

## BEST BUY TABLES & INFORMATION GUIDE

### Savings Accounts

Example based on initial deposit of £10,000 with option to make regular deposits. Notice period up to 1 year. Available only to adults. Taxable.

Provider	Product Name	Initial Rate	Rate Type	Until/for
Saga	Fiver Year Fixed Rate Internet Savings Bond	4.50%	Fixed	Term
Saga	Fiver Year Fixed Rate Internet Savings Bond	4.41%	Fixed	Term
Saga	3 Year Fixed Rate 4.00% Savings Account	4.00%	Fixed	Term
Saga	Internet 3 Year Fixed Rate Bond	4.00%	Fixed	Term
Saga	3 Year Fixed Rate 3.93%	3.93%	Fixed	Term
Saga	Internet 3 Year Fixed Rate 4.00% Savings Account	4.00%	Fixed	Term
Saga	3 Year Fixed Rate 3.93% Savings Account	3.93%	Fixed	Term
Saga	Internet 3 Year Fixed Rate 3.93% Savings Account	3.93%	Fixed	Term
Saga	2 Year Fixed Rate 3.60% Savings Account	3.60%	Fixed	Term
Saga	Internet 2 Year Fixed Rate 3.60%	3.60%	Fixed	Term
Aldermore	120 Day Notice Account	3.20%	Fixed	Term
Manchester Building Society	Premier Notice Issue 37	3.16%	Fixed	Term
Aldermore	120 Day Notice Account	3.20%	Variable	Ongoing
Manchester Building Society	Premier Notice Issue 37	3.16%	Variable	Term
Aldermore	120 Day Notice Account	3.15%	Variable	Ongoing
Julian Hodge Bank	Extra High Interest Deposit	3.05%	Variable	Ongoing
Julian Hodge Bank	Extra High Interest Deposit	3.01%	Variable	Ongoing
Post Office Ltd	Online Saver Issue 4	3.01%	Variable	Ongoing

## Endowments

Example based on 30 year old male, non-smoker making a £100 regular monthly payment.

Provider	Product Name	Illustrated Fund	Charges & Deductions	Charges in Early Years
Police Mutual	Regular Savings	With Profit	£1,467	£909
Teachers Assurance	Guaranteed Savings Plan	With Profit	£1,750	£1,060
Wesleyan	Fixed Term Saving Plan	Wesley Life With Profit Fund	£1,833	£282
Scottish Friendly Assurance	Prosperity Savings Plan	With Profits Fund	£2,120	£1,370
Sheffield Mutual Friendly Society	Regular Savings Plan	With Profits Fund	£2,222	£918
Red Rose Friendly Society	Savings Endowment	Traditional Endowment With Profits	£2,240	£1,090

## Unit Trust and OEIC ISAs

Example based on IMA (Investment Management Association) fund sector of All UK Companies. £3,600 invested as a single lump-sum payment for minimum 10 years.

Provider	Product Name	Illustrated Fund	Charges & Decutions	Charges in Early Years	Transfers in	Transfers out	Stakeholder
HSBC Trust Company (UK) Ltd	ISA £	FTSE 100 Index Fund – R	£188	£35	Standard charges	Free	No
HSBC Trust Company (UK) Ltd	ISA £	FTSE All Share 250 Index Fund - R	£188	£35	Standard charges	Free	No
HSBC Trust Company (UK) Ltd	ISA £	FTSE All Share Index Fund – R	£188	£35	Standard charges	Free	No
Fidelity International	ISA £	Moneybuilder UK Index Fund	£209	£39	Standard charges	Free	No
F&C	Investment Funds ISA £	FTSE All-Share Tracker	£296	£64	Standard charges	Free	No
Legal & General	ISA £	UK Index Trust – (R)	£345	£70	Standard charges	Free	No
M&G	ISA £	Index Tracker Fund A	£346	£66	Standard charges	Free	No
Liontrust	ISA £	Top 100 Fund	£347	£85	Standard charges	Charged	No

## Investment Bonds

Example based on £10,000 lump sum investment.

