



## CASH RECOMMENDATIONS - February 2012

Remember that due to the latest changes regarding the Financial Services Compensation Scheme (FSCS), now if a provider fails the Government will pay out an increased amount of £85,000 per person, or £170,000 for a joint account. This is good news as it will mean that you will need to hold fewer accounts for the same protection.

In this report, we have set out a description of the various types of personal deposit accounts available and the most up to date rates offered by banks and building societies. These are the rates that we recommend but there may be better rates available with lesser known providers. BFP has not conducted an in-depth review of the financial stability of each of these institutions but can confirm that they are all covered by the FSCS, as above. Whilst there may be other financial institutions offering higher rates of interest, their exclusion from the UK Financial Services Compensation Scheme means we choose not to recommend them at this point in time.

The rates quoted were correct at the time of going to print but may be subject to change and should be checked with the relevant provider before applying for the account. In addition, many of the rates quoted include bonuses for fixed periods and so should be reviewed at regular intervals.

### Bonds or Term Savings Accounts

Bonds or term savings accounts normally offer above average interest rates – with the added benefit of rates being fixed for the duration of the account. In return, you are required to tie your money up for a specific period of time – often between 1 to 5 years. Usually, once you have opened the account you are not allowed to add to your deposit nor are you allowed to access it to make a withdrawal (if allowed, there may well be a penalty). Bonds or term savings accounts could suit you if you have some spare money that you do not mind tying up for a set period.

*Recommendations:-*

*Post Office 1 year bond*

*3.25% gross AER*

*Investec 1 year bond*

*3.55% gross AER*

*Halifax 2 year bond*

*3.75% gross AER*

### Notice Savings Accounts

The idea with notice savings accounts is that you get a good interest rate in return for giving the provider a pre-arranged period of notice – often 30 to 60 days’ notice – when you wish to make a withdrawal. Interest rates are normally higher with a notice savings account than with an easy access account (see below), although with increased competition in the marketplace you can now get some easy access accounts with similar rates to notice savings accounts. So, again – it’s about considering what suits you.

You may be able to gain instant access – at a cost. For example, you may find that you lose interest on the amount withdrawn depending on the amount of notice you were supposed to give – i.e. you lose 30 days interest on the amount withdrawn if you were supposed to give 30 days notice.

So if you wish to secure a competitive rate and don’t mind having to give notice for withdrawals – which has the added benefit of preventing you from making impulsive withdrawals – then a notice savings account could be the best savings account for you.

*Recommendation:-*

Nothing available at this time.

## Easy Access, Instant Access – no notice savings accounts

For many people, being able to instantly access their savings not only is the most convenient but is the most sensible option for them. And as said above, it's not necessarily the case any more that you will be penalised with a lower interest rate for the privilege of instant access. With easy or instant access accounts, you can tap into your funds without giving notice or paying a penalty.

These accounts are accessed by either telephone or via a branch as we know not everyone is happy with internet banking.

Recommendations:-

*Virgin Easy Access Saver*                      2.85% gross AER

## E-Accounts

For those clients that use the internet as their main source of banking then the following accounts may be of interest:-

Recommendations:-

*Santander e-saver Issue 4*                      3.10% gross AER

*Post Office online saver issue 4*              3.01% gross AER

*Virgin Easy Access Saver*                      2.85% gross AER

## Base Rate Tracker Accounts

Savers who are able to lock money away and know they are getting a fair rate, can open bonds that track the Bank of England base rate.

It is important to be aware that if base rate stays at 0.5% you could miss out on higher rates available now with a fixed savings account, but if rates rise, your interest rate will too.

Recommendation:- Santander 1 Year Tracker Bond at 2.70% above base rate, which is currently 3.20%.

## NEW

Junior ISAs are tax-free savings accounts that under 18s can save or invest up to £3,600 in per tax year. They then remain tax-free until their 18th birthday, and often beyond. All children under 18 who are UK residents and do not have a Child Trust Fund (CTF) will be eligible for a Junior ISA.

Nationwide Smart Junior ISA                      3.00% gross AER  
0.90% bonus until  
31/10/2013

## Tax Free Savings Accounts

You are now able to invest a maximum of £10,680 in an Individual Savings Account (ISA). Of this total, up to £5,340 can be invested in a Cash ISA and the remaining balance into a Stocks & Shares ISA. Alternatively, you could invest the full £10,680 into a Stocks & Shares ISA.

If you are not already using your entire annual subscription in an equity ISA, you might want to take advantage of the various Cash ISAs available.

Recommendations:-

*For New ISAs only:*

AA Internet Access ISA                      3.05% gross AER

ING Direct Cash ISA                      3.00% gross AER

*For New ISAs and Transfers:*

Virgin Money                      2.85% gross AER

Nationwide Online ISA Iss 2              3.10% gross AER



## What Next?

If you require any further information on any of the above please contact the appropriate bank or building society or alternatively call us for more assistance.

We hope that you will find this report useful but if you would prefer not to receive it in future then do let us know but remember that it is available on our website, [www.broadwayfp.co.uk](http://www.broadwayfp.co.uk), if required.

Sources: Moneyfacts, Moneysupermarket.com, Moneysavingexpert.com

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