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Press Release

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Education fears spur most London grandparents to save

** But 15% nationwide save regularly for their grandchildren **

A greater proportion of grandparents in London save or invest for their grandchildren than anywhere else in the country, according to a newly published survey. However, Southampton boasts the most generous Grandmas and Granddads, while for those with grandparents in Aberystwyth, the future may be less rosy.

The research, carried out online in October by market research specialists www.OnePoll.com on behalf of investment house F&C Investments, surveyed 3,000 grandparents from around the country. Nationwide it found just over a third (37%) of grandparents currently save on behalf of their grandchildren, with fewer than half (41%) of those who do save doing so regularly. (This equates to 15% of the total survey sample.)

Some 51% of grandparents whose nearest City is London currently save for their grandchildren, with Birmingham and Belfast the next most likely to save (41% each). Only 9% of grandparents in the Aberystwyth area are currently saving for their grandchildren, however, followed by 21% in Plymouth and 23% in Southampton.

But while those nearest Southampton are among the least likely to save, those grandparents who do are the most generous, with 16% putting away more than £100 a month, compared with 6% nationally.

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Funding for education is the biggest spur to saving nationwide, with 43% saying this is their primary motivation. This rose to 68% of those living nearest to London. Inheritance tax reduction is another popular reason (23% nationwide), although 30% of grandparents across the country simply want their grandchildren to have some money to spend on whatever they like.

Despite record low interest rates, the most popular savings products with grandparents are bank or building society deposits, chosen by 53% nationwide. Deposit accounts are the overwhelming favourites among older grandparents, with 75% of those over 71 choosing this route. Those in the 51-60 age bracket are more adventurous in their choices, with 36% using friendly society products and 29% choosing unit trust or investment trust savings schemes.

Geographically, Londoners are the most likely to save in unit trusts and investment trusts (43% versus a national average of 18%) while those nearest Edinburgh are most willing to invest directly in stocks and shares (24% compared with 11% nationally). Although Child Trust Funds accept contributions from grandparents as well as other family members and friends, they were not generally favoured by respondents to the survey, with only 8% nationally saying they save in a CTF. Age-wise, CTFs are most popular with the youngest grandparents, with 10% of the under-50s choosing this route.

Asked what attracted them to a savings product (this question allowed more than one response), the majority of grandparents chose a good rate of interest (66% nationally), with 33% favouring flexibility and 24% long-term growth potential. Only 7% are attracted by freebies such as vouchers or toys, though this rises to 10% of the under-50s.

Overall, just over a third of grandparents (35%) choose to discuss their investments with their intended recipients. Geographically grandparents nearest London are most likely to discuss investments with their grandchildren (60%), compared with none of the respondents nearest Aberystwyth or Wolverhampton. Grandparents aged 51-60 are most open, with 46% saying they discuss their investments with their grandchildren.

F&C has launched a guide to investing for children, specifically targeted at grandparents. The guide is written in straightforward language and explores how grandparents can help meet the rising cost of bringing up children, while potentially benefiting themselves (and their beneficiaries) in the form of reduced inheritance tax liabilities. Copies can be obtained from www.fandc.co.uk or by calling 0800 136 420.

Jason Hollands, director at F&C Investments, said: "The UK economy differs widely across the country so it is perhaps less surprising to see a greater proportion of grandparents based in and around the capital investing for their grandchildren. With London and Edinburgh the UK's biggest financial centres, it is also

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- F&C REIT Asset Management is the group's global property asset management business. It was formed in 2008 from the merger of F&C's property division and REIT Asset Management. F&C REIT operates from offices in London, Dublin, Munich, Mumbai and Stockholm.
- F&C manages assets principally from three investment centres: London, Amsterdam and Edinburgh. The group has a global office network spanning a dozen countries: China (Hong Kong), France (Paris), Germany (Frankfurt & Munich), India (Mumbai), Ireland (Dublin), The Netherlands (Amsterdam), Portugal (Lisbon), Sweden (Stockholm), Switzerland (Geneva), UK (London, Edinburgh, Dorking) and the United States (Boston).
- In March 2009 F&C signed a Memorandum of Agreement with Hua Xia Bank, one of China's twelve nationwide joint stock commercial banks, to establish a joint venture fund management company in China in which F&C will have a 19.5% interest.

* As at 30 September 2009.