

# Employers For Childcare

Last updated: April 2024

## Child Trust Funds and Junior ISAs

A Child Trust Fund (CTF) is a long-term tax-free savings account for children. You can't apply for a new Child Trust Fund because the scheme is now closed. You can apply for a [Junior ISA](#) instead.

If you already have a Child Trust Fund for your child you can continue to add money to it.

### Child Trust Funds

Child Trust Funds were introduced by the Government to promote saving for children. They are a long-term tax-free savings account for children. Only children born between 1 September 2002 and 2 January 2011 were eligible for a Child Trust Fund account.

### What has happened to existing accounts since 3 January 2011?

Accounts set up for eligible children will continue to benefit from tax-free investment growth. No withdrawals will be possible until the child reaches age 18. The child, friends and family will continue to be able to contribute up to the maximum annual threshold, and it will still be possible to change the type of account and/or move it to another provider. For 2024-25 the maximum amount that can be saved into the account is £9,000.

### Child Trust Fund facts

- A Child Trust Fund is a long-term savings and investment account where a child (and no-one else) can withdraw the money when they turn 18.
- No tax is payable on income and gains in the account until the child turns 18.
- There is a maximum amount you can contribute to a CTF each year. Up to £9,000 can be saved in 2024-25.
- Children aged 16 can start to make decisions about how the money is managed but cannot withdraw until they turn 18.
- There are various types of CTF accounts. You can choose and change the type of account, as well as move it to a different provider at any time.
- CTFs do not affect any benefits or Tax Credit entitlements.

## **I opened a CTF account for my child what should I do now?**

You don't have to add to the account, but even small amounts could grow into something worthwhile for your child when they reach 18. Let family and friends know you've opened the account as they may want to put money in as well. The total amount that can be put in in 2024-25 is £9,000.

As the registered contact, you must ensure that the details held by the account provider are kept up-to-date until your child is 16 and takes over the account. Ensure all the paperwork is kept in a safe place to allow for future changes as well as the transfer of the account to your child's name when they turn 16.

## **Where can I find out more?**

For more information on Child Trust Funds, visit [www.gov.uk/child-trust-funds](https://www.gov.uk/child-trust-funds).

## **Junior Individual Savings Accounts (ISAs)**

Junior Individual Savings Accounts (ISAs) are long-term, tax-free savings accounts for children. You can open a Junior ISA for a child who is under the age of 18 and is living in the UK (there are some exceptions to this, for example, if you are a Crown servant and posted overseas).

You cannot have a Junior ISA as well as a Child Trust Fund. If you want to open a Junior ISA and you already have a Child Trust Fund for your child you will need to ask the provider to transfer the trust fund into the Junior ISA.

## **Junior ISA facts**

- There are two types of Junior ISA:
  - Cash Junior ISA: you won't pay tax on interest on the cash you save.
  - Stocks and shares Junior ISA: your cash is invested and you won't pay tax on any capital growth or dividends you receive.
- A child can have one or both types of Junior ISA (one of each).
- Parents or guardians with parental responsibility open and manage a Junior ISA but the money belongs to the child.
- Children aged 16 can start to make decisions about how the money is managed but cannot withdraw until they turn 18.
- Children aged 16 and 17 can open their own Junior ISA as well as an adult cash ISA.

## Opening an account

Only parents or a guardian with parental responsibility can open a Junior ISA for under 16s. To open a Junior ISA you must choose the type of Junior ISA you want for your child, choose an account provider and get an application form from them. You can get a Junior ISA from a range of banks, building societies, credit unions, friendly societies and stock brokers. Contact any of these directly for more information about how you can open a Junior ISA with them.

## Adding money to an account

Anyone can pay money into a Junior ISA, but the total amount paid in can't go over £9,000 in the 2024 to 2025 tax year. This is the upper limit that applies whether your child has one or two Junior ISAs. You can transfer money between:

- your child's Junior ISAs
- a Child Trust Fund (CTF) account and a Junior ISA - contact the Junior ISA provider to arrange this.

You can't transfer money between a Junior ISA and an adult ISA. If your child moves abroad, you can still add cash to their Junior ISA.

## Managing an account

Your child's Junior ISA will be in their name, but the parent who opens it is responsible for managing the account and is known as the 'registered contact'. The registered contact is the only person who can:

- change the account, e.g. from a cash to a stocks and shares Junior ISA
- change the account provider
- report changes of circumstances, e.g. change of address.

Contact your account provider to do this.

## Where can I find out more?

For more information on Junior ISAs, visit [www.gov.uk/junior-individual-savings-accounts](https://www.gov.uk/junior-individual-savings-accounts).

**If you require any information on the range of financial support that might be available to you and your family, please contact our Family Benefits Advice Service for free, confidential and impartial advice on 028 9267 8200.**