



The  
Children's  
Mutual™

Home of the Child Trust Fund

**Savings and  
investment plans  
for all the family**



## What could long-term savings and investment mean for my child's future?

We all often have a wish list for our family's future. Maybe you want to be able to help contribute towards the costs of their first home, car or university education? Release funds to coincide with certain events or to help give them a head start in life? And maybe you also want to shelter money from Inheritance Tax?

Whatever their dream, there's one thing you can be sure of – it's going to cost!

Paying into a savings or investment plan starting now would mean that your child could receive a lump sum when they need it most. It could mean the difference between them chasing their ambitions or being forced to play it safe.

Let's take three years at university for example. At the moment this would set you or your child back £41,908<sup>1</sup>. Fast forward to the future and in 18 years time this could cost £65,300<sup>2</sup>. If university is on your child's wish list, that alone may swallow up everything their Child Trust Fund has to offer, and more, so an additional savings plan could help cushion the financial blow at a later date.

1. Based on the National Union of Students estimate of the average expenditure for the academic year 2008/2009 of £13,626 including tuition fees of £3,145, adjusted for inflation at an assumed rate of 2.5% a year for each of the second and third years of the course. This amount applies to students resident in England and Wales who are studying outside London. Welsh students may be eligible for a grant (October 2008).
2. Based on the above source figure, adjusted for inflation at an assumed rate of 2.5% a year for 18 years, but not allowing for any possible increase in tuition fees prior to the course starting.

# What savings and investment plans are available from The Children's Mutual?

The Children's Mutual offers a range of savings and investment plans for families:

## Friendly society tax-exempt plans

These plans are with-profit plans and are long-term plans that run for a fixed number of years (minimum 10 years) and can be used to build up a lump sum for you or your child. You invest a fixed amount each month or each year over your chosen number of years.

Advantages include a guaranteed minimum return at the end of the plan, to which we aim to add both yearly bonuses and a final bonus (although these bonuses are not guaranteed). It aims to provide steady investment growth through investing in a mix of stocks and shares, bonds, other securities and cash. The mixture of assets should offer a less bumpy ride than you'd get from investing only in shares, or in a fund linked solely to stock market performance. The first £25 a month or £270 a year (if you pay yearly) enjoys investment growth free from income tax and capital gains tax.

All of our friendly society tax-exempt plans include life cover on the life of the plan holder. These are long-term plans; if a plan is cashed-in before it runs the full number of years chosen, a surrender charge will apply and, especially in the early years, you may get back less than you have paid in.

We offer a range of friendly society tax-exempt plans for all the family including:

- **Youngster Bond Extra** – for the younger members in your family, open to children aged from 1 to 18 years at outset. Minimum payment is £25 a month or £270 a year.
- **Friendly Bond** – for the young at heart in your family! Open to anyone aged 17 to 55 at outset, this is our adult plan. Minimum payment is £25 a month or £270 a year.
- **University Bond** – Open to those aged up to 55 at outset, both child and adult plans are available. This plan works slightly differently in that it sets up a series of individual plans, designed to mature in consecutive years to assist with university funding. Minimum payment is £50 a month or £500 a year.

## Growing Up Bond

If it's flexibility that you're after, look no further than our Growing Up Bond. Simple and straightforward, it's a shares-based plan that offers access to a range of ten collective investment funds from four top fund managers, into which you can choose to pay regular amounts, lump sums or both. The Growing Up Bond also allows you to identify your goal and future target date right from the start. It also features annual progress reports to tell you whether your investment is on track to reach your chosen target sum.

