



CTF Bulletin 41

22 December 2009

This Bulletin tells you about:

- new Child Trust Fund (CTF) payments to disabled children
- information booklet and voucher to be sent together from April 2010

Enquiries about this bulletin should be addressed to
savings.audit@hmrc.gsi.gov.uk.

Please ensure the appropriate people in your organisation read this bulletin.

The HM Revenue & Customs (HMRC) website address is www.hmrc.gov.uk
and there are pages for [CTF providers](#).

New Child Trust Fund (CTF) payments to disabled children

At Budget 2009 the Chancellor announced that from April 2010 payments will start being made into the CTF accounts of children entitled to Disability Living Allowance (DLA).

Payments will be £100 for all children entitled to DLA but those eligible for the highest rate of the care component of DLA will receive £200. Payments will be made annually for each financial year from and including the current 2009-10 year. The process for payments due in respect of DLA entitlement in 2009-10 will start at the beginning of April 2010. In October 2010 we will begin the process for making payments in respect of DLA entitlement in 2010-11. From 2011-12 onwards we will make the payments in respect of any particular year shortly after the beginning of that financial year.

HMRC will receive details of all children entitled to DLA from the Department for Work and Pensions (DWP) who administer DLA. HMRC will then make payments to all CTF eligible children for whom a CTF account exists. Just as with the payments at age 7, no claim is required by parents or carers for the CTF DLA payments.

For children whose disability gets worse and whose entitlement to DLA moves up to include the highest rate of the care component a CTF top up payment of £100 will be paid in the year of change and the CTF DLA higher payment of £200 made annually thereafter.

As with other payments, providers will be notified on fortnightly schedules. We expect the first payments to be notified on schedules in response to fortnightly returns in the second half of April 2010. Providers will then claim the payments in the normal way on their subsequent return. CTF DLA payments can be identified from the payment codes on the schedule

- 0 = initial contribution
- 1 = additional contribution for children in low income families
- 2 = age 7 contribution
- 3 = special contribution for looked after children
- 4 = age 7 additional contribution for children in low income families
- 5 = age 7 special contribution for looked after children
- 6 = Disability Living Allowance contribution
- 7 = Disability Living Allowance higher rate contribution
- 8 = Disability Living Allowance top up

When a CTF DLA payment is made to the provider HMRC will send a letter to the person with parental responsibility for the child – in most cases, the person claiming Child Benefit for the child – advising them that a payment has been made. The text of those letters is shown at [Appendix 1](#).

When CTF DLA payments commence in April 2010 HMRC expects to issue instructions for around 100,000 payments relating to DLA entitlement in 2009-10.

A further bulletin will be issued as required with replies to responses.

Information booklet and voucher to be sent together from April 2010

When a parent or guardian claims Child Benefit they are automatically sent the CTF Information Booklet with the CTF voucher arriving within the following 14 days. We want to make opening a CTF account as straightforward as possible. Therefore, from April 2010, we will be sending out the information booklet and voucher together in one mailing. This will give the parent or guardian everything they need to open a CTF account for their child in a single package.

Appendix 1

Child Trust Fund - disability payment

The Child Trust Fund (CTF) is a long-term savings and investment account, created especially for children. Our records show that your child has a CTF account with (name of provider).

From April 2009, children that get Disability Living Allowance (DLA) qualify for a government contribution of £100 a year into their Child Trust Fund. Where the child gets the highest rate of the care component of DLA the payment is £200.

Your child qualifies for a payment because they were entitled to DLA during the tax year ending on 5 April xxxx. So the government has paid £xxx into their CTF account.

You do not need to do anything, as the money will be automatically paid into your child's CTF account. Look out for it on the next annual statement you receive.

Further government payments will be made into your CTF account for each tax year during which your child qualifies at any point for DLA.

The CTF is designed to help you save for your child so that they have some money behind them at the start of their adult life. You, your family, friends and your child can pay money into the account, up to £1,200 a year between you. Neither you nor your child will pay tax on any investment income or gains made.

For more information please refer to our [website](#).