

Saving and Investing for Children: Inc Impact of COVID-19 - UK - June 2020

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“While many parents are on a tight budget or struggling financially as a result of the COVID-19 lockdown, there are also those who have fewer draws on their disposable income, due to the curtailment of social and leisure pursuits.”

– **Sarah Hitchcock, Senior Finance Analyst, 28 May 2020**

This report looks at the following areas:

- The impact of COVID-19 on saving and investment behaviour among parents.
- What proportion of parents are saving for children, and what proportion are doing so regularly.
- Products used to save or invest for children.
- How parents help their children understand the value of money and money matters.
- What parents expect their children will do with their Child Trust Fund when it matures.

Overall retail savings deposits have been given a boost, as a result of changing consumer behaviour linked to the effects of COVID-19. This is despite dismally low saving rates and the fact that a large swathe of the population has seen their incomes and their personal wealth contract over the past few months. However, offsetting both these trends is the significant curtailment in people’s ability to spend. While many households with children have been hit financially and are struggling to make ends meet, parents who are saving for their children on a regular basis are generally keen to maintain this commitment. Mintel’s research – conducted in April 2020 – shows that three in five parents intend to increase the amount they are saving or investing for their children within the next 12 months. In addition, approximately one in eight parents have aspirations to start saving or investing for their offspring over the coming year.

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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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The facts

The implications

The Market – What You Need to Know

The market for children’s savings and investments is large...

...and has grown steadily over the past two decades

6 million parents are saving regularly for their offspring

There are around 1 million Junior ISAs compared to over 6 million CTFs

Junior ISA market has seen a sustained period of low interest rates

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Competitive Environment and Launch Activity

- A range of companies supply children's savings and investment products
- Junior ISA market attracts newcomers
- Nutmeg launches new Junior ISA
- Praemium adds Junior ISA Stocks and Shares option
- KidStart launches KidSave Junior ISA
- Wealthify extends into Junior ISAs
- Zurich launched 'cradle to grave' investment solution before sale to Embark
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- Almost half of parents are regularly saving for their children
- Parents favour cash over equity investment
- Most parents want a say in when their child gets access to their savings
- Two thirds are keeping their children's savings a secret
- 45% expect their children to use CTF money to fund education

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- Cash is preferred over equity investments
- 9% of parents say their child has an NS&I product...
- ...while 3% have pension savings

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