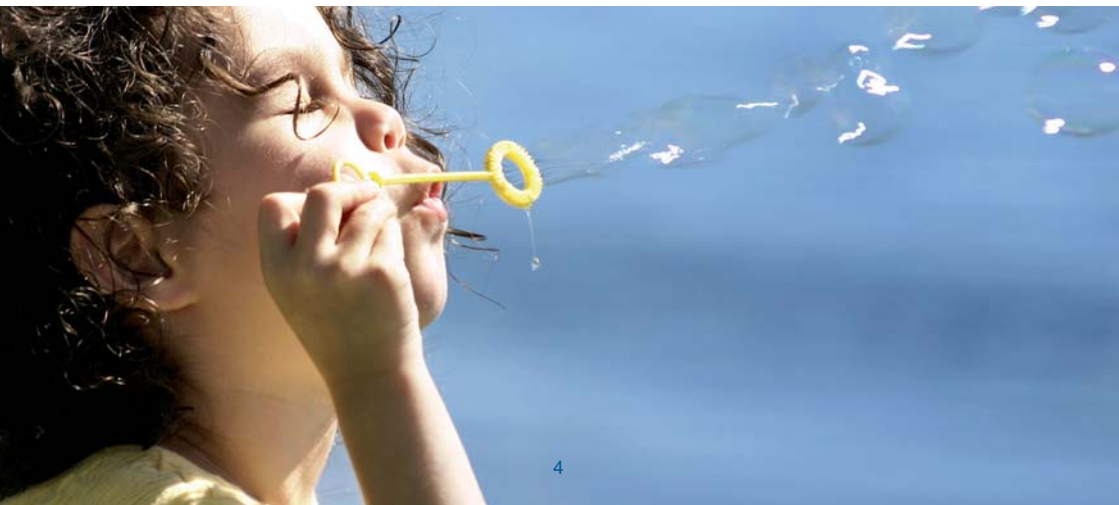
For more flexibility, the plan is open ended (so you can change your target date whenever you want\* provided it's not less than five years away); you can make withdrawals at any time\*; choose to release the money in stages and you can switch investments between funds. Minimum payment is £50 a month or £250 a year.

Growing Up Bond does not offer a guaranteed rate of growth or return. As your money is invested in shares-based funds, growth depends on the performance of the underlying investments, and the value of the plan will rise or fall in line with market performance. There is, however, a lifestyling option available which, if selected, means that starting 5 years before your selected target date we will gradually move your money from shares-based funds to less risky investment options such as bonds and cash.

\* May not be possible if the plan is designated or placed in trust.

## Child Trust Fund (CTF) accounts

The CTF is the Government initiative that started in April 2005, and provides an account for all children born on and after 1 September 2002. Each eligible child receives a £250 voucher which must be used to invest in a CTF account. The idea is the account grows into a lump sum for the child to use when they are 18. Anyone – parents, grandparents, other family and friends – can all pay into a CTF account, up to a yearly total of £1,200.





**Baby Bond®** – this is our Stakeholder CTF account. It invests in a fund that aims to match the performance of the widest range of UK company shares (rather than just a few). It also offers lifestyling which means the money in the account is gradually switched to lower-risk investments starting when the child reaches 13. The aim is to help limit the effects of any stockmarket downturn on the account's value as the child approaches age 18. The minimum payment is £10 as a one-off or monthly payment.

**Baby Bond® Choice** – this is our Non-Stakeholder CTF account. This differs from the Baby Bond account in that you can choose from a range of mainly shares-based funds with different investment objectives from four leading fund managers. You can switch between the different funds during the term of the CTF to take advantage of changing market conditions. This account also offers lifestyling. Minimum payment is £50 a month or £250 for one-off payments.

Neither Baby Bond nor Baby Bond Choice offer a guaranteed rate of growth or return as the value of shares-based investments go up and down over time in line with market performance. The child may not, therefore, get back as much as you paid in.

## The Children's Portfolio

And if you can't decide, we offer a service that can cover all! The Children's Portfolio allows you to select a number of plans – including those owned by other family members – and keep them together, all working towards a specific goal for your child or grandchild. If you set a target date and amount at the start, you'll receive a regular progress report every year showing how well the plans in the Portfolio are performing towards your target.

Please note that lifestyling under our Growing Up Bond (OEIC) and our Child Trust Fund accounts cannot provide complete protection from the effects of falling stockmarket values.

# What plans do you have for older children?

Since the arrival of the Child Trust Fund (CTF), the spotlight has been on building up funds for children's futures. Great news for families – but for many parents and grandparents, when it comes to putting money aside for a child, the CTF alone may not have all the answers, or the child may be too old to qualify for a CTF account.

