

**FOR IMMEDIATE RELEASE**

**20 AUGUST 2002**

***“SAVING IS A VERY FINE THING. ESPECIALLY WHEN YOUR PARENTS HAVE  
DONE IT FOR YOU” (Winston Churchill)***

**- Free saving for children investment trust factsheet available on  
0800 085 8520**

With a new school and university term fast approaching, saving for children and university expenses is once again on parents' minds.

**The Association of Investment Trust Companies (AITC)** publishes a free factsheet on saving for children. Entitled 'its for children', the factsheet has been designed specifically for parents who wish to invest for their child's future.

The factsheet explains:

- Why investment trusts are a good way of investing for children
- How to invest for children
- Taxation in relation to saving for children
- Inheritance tax planning

**Annabel Brodie-Smith, Communications Director, AITC** said: "Investment trusts can be a good way to give any child a financial head start in life. On average, investment trusts enjoy low charges and good long-term returns. By investing in up to fifty or more companies on your behalf, they spread your investment risk so you are not putting all your eggs in one basket. They cover a variety of investment sectors, from UK Growth and Global Growth, through to the more spicy Far East sectors.

"Parents looking to limit the impact of volatile markets may like to consider regular saving, which smoothes out the highs and lows of the investment roller-coaster. This is because you buy fewer shares when prices are high and more when prices are low, so you do not have to worry as much about market timing. A £50 per month investment in the average investment trust over 18 years to 31 July 2002 has grown to £23,189 – a percentage increase of 115%<sup>1</sup>."

## **Saving for School Fees**

For parents considering private education for their children, it is important to start planning early. For the 2001/02 school year, day schools charged up to £6,066 per year and boarding schools charged up to £15,360 per year (Source: ISIS).

## **Saving for University Expenses**

The financial burden on students and their parents has increased dramatically since the introduction of university tuition fees. During the 2000/01 academic year, the average student living outside London spent £6,318 on tuition fees, books/equipment, rent, fuel, travel, leisure, clothing, food, laundry and insurance. For students living inside London this figure increased to £7,686 (Source: NUS).

To meet these expenses most students would have taken out hefty loans of up to £3,725 per year for students outside London and £4,590 per year inside London, leaving students with a substantial shortfall (Source: NUS).

## **Good long-term performance**

Whilst past performance is not necessarily a guide to future performance, over the long-term parents could potentially decrease this financial burden significantly through an investment in an investment trust.

<b>Average Investment trust</b>	<b>£50 per month over 18 years</b>	<b>Percentage increase</b>	<b>£1,000 lump sum over 18 years</b>	<b>Percentage increase</b>
Share price performance to 31 July 2002	£23,189	115%	£7,170	617%
<b>Average Global Growth investment trust<sup>1</sup></b>	<b>£50 per month over 18 years</b>	<b>Percentage increase</b>	<b>£1,000 lump sum over 18 years</b>	<b>Percentage increase</b>
Share price performance to 31 July 2002	£24,999	131%	£7,293	629%

**Annabel Brodie-Smith** continued: “Whether you are saving for your child’s first car, university education, or even a deposit on their first property, investment trusts can be a useful way to build up a nest egg. Parents looking to spread risk over a variety of sectors and countries might want to consider Global Growth investment trusts, which benefit from an international portfolio and have some of the lowest Total Expense Ratios.

“Charges can have a significant impact on performance. Lower charges are likely to help funds deliver superior performance over the long term. The Global Growth investment trust sector currently has an average Total Expense Ratio of just 0.81%.”

**For a free copy of the AITC's *its for children* factsheet,  
please telephone 0800 085 85 20.**

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**Notes to Editors:**

1. All figures to 31 July 2002, mid market share price, net income reinvested with a 3.5% deduction for charges, stamp duty and market spread. Source: Fundamental Data.
2. The Association of Investment Trust Companies was founded in 1932 to represent the interests of the investment trust industry – the oldest form of collective investment. Today, the AITC is the primary source for information on investment trusts. The AITC has 297 members and the industry has total assets of approximately £59.3 billion.