

2015 No. 876

CHILD TRUST FUNDS

The Child Trust Funds (Amendment No. 2) Regulations 2015

Made - - - - *26th March 2015*

Laid before Parliament *27th March 2015*

Coming into force - - *6th April 2015*

The Treasury make these Regulations exercising the powers in sections 3(2), 3(5), 7, 7A(1), 15 and 28(1) to (3) of the Child Trust Funds Act 2004(a).

Citation and commencement

1. These Regulations may be cited as the Child Trust Funds (Amendment No. 2) Regulations 2015 and come into force on 6th April 2015.

Amendment of the Child Trust Funds Regulations 2004

2. The Child Trust Funds Regulations 2004(b) are amended as follows.

3. Omit regulation 2(1A)(b) and (c).

4. In regulation 8(2), after sub-paragraph (ha), insert—

“(hb) any transfer under regulation 20A shall be free of expense (except any incidental expenses);”.

5. In regulation 10(1)(b)—

(a) omit “to another account provider”;

(b) after “regulation” insert “20A or”.

6. After regulation 20, insert—

“Transfers to other accounts for children

20A.—(1) An account provider must at the request of the registered contact—

(a) transfer all the investments under the child trust fund, or an amount representing their value in cash, to a protected child account(c) that is provided by a person chosen by the registered contact, and

(b) when all the investments have been transferred, close the child trust fund.

(a) 2004 c. 6; section 7A was inserted by section 62 of the Deregulation Act 2015 (c. 20); section 15 was amended by S.I. 2009/3054.

(b) S.I. 2004/1450; relevant amending instruments are S.I. 2004/2676, S.I. 2011/992, S.I. 2013/1744.

(c) Section 7A(2) of the Child Trust Funds Act 2004 defines “protected child account”.

(2) An account is only a protected child account for the purposes of section 7A(2) of the Act if it satisfies the condition of being a junior ISA account within regulation 2B of the Individual Savings Account Regulations 1998(a).”.

7. In the heading to regulation 21, omit “to other account providers”.

8.—(1) In regulation 21(1), after sub-paragraph (b), omit “or” and insert—

“(ba) there is a transfer under regulation 20A to a protected child account, or”.

(2) In regulation 21(1)(c), omit “or in a group transfer of accounts”.

(3) In regulation 21(2), after the first use of “transfer”, insert “in paragraph (1)(a), (b) or (c)”.

(4) In regulation 21(3A), after “transferred”, insert “under regulation 20A or”.

(5) Omit regulation 21(3B) to (3F).

(6) In regulation 21(3G), omit everything from “whether or not” to “is made”.

(7) After regulation 21(4), insert—

“(4A) In relation to paragraph (1)(ba), the account provider shall on the date of the transfer give the person providing the protected child account a notice containing the information specified in paragraph (5)(a) and (b)(i), (ii) and (iv) and the declaration specified in paragraph (6) (with references to “transferor” changed to “account provider” and references to “transferee” changed to “person providing the protected child account”).”.

9.—(1) In regulation 31(2), after the third use of “regulation”, insert “20A or”.

(2) Omit regulation 31(3) and (4).

10. In regulation 32(2)—

(a) omit “to another account provider”;

(b) after “regulation”, insert “20A or”.

11. In paragraph 2(6) of the Schedule, in the meaning of “lifestyling”, for “13” substitute “15”.

David Evennett

Gavin Barwell

26th March 2015

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Child Trust Funds Regulations 2004 (S.I. 2004/1450).

These Regulations make provision for the transfer of a child trust fund to a junior Individual Savings Account with the same or another provider (see regulation 6) and a number of minor supporting amendments. They also simplify the process for bulk transfers of accounts.

Regulation 11 amends the age at which the “lifestyling” period for a stakeholder account must begin to the child’s 15th birthday (instead of the 13th birthday)(b).

A Tax Information and Impact Note covering this instrument was published on 31st October 2014 and is available at <https://www.gov.uk/government/publications/child-trust-funds-and-junior-individual-savings-account-transfers-management-of-accounts-and-lifestyling-of-stakeholder-ctfs>. It remains an accurate summary of the impacts that apply to this instrument.

(a) S.I. 1998/1870; relevant amending instrument is S.I. 2011/1780.

(b) The “lifestyling” process is an investment strategy that aims to minimise the variation in capital value of the account.

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