

Frequently Asked Questions

Q. Will Child Trust Fund affect any benefits I'm receiving?

A. No. Child Trust Fund is in addition to any benefits you already receive, or may receive in the future.

Q. What if I already have a tax-free savings plan for my child?

A. Opening a Child Trust Fund account **won't affect any existing plan** and is an additional way for your child to benefit from a tax-free lump sum at 18.

Tax-free means free from income and capital gains tax for plans taken out under current legislation – this favourable tax treatment may not be available in the future. Where funds receive UK dividend income net of corporation tax, neither they nor individual taxpayers can reclaim this tax.

Q. Can my child's Child Trust Fund voucher be cashed in?

A. No, it must be used to set up a Child Trust Fund (Child Trust Fund) with an approved Child Trust Fund account manager.

Q. What happens if I don't use the Child Trust Fund voucher within 12 months?

A. After 12 months the Inland Revenue will automatically open a stakeholder account on behalf of your child with one of the approved organisations offering Child Trust Fund, and then tell you which one it is. However, by opening a Child Trust Fund account yourself, **you** make the decision as to the provider it will be invested with, and you don't lose out on potential investment growth in the first year.

Q. What if my child's Child Trust Fund voucher gets lost?

A. Simply contact the [Inland Revenue](#) and they will issue a replacement.

Q. What's a 'Registered Contact'?

A. Although Child Trust Fund vouchers will be sent to the person claiming Child Benefit, they don't have to manage the Child Trust Fund account.

Each account must be **managed by a Registered Contact**. This could be the person receiving Child Benefit or someone who is legally responsible for the child, such as a legal guardian or foster parent. From age 16, only the child can be the Registered Contact.

Q. Can anyone take the money out before my child is 18?

A. No, the money cannot be touched by anyone, including your child, **until they are 18**. However, special arrangements will apply for terminally ill children.

Q. Does Child Trust Fund extend to British children born overseas who are temporarily living abroad?

A. If you're eligible for Child Benefit, your child will automatically be eligible for Child Trust Fund. But it should be noted that no Government payments will be paid while the child is living abroad.

Crown servants living abroad are treated as though they live in the UK for tax purposes, so our understanding is, provided they meet other qualifying criteria, their children will be eligible for a Child Trust Fund account.

Q. Why is Child Trust Fund only available to children born from 1 September 2002, as this seems unfair?

A. That's the date the Government has set and it feels that wherever a line is drawn there will always be children on either side of it.