

# 2021 - 2022 HIGHLIGHTS



## Lifetime ISA: why the Government’s flagship saving scheme has a sting in its tail for London first-time buyers



Since the Government’s flagship **Lifetime Isa (LISA)** scheme was launched in 2017 to help millennials onto the property ladder its popularity has grown and grown.

The scheme allows first time buyers (plus older people saving for retirement) aged 18 to 40 to save up to £4,000 per year into a tax free account. The Government will then top up these savings with a 25 per cent bonus – a maximum pay-out of £1,000 per year. But this “free money” offer has a sting in its tail, and one which has caught out many of those hardest hit by the pandemic.

The catch is that the money can only be used to top up a pension or to buy a first home worth up to £450,000. If savers need to withdraw the money for any other reason, other than if they are diagnosed with a terminal illness, they are hit with a 25 per cent penalty charge.



**Has your child got forgotten savings? A whopping £400m sits in trust funds opened 18 years ago - and many don't realise it**

- 200,000 Child Trust Funds worth £2,000 on average still waiting to be claimed
- They were opened for children born between September 2002 and January 2011
- Since they began maturing tracking down rightful owners is proving a challenge
- Figures reveal that only 4 in 10 Child Trust Funds have been claimed so far

Martin Shaw, chief executive of the 43-strong Association of Financial Mutuals, whose members run CTFs, says: 'Awareness of funds is low and a young person receiving a letter from a financial provider they may not know will not be motivated to open it. Many young people have moved house and may be difficult to trace.'



## What is a financial mutual and should I consider one? Expert advice on businesses owned by customers

Martin Shaw, chief executive of the Association of Financial Mutuals, discusses the benefits of businesses that are owned by its customers

*Each week we ask a money expert questions focused on a particular theme. This week Martin Shaw, chief executive of the Association of Financial Mutuals, discusses the benefits of businesses that are owned by its customers.*

### What is a financial mutual?

A financial mutual provides financial services and products, such as insurance, savings, loans and **mortgages**. They include building societies, credit unions, friendly societies and mutual insurers.

Unlike more mainstream financial providers, a mutual organisation is one that is owned by its customers, who by joining the mutual become members. Most of us are a member of one or more mutual, as the sector includes big retailers like The Co-op, as well as The National Trust. NHS Trusts and housing associations are also usually mutuals. It is estimated that mutuals contribute £130bn a year to the UK economy, according to the All-Party Parliamentary Group for Mutuals.



## Boss of LV could rake in millions if he succeeds in selling business to US private equity firm Bain Capital for £530m

Martin Shaw, chief executive of the Association of Financial Mutuals, said: 'LV was established 180 years ago, and each generation of members has contributed to the surplus in the expectation that those funds will contribute to the future growth of the business and to the benefit of future generations. So a demutualisation contradicts what millions of past members were promised.'



**Future of LV= thrown into confusion after member vote for £530m takeover by Bain Capital falls short**

Martin Shaw, chief executive of the Association of Financial Mutuals, added: "The board of LV= has failed to make its case. Sufficient members have voted against the proposal to scupper the plans to sell the business to Bain Capital and, as a truly democratic business, the board must now take a different path.

