

Title:

Children's Bank Accounts - Planning Your Family's Future

Word Count:

421

Summary:

Everybody wants to give their children the best possible start in life, and make their future as secure as possible. Two ways of helping them, money-wise, are by encouraging them to save with their own bank account, and by making investments on their behalf.

Keywords:

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Article Body:

Everybody wants to give their children the best possible start in life, and make their future as secure as possible. Two ways of helping them, money-wise, are by encouraging them to save with their own bank account, and by making investments on their behalf.

Children's Accounts

Most high street banks offer children's accounts, usually a straightforward bank account with a moderate interest rate. These often come with incentives like free piggy banks that are intended to help children develop a sense of responsibility and prudence about money from an early age. You may like to give your child a financial education by opening them their 'own' account - though there's nothing to stop you using a normal adult account with better rates of interest.

National Savings

The Children's Bonus Bonds are a tax-free savings account specifically aimed at children. You can invest between £25 and £3000 a year for five years and get guaranteed interest, plus a bonus. Many people choose to give Premium Bonds as gifts for children's birthdays. If they win, it could give them the best present ever!

Child Trust Bonds

The government have introduced a special scheme to give children a savings

account from the very beginning. Any child born after 1st September 2002 is entitled to a voucher worth £250 to be invested in a savings account. Visit www.childtrustfund.gov.uk for details.

It's a good idea to invest for your children's' education as early as possible - whether that means private school fees or supporting them when they go into higher education. Long term investments, such as bonds with a ten year term, are a good choice for this purpose.

Children are taxed in the same way as adults, and have their own personal tax allowances. If you give money or assets to your own child and it produces an income of £100 or over, the income is counted as yours and taxed at your top rate. You can avoid this rule by choosing investments with tax free returns or capital gains, rather than income.

If people other than parents give gifts then the income counts as the child's own, and in this case it's a good idea to ask grandparents or relatives to send a letter or card with any money gifts. That way you have proof of whom the money came from in case the tax office demands it. For a detailed explanation of children's tax issues, look up the Inland Revenue's website at www.hmrc.gov.uk