Provider	Product Name	Illustrated Fund	Charges & Deductions	Charges in Early Years	Min. Withdrawal	Min. Balance
<b>AEGON</b>	Investment Control	Mixed	£830	£147	£250	£250
<b>Zurich Assurance Ltd</b>	Investment Bond – Flexible	Sterling UK Fund	£917	£238	£1000	£50
<b>Zurich Assurance Ltd</b>	Investment Bond – High Allocation	Sterling UK Fund	£1,010	£252	£1000	£50
<b>Zurich Assurance Ltd</b>	Investment Bond – Standard	Sterling UK Fund	£1,050	£271	£1050	£50
<b>Prudential</b>	Prudential Investment Plan (Clean)	Prudential Managed Fund	£1,290	£265	£500	£50
<b>Zurich Assurance Ltd</b>	Investment Bond – no Exit Penalty	Sterling UK Fund	£1,290	£351	£1,000	£50
<b>Scottish Widows</b>	Investment Bond – Initial Allocation	Balanced Fund	£1,366	£381	£1,000	£20
<b>Scottish Widows</b>	Investment Bond – Matched Charge	Balanced Fund	£1,653	£352	£1,000	£20

## Fixed Rate Remortgages

Example based on estimated property Value £150,000, borrowing £75,000 over 25 Years on a repayment basis. No extended tie-in periods.

Provider	Rate Type	Initial Rate	Monthly Cost	Until/for	Tie-in-period	Standard Rate	Monthly Cost	25 Year APR
<b>The Mortgage Works</b>	Fixed	2.24%	£327	31/01/2014	31/01/2014	4.79%	£421	Pending
<b>Leeds Building Society</b>	Fixed	2.29%	£329	31/01/2014	31/01/2014	5.69%	£457	5.40%
<b>Hanley Economic Building Society</b>	Fixed	2.35%	£331	30/11/2013	30/11/2013	5.19%	£438	5.00%
<b>Santander UK Plc</b>	Fixed	2.35%	£331	02/02/2014	02/02/2014	4.24%	£400	4.10%
<b>NatWest</b>	Fixed	2.45%	£335	31/10/2014	0 months	4.00%	£391	3.90%
<b>Royal Bank of Scotland</b>	Fixed	2.45%	£335	31/03/2014	31/03/2014	4.00%	£391	3.90%
<b>Leeds Building Society</b>	Fixed	2.49%	£336	31/01/2014	31/01/2014	5.69%	£458	5.40%
<b>Skipton Building Society</b>	Fixed	2.58%	£339	31/01/2014	31/01/2014	4.95%	£428	3.90%
<b>ING Direct</b>	Fixed	2.49%	£336	30/11/2013	30/11/2013	3.50%	£372	3.50%
<b>NatWest</b>	Fixed	2.65%	£342	31/03/2014	30/03/2014	4.00%	£391	3.90%

## Variable Rate Remortgages

Example based on estimated property Value £150,000, borrowing £75,000 over 25 Years on a repayment basis. No extended tie-in-periods.

Provider	Rate Type	Initial Rate	Monthly Cost	Until/for	Tie-in-period	Standard Rate	Monthly Cost	25 Year APR
Holmesdale Building Society	Discounted Variable	1.99%	£318	24 months	24 months	4.89%	£425	4.60%
HSBC	Discounted Variable	1.99%	£318	31/01/2014	31/01/2014	3.94%	£387	3.70%
The Mortgage Works	Tracker (stepped)	1.99%	£318	31/01/2013	31/01/2014	4.79%	£422	Pending
Chelsea Building Society	Tracker (stepped)	2.09%	£321	31/12/2013	31/12/2016	5.79%	£452	4.90%
Santander UK plc	Tracker	2.09%	£321	24 months	02/01/2014	4.24%	£399	4.00%
Santander UK plc	Tracker	2.09%	£321	24 months	02/01/2014	4.24%	£399	4.00%
Chelsea Building Society	Tracker (stepped)	2.19%	£325	31/12/2013	31/12/2016	5.79%	£453	5.00%
Chelsea Building Society	Tracker	2.19%	£325	31/01/2014	31/01/2014	5.79%	£461	5.40%
NatWest	Tracker	2.19%	£325	31/03/2014	31/03/2014	4.00%	£390	4.00%
Royal Bank of Scotland	Tracker	2.19%	£325	31/03/2014	31/03/2014	4.00%	£390	4.00%
The Mortgage Works	Tracker	2.19%	£325	31/01/2014	31/01/2014	4.79%	£421	Pending
Chelsea Building Society	Tracker	2.29%	£329	31/01/2014	31/01/2014	5.79%	£461	Pending
Royal Bank of Scotland	Tracker	2.19%	£325	30/11/2013	30/11/2013	4.00%	£390	4.00%