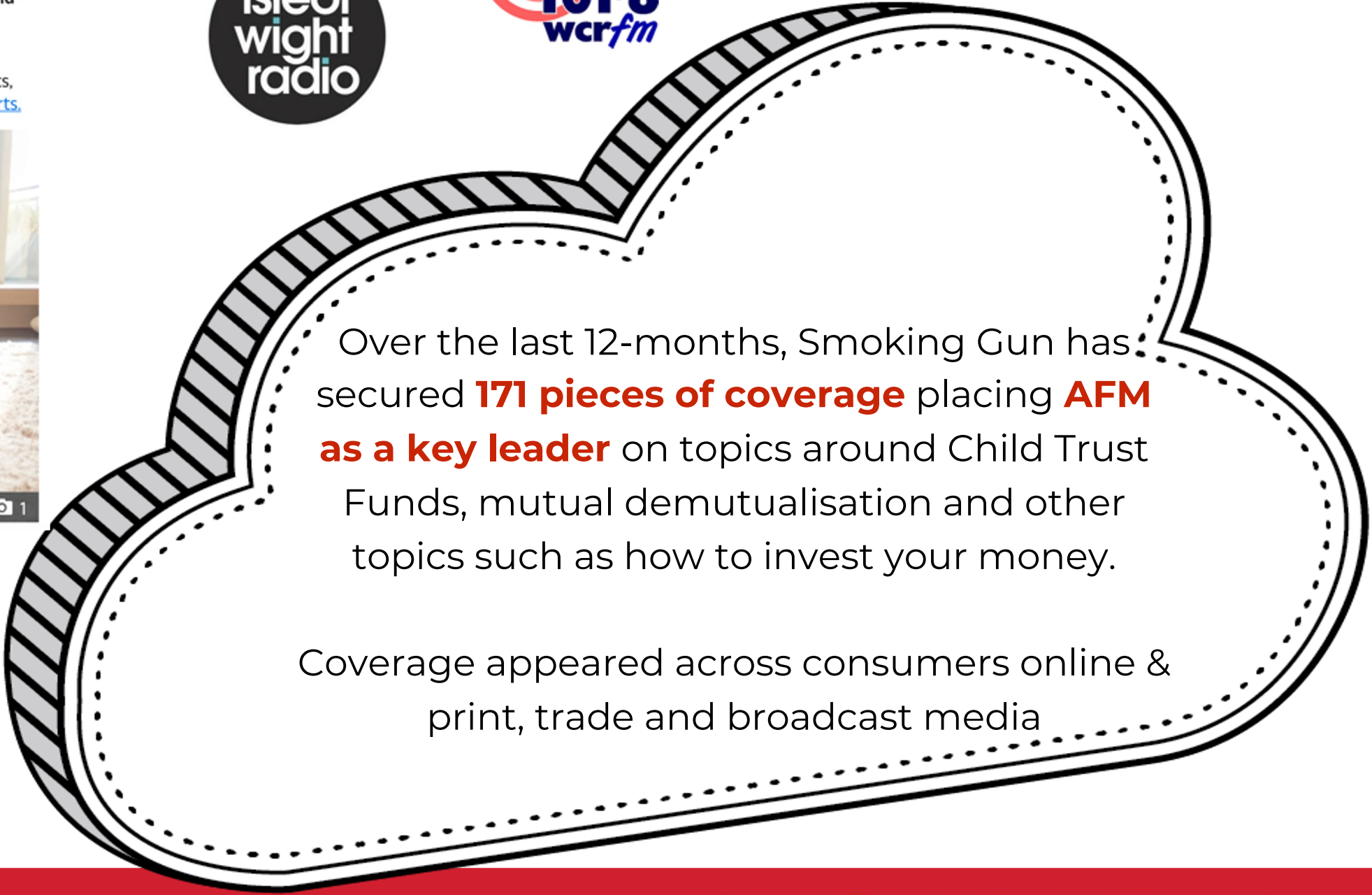


## HIDDEN WINDFALL Thousands of Child Trust Funds have gone unclaimed this year worth £1,500 per child on average

**Sara Benwell**  
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**HUNDREDS** of thousands of young adults have not touched their child-trust funds (CTFs) prompting concerns that accounts have been forgotten about or lost.

There is an estimated £554million being held in these savings accounts, which started to be accessible in September last year, [the Times reports](#).



Over the last 12-months, Smoking Gun has secured **171 pieces of coverage** placing **AFM as a key leader** on topics around Child Trust Funds, mutual demutualisation and other topics such as how to invest your money.

Coverage appeared across consumers online & print, trade and broadcast media

## Untouched: £500m in children’s savings

Half a billion pounds is sitting unclaimed in trust funds

more than half a billion pounds saved into child trust funds has been untouched since the account holders were able to get at their money.

There is about £554 million held in the savings accounts of 18-year-olds, suggesting that many may not even realise they have them.