The good news is, there are other ways you could build up a lump sum for your child to use when they're older – some with their own tax advantages.

The Growing Up Bond has been built with this in mind. Specifically designed to help parents and grandparents keep things fair and square for all their children or grandchildren, Growing Up Bond offers some of the benefits of a CTF, such as lifestyling and regular statements, but with greater flexibility.

So now there's even less reason why an older child should miss out on the chance of a brighter future!

# What are the advantages of saving with a traditional friendly society?

Under current tax rules, each person (including children) can invest £25 a month or £270 a year into a tax-exempt fund with a traditional friendly society. This means that the fund grows free from income and capital gains tax, which should mean better returns than from a taxable fund.

Also, being a mutual organisation means we have no shareholders, so all our profits are available for us to distribute to the plan holders once all the expenses and regulators' requirements have been deducted.

# How do I find out which plan could meet my needs?

How much do you want to pay in? Can you commit to regular payments? For how many years? Who do you want to be able to access the money when the time comes?

These are just some of the questions that you need to consider to make sure that the plan you choose works with and for your family's requirements.

We don't give advice – so we always recommend that independent professional advice is sought before choosing a product. There are thousands of financial advisers throughout



the UK, who will be able to assess your needs and assist you in choosing a product to suit you. If you do not have an adviser, visit [www.unbiased.co.uk](http://www.unbiased.co.uk) to find one in your area. You may be charged for any advice given.

Alternatively, for more information on the products available from The Children's Mutual, you can call us on **0845 077 1899** or visit our website at [thechildrensmutual.co.uk](http://thechildrensmutual.co.uk).

## Do you offer anything aside from saving and investment plans?

We do. At The Children's Mutual we are dedicated to helping you secure your children's future. And in some cases, that involves encouraging you to think about how you would ensure your wishes were protected if certain difficult circumstances were to arise. We've teamed up with Flint Bishop Solicitors to bring you a quick, easy and inexpensive Will writing service that allows you to make decisions now about what you would want to happen in the future, in the unfortunate circumstance that you were no longer around. In providing this service with Flint Bishop Solicitors, we hope to make the process of securing your children's future simpler, allowing you to make your Will from the comfort of your own home, whilst protecting your wishes legally.

You can get started straight away by visiting us at [thechildrensmutual.co.uk/wills](http://thechildrensmutual.co.uk/wills) or alternatively just call **0845 370 9810** to speak to one of Flint Bishop's experienced and qualified team.

# Why choose The Children's Mutual?

We believe The Children's Mutual is the right choice for families. Here's why:

- **We're experts:** The Children's Mutual is the only company in the UK specialising in savings and investments for children. We have been helping people to provide for their families for over 128 years, so choosing us would put your family's savings and investments in experienced hands.
- **We understand:** We talk regularly with families to understand their hopes, concerns and plans for the future so that our products and services can better reflect their needs and the needs of their children.
- **We're market leaders:** From September to December 2008, one in four parents actively opening their child's CTF did so with us. As at January 2009, we manage over 600,000 CTF accounts. We currently have more funds under management in Child Trust Funds than any other provider in the UK.
- **Our partners:** They include many well-known companies such as Boots, ASDA, Mothercare and Lloyds TSB. We're also proud to work with institutions dedicated to improving the lives of parents and children, such as the Royal College of Midwives.
- **We're award-winners:** We've been voted Moneyfacts Best Child Trust Fund provider in 2006, 2007 and 2008.

To find out more about our long-term savings and investment plans please contact your **financial adviser** or visit our website, [thechildrensmutual.co.uk](http://thechildrensmutual.co.uk) or call us on **0845 077 1899** for more information. Lines are open Monday to Friday from 8am to 8pm and Saturday from 8am to 1pm.

Please note that this leaflet contains only a brief summary of our products. Please read the individual Key Features for full details of each product before considering the plans on offer. Some of these are available on our website, or you can call the number above to request a full information pack for the product you are interested in.

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