

Saving and Investing for Children - UK - April 2016

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“For many parents, having other more pressing demands on their money – such as paying bills and repaying debt – will take priority over saving for their children. However, there will be some parents who could manage to save – even a very small amount each month – given a prompt or the right incentive.”

– Sarah Hitchcock, Senior Analyst – Financial Services

This report looks at the following areas:

- Capturing parents early is key to success
- Reach non-product holders and busy parents through 'save the change' initiatives
- More needs to be done to jolt parents out of their apathy towards saving and investment returns

The UK market for children's savings and investment products has undergone some important structural changes over the past decade, including the introduction and then subsequent cessation of the Child Trust Fund (CTF). The latter was replaced by the Junior ISA in 2011. Further changes to the ISA rules in 2015 have created additional opportunities, with transfers between CTFs and Junior ISAs now permitted.

Tracking the market during this period, Mintel's consumer research shows that these developments have encouraged more parents to put money away for their children's future. Today, around three in five parents in the UK are saving for their children, and a large proportion of these are doing so on a regular basis. In addition, more than a quarter of parents say that at least one other family member or friend is contributing to their children's savings. Most often, the benefactor is a grandparent.

However, now that the State no longer contributes to children's savings (CTF vouchers expired at the end of 2012), there is a question mark over whether the market can continue to attract the inflow of money that it has done over recent years. There is uncertainty too over whether the industry can sustain interest and commitment from parents, grandparents and others saving for children, particularly in a climate of low cash savings rates and increased stockmarket volatility.

Drawing on a range of industry data and independent consumer survey findings, Mintel's Report considers these issues. It reveals what products parents are currently using to save for their children and what sources of money they draw on to do so. It also assesses their tendency to switch accounts and providers, and identifies the most common factors influencing their choice of product.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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