



Lloyds TSB

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## Nest-egg or Egnog: Saving versus Spending at Christmas Time

*\*Parents could build up £13k in savings for their children by saving on must have toys\**

Parents looking to snap up the must have Christmas toys for 2011 for their children could save up to almost £13,000 over 16 years if they invested this money in savings instead, according to new research by Lloyds TSB.

### Must have toys vs. savings nest egg

Parents considering investing in this year's must have toys could end up shelling out over £600 to get their hands on the top twelve Christmas toys<sup>i</sup> for 2011 with the most expensive toy on the list coming in at £91.99 (see table 1). However, if this money were to be placed in the Lloyds TSB Young Saver account for each year over a 16 year period, parents could see this nest egg for their child grow to almost £13,000 (£12,555), having earned almost £3,000 (£2,893) in interest alone<sup>ii</sup>.

For families looking to put just a little aside at Christmas for their child's future savings pot, just saving a third of this outlay each year over 16 years would see a savings pot of nearly £4,000 (£3,766) build up, including interest of almost £900 (£868).

### Saving on the household Christmas budget also adds up

Although not all family spending over Christmas will be on the most desirable toys, households looking to save for their children rather than spend over Christmas could also see considerable returns.

Lloyds TSB estimates that the average household spend on Christmas is just over £500, (£523). Investing this money in the same Lloyds TSB savings account annually over 16 years would achieve a savings pot of almost £11,000 (£10,873), of which just over £2,500 (£2,505) would be interest earned.

Similarly, saving just a third of this total each year over 16 years adds up to over £3,000 (£3,256) and more than £700 (£744) in interest.

### Greg Coughlan, Head of Savings at Lloyds TSB, said:

'Whilst we appreciate that most parents would not choose to forgo all their children's Christmas presents, this research demonstrates how setting just some of the Christmas budget aside could add up over the long term.

"With household budgets stretched as we go into this festive period, it is more important than ever to ensure that any savings that can be made are put to the best use. Starting a nest egg for your child's future could be one Christmas present they are truly grateful for in the years to come."

Ends

**Table 1: Money saved from spending on top twelve 'dream' Christmas toys 2011**

Top twelve 'dream' Christmas toys 2011	Cost	Savings over 16 years	Interest earned
Ninjago Fire Temple	£91.99	£1,913	£441
LeapPad Explorer	£79.99	£1,663	£383
Lets Rock Elmo	£69.99	£1,455	£335
Milky the Bunny	£59.99	£1,247	£287
Fijit Friends	£54.99	£1,143	£263
Kidizoom Twist	£49.99	£1,039	£239
Nerf Vortex Nitron Blaster	£44.99	£935	£216
Monster High Lagoona's Hydration Station	£39.99	£831	£192
Star Wars Ultimate Force Tech Lightsaber Assortment	£39.99	£831	£192
Fireman Sam Pontypandy Rescue Set	£29.99	£624	£144
Doggie Doo	£22.99	£478	£110
Moshling Tree House, Vivid	£18.99	£395	£91
<b>Total</b>	<b>£603.88</b>	<b>£12,555</b>	<b>£2,893</b>

Sources: Lloyds TSB, Toy Retailers Association, Toyworld magazine

#### **EDITORS' NOTES:**

##### **Top twelve 'dream' Christmas toys 2011**

Money saved from spending on the top twelve 'dream' Christmas toys for 2011 has been calculated using data from the Toy Retailers Association and Toyworld magazine on the top twelve dream toys for 2011 and their recommended retail price. Interest earned is calculated using the Lloyds TSB Young Savers of 3.00% and assumes that the full, or 30% of the cost of a toy(s) is saved each year.

##### **Household expenditure on Christmas**

Calculated by using ONS data on the average household expenditure on goods that are typically bought for Christmas and uplifted using retail sales data to reflect the extra expenditure that takes place in December.

**All figures have been expressed in nominal terms.**

Lloyds TSB Young Savers account feature:

- Earn a variable rate of 3.00 % AER from £1, and 0.50% AER on any funds over £20,000.
- A gift of a Stanley money box on account opening (subject to availability).
- Parents maintain full control of the child's account until they turn 16. At 16 the parent receives a maturity letter and is given the option to continue to control the funds in another account or continue with automatic transfer to the child.
- Customers must have a Lloyds TSB current account in order to open a Young Saver.
- One Young Saver account per child.
- Register for Save the Change® and watch their savings grow even faster.
- Instant access through a Lloyds TSB branch.

<sup>i</sup> The top twelve Christmas toys for 2011 published by, Toy Retailers Association, Toyworld magazine

<sup>ii</sup> This figure is gross of tax and calculated at the Lloyds TSB young saver rate of 3.00 % AER from £1 to £19,999; this is a variable rate and could change in the future.

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