Saving Products for Children

Contributed by Mintel
Friday, 15 February 2008
Last Updated Monday, 14 July 2008

December 2007

Bah Humbug! Savings not stocking fillers for kids at Christmas
We have all been there. We spend lots of money on Christmas presents for the children, only to find that after a mere few weeks they have been relegated to the back of the cupboard with the rest of the junk. But it seems that British adults are ready to take a stand.

Latest research from MINTEL finds that the majority of adults (64%) believe that we should spend less on gifts for kids at Christmas and birthdays, and instead invest the money in savings accounts for their future. What is more, the exclusive consumer research also shows that more than eight in 10 adults (83%) feel that it is essential that children have savings for when they are older.

"Today, most adults are aware of the increasing financial burden young people now face because of the rising costs of Higher Education, the sharp increase in house prices and the need to contribute to a private pension. And they feel that there is a clear need for children to have at least some savings set aside early on," comments Todd Davis, senior finance analyst at MINTEL.

"So rather than throwing money away on indulgent gifts for the children, many clearly realise it would make better financial sense to put the money into savings, even though this may not be that popular with the kids!"

Child Trust Funds - today's shining star
MINTEL estimates that today around Â£11 billion is held in children's savings and investment accounts nationwide, with almost 13 million British adults (26%) holding at least one. Since 2003 this has increased by some 13%, but MINTEL believes that this figure will rise a further 41% over the next five years, with as many as 18 million adults expected to hold one of these accounts by 2011.

The Governmentâ€™s Child Trust Fund (CTF) has had a huge impact on this market. MINTELâ€™s research shows that althou
these CTF accounts have only been available since April 2005, they are already the most commonly held child's savings product. Indeed, today, an impressive 5.7 million adults (12%) claim to hold one. The next most popular products are other savings accounts designed for kids (4.9 million adults) and ordinary savings accounts held in their child's name (2.3 million adults).

"Child Trust Funds have undoubtedly rejuvenated interest in the market for children's savings and investment products. And most importantly they have significantly boosted the number of adults who are now actively saving for a child's future," explains Todd Davis.

Interestingly, almost seven in 10 adults (66%) believe that CTF accounts actually help the parents get into the habit of saving and six in 10 (62%) believe it helps the kids to do the same.

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