cost and risk-controlled means of investing in shares. For example, the money is invested across a range of companies, and from the age of 13 the money will be gradually moved across into more cash-like investments to reduce investment risk before maturity. Shares tend to provide better returns than cash for long-term investments, however, past performance is not a guarantee of future returns and the value of the investment can go down as well as up. Charges on Stakeholder accounts are limited to 1.5% per year. Stakeholder accounts are currently the most common type of CTF account.

No.2

**Savings accounts** earn interest, and the amount invested is secure. However, although the money earns interest, it may not grow as much as it might if it was invested in shares.
- Neither parents nor children pay tax on money accrued in the CTF account.
- CTF does not affect any benefits or Tax Credits a family receives.
- Children can start to make decisions about how the money is managed when they are 16.
- Children in families receiving Child Tax Credit (CTC), with a household income not greater than £15,575 for 2008/09, receive an extra payment, once a CTC award has been finalised.
- For twins or triplets, each eligible child is entitled to the CTF vouchers.

There are special Child Trust Fund arrangements for looked-after children. As part of these arrangements, Local Authorities and Health Trusts have a statutory duty to provide some basic information to HM Revenue & Customs about looked-after children.

There will be some looked-after children for whom there is nobody appropriate with parental responsibility to manage their Child Trust Fund Account for them. The Official Solicitor (or the Accountant of Court in Scotland) will manage these children’s accounts.

No.3

**Shares accounts** buy shares in a range of companies. When a company does well the shares go up in value. If a company does not do well they can go down in value. The account usually invests in more than one company because not all companies are likely to do well (or badly) at the same time. If you put £100 to such an account, it could be worth £120 by the end of one year if investment does well or £90. E.g. if it does badly.
Curriculum Relevance
You can introduce the idea of saving and the Child Trust Fund during PSHE time, as part of Numeracy activities, or as a discrete topic.
Specifically, this resource supports the teaching and learning of the following objectives:

**PSHE England**
1f to look after their money and realise that future wants and needs may be met through saving.
5d make real choices and decisions.

**PSE Wales**
The importance of looking after their money and the benefits of regular saving.

Using the Poster
The **What will yours grow into?** poster is designed to open out like a concertina so that you can introduce the children to the key images and information step by step.

The central concept is that savings grow as the children grow – from birth when the children receive their first Child Trust Fund (CTF) voucher for £250, to the age of 18 when they can decide what to do with the money that has accumulated in their CTF savings account.

You could introduce the poster during a PSHE lesson when you are teaching the children about looking after their money, and which of their needs and wants can be met through saving.
Show and talk to the children about each of the panels in turn, and draw their attention to the pound sign growing alongside the baby/child. The key points to get across to the children are:

- When a baby is born, they receive a £250 voucher from the Government to put into a savings account to help them when they are older.
- They receive a further £250 when they are seven years old.
- The money is theirs and theirs alone.
- They decide what to do with the money when they are 18.

For key facts about the Child Trust Fund see the opposite page.

Using the Teacher Booklet
There are two lessons based on the PSHE objective, ‘To look after their money and to realise that future wants and needs can be met through saving.’ (1f)
The suggested activities also support the children’s Numeracy skills and are designed to incorporate visual, auditory and kinaesthetic learning.

The Activity Sheets
For each lesson, two activity sheets are provided to reinforce learning and stimulate further discussion.

Sensitivity
The children begin with the same amount of money in their CTF account but by the time they are 18, they will have vastly different amounts depending on how much their parents, relatives or friends can afford – or would like – to contribute.

It’s likely that you will have children in your class from a range of economic and social backgrounds, and you will therefore want to avoid making assumptions about their parents’/carers’ ability to contribute to the child’s CTF savings.

The maximum amount that any parents, carers or relatives are allowed to put into a CTF account in any one year is £1,200. While for some this might be easily achieved, for parents on low incomes this is a huge amount. However, the concept of saving up for something is an idea that most children of this age will be able to understand and engage with.

The first lesson begins by asking the children to think about the needs and wants of a new baby. This is something that children from all economic backgrounds can relate to and should enable the children to think about the different things that we all need and how money helps us to achieve this.

