

**News Release:**

**12 July 2010**

**SCRAPPING OF CHILD TRUST FUND SCHEME CREATES NEW OPPORTUNITIES FOR  
SAVERS AND FRIENDLY SOCIETIES SAYS  
FORESTERS FRIENDLY SOCIETY**

**Southampton, 12 July 2010.** The coalition Government's decision to terminate the Child Trust Fund (CTF) scheme creates a unique opportunity for friendly societies in the UK, according to Foresters Friendly Society.

Speaking following the announcement (2 July 2010) by The Children's Mutual of its decision to temporarily suspend accepting new savings business, with the exception of its stakeholder CTF product, **Neil Armitage, Marketing Director, Foresters Friendly Society**, highlighted the alternative options which remain open for parents and grandparents still keen to save for their children's futures.

**Neil Armitage said:** "The Government's decision to scrap the CTF scheme hardly came as a surprise but spelled very bad news for some of the larger, more established providers who have modelled their commercial strategies around the existing CTF structure.

"At Foresters we will continue to welcome new CTF savers up until the end of July 2010.

We regard long term savings as an essential element of financial awareness and responsibility. The Government have taken the decision to stop the funding of a product which encourages and supports this viewpoint. We have enjoyed particularly good success with our ethical CTF as around 80% of our accounts enjoy additional parental contributions on top of the government voucher."

Foresters Friendly Society offers an Ethical Child Trust Fund (ECTF), invested in a with-profits fund which avoids investing in companies that are believed to be harmful to the environment, people, animals or wildlife. The Society's ECTF was named as a 'Best Buy' product in a survey of the ethical options for investing in children's futures undertaken by *Ethical Consumer* magazine in December 2009. Our CTF product will remain open to accept vouchers dated before August 1<sup>st</sup> 2010.

Neil Armitage points out that “Friendly societies are also the UK’s only financial product providers allowed by law to offer Child Tax Exempt Savings Plans (TESPs), Foresters Friendly Society’s Child TESP pays a guaranteed lump sum upon maturity of at least the cash paid in and it’s free of Capital Gains Tax or Income Tax. Child TESPs are affordable and accessible savings vehicles where parents & grandparents can invest as little as £15 per month in an account for between 10 to 25 years. Our Child TESP can be opened for any child regardless of when they were born and mature after the child’s 16<sup>th</sup> birthday. The Foresters CTESP can be set to mature when the child reaches 21 or finishes university or any other important life event.

**He adds:** “Friendly societies such as ourselves can however use our unique status to savers’ advantage in this situation. No other institution is in a position to offer long-term tax free savings plans with a guaranteed return for children in addition to the existing CTF, something which we believe is key to rebuilding a culture of long-term saving among the British public.”

Foresters Friendly Society has also announced plans to launch a new, unique long-term savings product for children. The new product, which will combine the best features of the existing ethical CTF and the Society’s Child TESP offering, should be available to savers before the end of 2010.

**Neil Armitage concludes:** “Our smaller size and scale as a business naturally allows us to move quickly in response to changes in the marketplace. We knew that the abolition of the CTF scheme was a likely outcome of the General Election and have been developing our new offering for some months now.

“We see the winding up of the CTF programme as both a commercial opportunity and a chance to demonstrate to savers across the UK that friendly societies such as ourselves have a critical role to play in maintaining the vibrant nature of the children’s savings market.”

**-Ends-**

**Notes to Editors**

## **About Foresters Friendly Society**

Foresters Friendly Society was founded in 1834 and offers a range of financial saving, investment, insurance and protection products, as well as educational grants and healthcare support for its members. All financial products come with the accompanying benefits of membership of the Society at no additional cost. There is no obligation to purchase a financial product in order to become a member. The Society currently includes over 70,000 members across 250 UK branches.

Foresters Friendly Society is the trading name of The Ancient Order of Foresters Friendly Society Limited, Foresters House, 29/33 Shirley Road, Southampton, SO15 3EW. Authorised and regulated by the Financial Services Authority. Incorporated Friendly Society No. 511F. FSA Registration No. 110029. Membership benefits are not regulated by the FSA.

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