



# You can bank on it

On 7 October the Financial Services Authority (FSA) increased the compensation limit for bank deposits to £50,000. People with joint accounts are covered up to £100,000.

The Financial Services Compensation Scheme (FSCS) is the body that pays the compensation to investors who lose out if a financial institution, authorised by the FSA, defaults.

The £50,000 ceiling applies to the deposits you have with a financial institution, not each account. If, for example, you have two bank accounts with the same bank, with a combined balance of £60,000, FSCS will cover you, but only up to £50,000.

A different question arises where people have deposits with different banks that are owned by the same parent. If each bank

has its own authorisation from the FSA, the FSCS will pay up to £50,000 compensation for each bank. If each bank relies on its parent's authorisation, FSCS will only pay compensation up to £50,000.

For most depositors £50,000 gives more than enough protection. However, if you are someone who keeps large amounts of cash on deposit it is worth you reviewing where you hold your accounts. Speak to us now for more information.

# Investing for your children

It's a well-known fact that most parents spend a significant portion of their income on their children. And, the more income they have, the more they're likely to spend.

Increasing life expectancy means many children won't inherit any money from their parents until they're collecting their own old-age pension. So, if you want to give your child a good financial start in life, you need to think about saving for your child. Simply saving a regular amount each month for around 15 to 20 years will make a huge difference to their future.

Obviously the best time to start saving for your child's future is from the day they're born. However, no matter what age your child is, the right time to start saving is now.

The first savings step today is through the Child Trust Fund (CTF), a child savings and investment account set up by the Government to encourage children and their parents to save for their future. All newborn children receive a £250 voucher to start their account. You can add to this by paying up to £1,200 a year or £100 a month. Three-and-a-half million children under age 6 now have a child trust fund account.

A monthly contribution of £24 on top of the government contribution could produce around £9750 in eighteen years. What's more, if you can rally grandparents, uncles, aunts and godparents to contribute, a monthly contribution of £100 a month could produce around £37,100 in 18 years. (Source: Financial Adviser) This would be enough to make a huge difference to your child and would be a healthy sum towards university fees or that first mortgage.

Of course, the CTF isn't the only way you can save for your child's future. The traditional vehicle has always been a bank account, which is great for older children who will need the money within five years and for small sums to teach your child the value of money. But there are other avenues to saving. If you'd like to save in your child's name and make the most of their tax allowance, there are plenty of options. To find out all the options open to you and your child, us now.