For more general resources and information about personal finance education in primary schools, including ideas for engaging parents, My Money has created two other free teaching resources available to order or download from [www.mymoneyonline.org](http://www.mymoneyonline.org):

**My Money Primary Toolkit** – Ideas for delivering financial capability in Key Stages 1 and 2

**My Money Week Primary Toolkit** – Ideas and activities for involving and inspiring your school with My Money Week

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**Also**
Once you have used the poster with the children, you could display the poster in your classroom or school entrance hall so that parents can also share the information.
My Money Guide to the Child Trust Fund
PSHE lesson: Child Trust Fund – Saving and growing

Objectives
• To introduce the children to the Child Trust Fund.
• To think about the things a baby and a child need and want to grow up healthy and happy.
• To understand that some things cost money.
• To become aware that we can save up for our future.

Learning Outcomes
All children will know that the Child Trust Fund is a way to save money throughout childhood for when they are grown up.

Most children will know what children need to be healthy and happy.

Some children will know that there are different wants and needs and which of these cost money.

Whole-Class Activities
Begin by asking if any of the children have a new brother or sister in the family. Can they remember any celebrations when they were born? Did people come and visit the new baby? Have any of the children still got any of the ‘new baby’ cards which were sent when they were born?

Remind the children of the opening of the fairy tale – ‘The Sleeping Beauty’. You may want to read the opening paragraphs and then pause when the ‘good fairies’ start to make their wishes for the new baby. What kind of things do the children think will be good things to wish for a new member of the family? Ask the children to talk to a partner and to think of a couple of wishes and then share them with the rest of the class. Traditionally, the wishes are described as ‘beauty, happiness, goodness, grace and wealth’. Have the children wished for any of these things too?

Now look at the first picture on the poster and ask for a volunteer to read the text and talk about what is happening in the picture. Have the children spotted the tiny ‘£’ sign? Can they see that the sum of £250 is going into a savings scheme?

Explain the key fact that when a baby is born, they get £250 from the Government to put into a savings account to help them when they are older.

Mention that there are three different types of savings account to choose from. One account grows gradually, little by little. The other two may grow faster, but they may also fall in value, so they are more risky.

Find out if any of the children are saving money. Do they have something specific that they are saving for, or are they more generally ‘saving up for their future’?

Look at and talk about the next picture on the poster and introduce the fact that they will all receive another £250 from the Government when they are seven years old. Explain that family and friends can keep on adding to the savings too.

Look at the final two pictures. Can they see that the ‘£’ sign is growing every time? Why do they think this is? Explain that over the years their savings will have grown bigger and stress that their Child Trust Fund savings are theirs and theirs alone. They can decide what to do with the money when they are 18 years old.

All children born on, or after, 1st September 2002 receive a £250 voucher from the Government to start a Child Trust Fund account.
Individual and Group Activities

Role-play
 Invite the children to work in small groups and to make up a short play in which a new parent asks for advice about how to ‘look after baby’. Not only do they need practical advice about how to feed it, change nappies and soothe it to sleep, they also want to know how they can help to put money aside for the future of their son or daughter. The actors can include information about the Child Trust Fund.

Invite the children to design a poster for their friends which explains to them why saving for the future is a good idea. They could include information about the Child Trust Fund and some children might like to show that we can save up for things in both the medium and long term.

Activity Sheet 1: Looking after baby asks the children to list all the things that a baby needs and to decide which of these cost money. They go on to write three wishes for a new baby and to say how these wishes would benefit someone as they grow up.

Activity Sheet 2: Happy birthday to you enables the children to think about the difference between their ‘wants’ and ‘needs’.

Ideas for Further Activities
 Extend the ‘wants’ and ‘needs’ activity by asking the children to identify one thing on their ‘wants’ list and to find out how much it costs. Is this something they think they would like to save up for? Can we always have the things that we want? What happens if we don’t get the things which we ‘need’?

Ask the children what life was like for their parents and carers when they were growing up? What kind of decisions did they make as children and young adults? Talk about the kind of questions the children could ask and invite them to choose one or two to start a discussion off with their parents at home.

For some great ideas and activities to help engage parents visit www.mymoneyonline.org and go to the Parents’ page.

Plenary
 Ask the children to tell you a few important things that babies and children need. Can they say why it’s a good idea to start saving even when a baby has just been born?

Try the simple true/false quiz in the panel on the right to help the children remember a few key facts about the Child Trust Fund.

