

Investing For Your Child's Future

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Providing for our children is the top of any parent's priority list. By giving your child a head start in life by investing regularly, even a small amount, you could be doing one of the most important things that you will ever do for your child, without raiding your own retirement fund. With the rising cost of living, house prices, university fees and even wedding celebrations, by putting a little away regularly, for your child as they grow, you could give them a better start to adulthood.

One important thing that a parent can do for their children is to help them get on the property ladder. However, with the average house price being £161,816 a 10% deposit of £16,181 is not a small amount for any parent to find (**source: Nationwide House Price Index September 2009**). With long term saving, this blow could be softened by putting a little away over the years.

In an effort to persuade parents to begin saving for their children, the government introduced the tax-free Child Trust Fund, in April 2005. Children born since 1 September 2002 are eligible to receive a £250 voucher, which can be redeemed with a savings or investment institution approved to sell Child Trust Funds. Once the birth of the child has been registered, you will receive the voucher. Some parents will receive an extra £250, depending on financial circumstances, and all parents will receive a further £250 when the child is 7 years old. You can also top this up yourself by £1,200 per year. Once the child reaches the age of 18, they have access to the money in the fund.

There are all sorts of investment vehicles that can be utilised to begin the savings journey for your child. These include savings & deposit accounts, National Savings accounts, Friendly Society accounts, pensions, shares, ISAs and investment plans. All of the aforementioned products each have their own benefits, and to decide which one is right for you can be a daunting task. You should seek advice from an Independent Financial Adviser to determine which is the most suitable vehicle for you, and for your child.

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