## Life Insurance

Example based on Level Term Life Assurance of £100,000 over 20 years

Male, aged 35. Non smoker		Male, aged 35. Smoker		Female, aged 35. Non smoker		Female, aged 35. Smoker	
Company	Mth Premium	Company	Mth Premium	Company	Mth Premium	Company	Mth Premium
Legal & General Level Term Assurance (Electronic)	£7.50	PruProtect Essentials Accelerator	£11.82	Level & General Level Term Assurance (Electronic)	£6.14	PruProtect Essentials Accelerator	£9.46
Legal & General Level Term Assurance (Paper)	£7.50	LV=FPP Online Term	£13.41	Legal & General Level Term Assurance	£6.14	Aviva Term Assurance	£10.40
Legal & General Level Term Assurance (Electronic)	£7.50	Zurich Level Protection Plan – (Electronic)	£13.50	Legal & General Mortgage Term Assurance (Electronic)	£6.14	Aviva Term Assurance (Electronic)	£10.40
Legal & General Level Term Assurance (Paper)	£7.50	Zurich Level Protection Plan – (Paper)	£13.50	Legal & General Mortgage Term Assurance (Paper)	£6.14	LV=FPP Online Team	£10.49
Bright Grey Lifestyle Protection Plan	£7.65	Legal & General Level Term Assurance (Electronic)	£13.58	Bright Grey Lifestyle Protection plan	£6.27	Zurich Level Protection Plan – (Electronic)	£10.50
Aviva Term Assurance	£7.90	Legal & General Level Term Assurance (Paper)	£13.58	Aviva Term Assurance	£6.60	Zurich Level Protection Plan – (Paper)	£10.50
Aviva Term Assurance (Electronic)	£7.90	Legal & General Mortgage Term Assurance (Electronic)	£13.58	Aviva Term Assurance (Electronic)	£6.60	Legal & General Level Term Assurance (Electronic)	£10.55
LV= FPP Online Team	£7.94	Aviva Term Assurance	£13.60	Zurich Level Protection Plan - Electronic	£6.70	Legal & General Level Term Assurance (Paper)	£10.55
Aviva Simplified Life Level Term	£7.99	Aviva Term Assurance (Electronic)	£13.60	Zurich Level Protection Plan – Paper	£6.70	Legal & General Mortgage Term Assurance (Electronic)	£10.55
PruProtect Essentials Accelerator	£8.00	Aviva Simplified Level Term	£13.71	LV = FPP Online Team	£6.78	Legal & General Mortgage Term Assurance (Paper)	£10.55

## Critical Illness Insurance

Examples based on male / female aged 30 with £100,000 of critical illness cover over a term of 25 years.

Male, aged 30. Non smoker		Male, aged 30. Smoker		Female, aged 30. Non smoker		Female, aged 30. Smoker	
Company	Mth Premium	Company	Mth Premium	Company	Mth Premium	Company	Mth Premium
Synergy	£14.73	Synergy	£19.97	Synergy	£21.27	Synergy	£24.30
Zurich (P)	£21.90	Zurich (P)	£35.60	Zurich (P)	£23.00	Friends Provident	£31.14
Zurich (E)	£21.90	Zurich (E)	£35.60	Zurich (E)	£23.00	Zurich (E)	£31.40
Friends Provident	£21.91	Friends Provident	£36.42	LV	£23.66	Zurich (P)	£31.40
AEGON	£22.43	Legal & General (E)	£36.80	Bupa	£23.88	LV	£31.42
LV	£22.67	Legal & General (P)	£46.40	Scottish Provident	£24.03	Legal & General (E)	£32.30
Scottish Provident	£22.85	AEGON	£38.37	Legal & General (E)t	£24.50	Scottish Provident	£34.44
Legal & General (E)	£23.60	Scottish Provident	£38.37	Friends Provident	£26.02	Bupa	£34.99

## Home Insurance

Example based on 3 bedroom detached house. Rebuild cost £100,000 with £30,000 contents cover. Voluntary excess £100 buildings and contents