Quiz

- Children born on, or after, 1 September 2002 receive a £250 voucher from the Government to start their Child Trust Fund account. **TRUE**
- There is a choice of three sorts of accounts to save or invest your money. **TRUE**
- Children will receive another £250 voucher when they are ten years old. **FALSE** - they receive the next voucher when they are seven.
- No-one else can add to the Child Trust Fund account. **FALSE** – parents, family and friends can add up to £1,200 in total each year.
- When you are 18 years old, it’s up to you to decide what to do with the money that you’ve saved. **TRUE**
Learning Outcomes
All children will understand what the Child Trust Fund is.
Most children will be able to explain why it’s a good idea to save and will know that savings grow over time.
Some children will understand that young adults can make decisions about what they want in life and that these choices often cost money, and will be able to calculate how their CTF savings will have grown over the years.

Whole-Class Activities
Share the What will yours grow into? poster with the children again, asking them what they remember about the Child Trust Fund. Draw their attention to the savings tree that gets bigger as their money grows from birth to 18. Can the children answer these questions:

• How much does the Government give children when they are born?
• How much do they get when they are seven years old?
• How much is this altogether?
• How old do they have to be before they can decide how to spend the money?

What is a savings account?
(Some children may remember that there is a difference between the three CTF savings accounts. For more information please refer to the Key Facts on the inside front cover of this booklet.)

• Can the children say, write or draw two things they save up for now, such as birthday presents or a new computer game?
• What sorts of choices do the children make in their daily lives now, such as who to be friends with, what to eat and drink and which book to read? Which of these choices cost money?
• Working with a talk partner, ask the children to tell each other two choices they think they will make when they are teenagers e.g. to join a club or get a Saturday job.
• Ask each pair to tell the rest of the class what choices their talk partner described. Note them down on the board. How many of the class have made the same kind of choices?
• Go through the list and ask for volunteers to write a pound sign next to the choices they think will cost money. Add an extra pound sign to the choices the children think will cost most.
• Look again at the poster panels that show savings from the CTF getting bigger.
Individual and Group Activities
Challenge the children to write a definition of a savings account, and to say why they think it’s important to save.

As an extension for older and more able children you could also introduce them to the three different types of account: savings, accounts that invest in shares and stakeholder accounts. (See Key Facts about the CTF on the inside front cover for more information.)

Ask the children to make a personal list of the choices they think they will make when they reach the age of 18 e.g. to go to university, get a job or leave home. Can they write a paragraph saying how they think their CTF savings might help them as they begin their adult lives? Do they think that their CTF would help them buy all of the things they want, or would they have to save for some things?

Working with a partner, ask the children to read the couplets under each picture on the poster and to write some alternatives.

Activity Sheet 3: Double figures provides the children with some number problems based on the CTF. They might like to work with a partner to work out the answers. Differentiate this work further by photocopying a sheet which is already partly completed for those groups who will need extra support. Answers to this activity sheet can be found on the back cover of this booklet.

Activity Sheet 4: Now you are grown up is a further opportunity to think about the sorts of choices they might make at 18 when their CTF account matures.

Plenary
• Can the children describe one choice they may make when they are 18 that will cost money?
• What sorts of things do the children think it is worth saving for?
• Ask for volunteers to tell you what they now know about the CTF.

Money saved in a Child Trust Fund can be accessed once the account holder is 18 years old, to help with making choices at the beginning of their adult lives.

More

Ideas for Further Activities
You could challenge the children with some Mathematics problems such as working out how much they would save in one/two/three months if they saved half their pocket money each week, or how long it would take to save for a new bike if they could put £5 a week into a savings account.

Older or more able children will also be able to set similar ‘savings challenges’ for other children in the class to solve.
For full details of the Child Trust fund log on to:
www.childtrustfund.gov.uk

Clear information about key points:
www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingMoney/SavingsAndInvestments

Useful facts sheets which clearly explain the differences between the three different options:
www.investmentuk.org/factsheets/ctf/default.asp

Personal Finance Education Group:
www.pfeg.org

Financial Services Authority:
www.fsa.gov.uk

For more information about personal finance education in primary schools, and to get access to other lesson plans and activities, My Money has also created other free teaching resources available to order or download from www.mymoneyonline.org:

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Glossary

Current account: an account held at a bank or building society which is generally used for managing money for everyday needs. Current accounts usually earn very little, if any, interest.

Income: money made from going out to work or selling goods or interest on savings or as profit from an investment.

Interest: payments made by the bank or other financial institution like a building society to the holder of the savings account. Interest rates vary depending on the savings account.

Investment: an amount of money which is placed in something like a company to make a profit.

Investment account: an account which buys shares in a range of companies. When a company does well the shares go up in value. If a company does not do well they can go down in value. The account usually invests in more than one company because not all companies are likely to do well (or badly) at the same time. If you put in £100 to such an account, it could be worth £120 by the end of one year if investment does well or £90 if it does badly.

Profit: a sum of money which is made from an investment.

Savings account: an account placed with a bank or building society which earns interest. For example, if you put £100 into a savings account at the beginning of the year, it could be worth £104 by the end of the year, when the interest is added. Then the next year your £104 could be worth £108.

Stakeholder account: a kind of ‘risk-controlled’ investment account which invests the money in the shares of a number of different companies to start with. However, as you get nearer to the age of 18, it reduces the risk that your CTF will go down in value just before you get access to the money. The account is made safer because the manager of your account switches some of the money from shares into other investments which pay interest too (bonds), or simply into cash savings. This helps reduce the risk of investing in shares. These types of investments are less likely to, or will not, go down in value. This process is called ‘lifestyling’.

Tax: an amount of money paid by people who work, which goes to the Government towards running the country.

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Answers to Activity Sheet 3:

Double figures

**Question 1:**

<table>
<thead>
<tr>
<th>Rory</th>
<th>Camilla</th>
<th>Sunil</th>
</tr>
</thead>
<tbody>
<tr>
<td>£1,500+</td>
<td>£500+</td>
<td>£2,250+</td>
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<tr>
<td>250</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>1750</td>
<td>750</td>
<td>2500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hassan</th>
<th>Jenny</th>
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</thead>
<tbody>
<tr>
<td>£750+</td>
<td>£6,800+</td>
</tr>
<tr>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>1000</td>
<td>7050</td>
</tr>
</tbody>
</table>

**Question 2:**

- 3 months: £30
- 6 months: £60
- 12 months: £120

**Question 3:**

- 3 months: £15
- 6 months: £30
- 12 months: £60

**Question 4:** £7,070

**Question 5:** £2,625

**Question 6:** £700
New baby

1) What does a new baby need?
Add your ideas to the empty boxes.

- [ ] love
- [ ] milk
- [ ]

Look at your list again. Put a tick next to the things which cost money.

2) Write three wishes for a new baby and say why they would be a good thing as they grow up.

1st wish
- My first wish is
- because

2nd wish
- My second wish is
- because

3rd wish
- My third wish is
- because
Needs and wants

1) What are your needs and wants?

Draw yourself as you are today and make a list of your needs and wants.

<table>
<thead>
<tr>
<th>Needs</th>
<th>Wants</th>
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<tbody>
<tr>
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<td></td>
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2) What’s the difference between a need and a want?

Me aged....
Saving up

Happy Birthday!

1) All these children are seven and the Government is adding another £250 to their accounts. How much have they each saved so far?

<table>
<thead>
<tr>
<th></th>
<th>Rory</th>
<th>Camilla</th>
<th>Sunil</th>
<th>Hassan</th>
<th>Jenny</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>£1,500</td>
<td>£500+</td>
<td>£2,250 +</td>
<td>£750 +</td>
<td>£6,800 +</td>
</tr>
<tr>
<td>£250</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td></td>
</tr>
</tbody>
</table>

2) Rory’s Mum is going to add £10 each month to his CTF account. How much will she have put into the account in:

- 3 months? £
- 6 months? £
- 12 months? £

3) Camilla’s Gran puts £5 a month into her CTF account. How much will she have put into the account in:

- 3 months? £
- 6 months? £
- 12 months? £

4) Jenny’s Dad is going to put £20 in her CTF account. How much will she have now? £

5) Sunil has earned £125 in interest. How much has he got now? £

6) Hassan’s grandparents always put £100 in his CTF account on his birthday. How much have they put in there so far? £

7) Use the information about the children’s savings accounts to make up a question for your friend to answer and write it down.
What to do with your savings

1) Can you spend wisely?

Tom and Tanya will choose two different things to do with their savings.

Draw yourself at 18 and think about what you would like to do. Put a tick next to the things that you would use your savings for. Then draw and label the other things you would like to save up for in the Choices boxes:

- Living in a flat
- Learning to drive
- Going to uni
- Travelling the world

**Choices**

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**Me aged 18...**

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**Choices**
For more information contact:

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pfeg is a registered charity
Registered number 1081639

pfeg is a company limited by guarantee
Registered number 3943766

My Money is a financial education initiative funded by the Department for Children, Schools and Families led by pfeg and its partners, Edcoms, the PSHE Association and NCB