Provider	Annual Premium	Monthly Premium	
Quinn Direct	£202.56	£17.28 (10 months), deposit £43.27.	<b>Total £216.07</b>
Ehome	£207.29	£15.45 11 months), deposit £71.23.	<b>Total £241.18.</b>
Key Connect	£226.58	£22.75 (10months), deposit £20.60.	<b>Total £248.10.</b>
Key Connect	£237.18	£23.82 (10 month), deposit £21.56.	<b>Total £259.76.</b>
Elephant.co.uk	£242.12	£24.32 (10 months), deposit £22.01.	<b>Total £265.21.</b>
Pearl	£248.78	£24.32 (10 months), deposit £22.61	<b>Total £272.41.</b>
AA	£287.34	£28.73 (11 months), deposit £28.73.	<b>Total £332.54</b>
1 <sup>st</sup> Quote	£289.52	£27.30 (10 months), deposit £59.93.	<b>Total £332.93.</b>
PRESTIGE	£301.83	£28.39 (10 months), deposit £62.31.	<b>Total £346.12.</b>
Igo4value	£310.26	£27.63 (10 months), deposit £62.05.	<b>Total £338.35.</b>
CoverDirect	£313.83	£29.87 (10 months), deposit. £47.14.	<b>Total £345.84.</b>
Quotelinedirect	£320.28	£30.00 (12 months), no deposit.	<b>Total £360.00.</b>
BROKER KING	£325.64	£33.59 (12 months), no deposit	<b>Total £403.08.</b>

## Landlord Insurance

Example based on property valued at £200,000

Provider	Annual Premium	Total Excess	Buildings Cover	Public Liability Cover	Loss of Rent
Finsbury Insurance Group	£176.05	£250	£100,000	£2,000,000	20%
Brit Assurance	£187.58	£250	£100,000	£2,000,000	20%
Acumus	£195.59	£250	£100,000	£2,000,000	20%

## Key Person Insurance

Example based on male, aged 30 for £100,000 of cover over a period of 25 years.

Provider	Monthly Premium	Premium Type	Terminal Illness Benefit
Friends Provident Business Protection	£27.94	Guaranteed	Yes
Legal & General Business Protection	£26.90	Guaranteed	Yes
AEGON Scottish Equitable Protection	£27.94	Guaranteed	Yes
Bright Grey Protection	£28.08	Guaranteed	Yes

## Accident, sickness and unemployment cover

Example based on 30 year old UK resident in permanent employment working 37.5 hours per week. Accident, sickness and unemployment cover with £1,000 of monthly benefit to cover mortgage payment plus £500 extra cover for bills etc. Protection runs for 2 years.

Provider	Product name	Max no of payments A&S/U	Waiting period A&S	Waiting period U	Monthly cost	Cost over term
<b>lprotect</b>	Accident, Sickness & Unemployment (180 days)	6	211 days	121 days	£13.65	£327.60
<b>helpucover</b>	Accident, Sickness & Unemployment (180 days)	6	211 days	211 days	£14.25	£342.00
<b>Ant Insurance</b>	Accident, Sickness & Unemployment (180 days)	6	211 days	211 days	£14.55	£349.20
<b>Monster Insurance</b>	Accident, Sickness & Unemployment (90 days)	6	211 days	211 days	£15.00	£360.00
<b>lprotect</b>	Accident, Sickness & Unemployment (90 days)	6	121 days	211 days	£15.15	£363.60
<b>Monster Insurance</b>	Accident, Sickness & Unemployment (180 days)	12	211 days	211 days	£16.20	£388.80
<b>lprotect</b>	Accident, Sickness & Unemployment (180 days)	6	211 days	91 days	£16.35	£392.40
<b>Ant Insurance</b>	Accident, Sickness & Unemployment (90 days)	6	121 days	211 days	£16.50	£396.00
<b>lprotect</b>	Accident, Sickness & Unemployment (90 days)	6	121 days	121 days	£16.50	£396.00
<b>lprotect</b>	Accident, Sickness & Unemployment (60 days)	6	91 days	211 days	£16.80	£403.20
<b>Ant Insurance</b>	Accident, Sickness & Unemployment (180 days)	6	211 days	121 days	£17.10	£410.40
<b>Monster Insurance</b>	Accident, Sickness & Unemployment (90 days)	6	121 days	121 days	£17.10	£410.40

## Annuities

Example based on Male purchasing an annuity, aged 65. Smoker/all : All. Pension fund of £20,000. Joint life annuity, no guarantee. Age of spouse - 60. Level of income for spouse - 50%.

Provider	Smoker/All	Monthly Income		
		Level	Increasing by 3%	Increasing by RPI
Reliance Mutual	Smokers only	£101.00	£72.00	n/a
Just Retirement	Smokers only	£100.00	£72.00	£64.00
Partnership Assurance	Smokers only	£95.00	£66.00	£54.00
MGM Advantage	All	£94.00	£66.00	£58.00
Legal & General	All	£92.00	£62.00	£52.00

Male purchasing an annuity, aged 65. Smoker/all : All. Pension fund of £20,000. Joint life annuity, 5 year guarantee. Age of spouse - 60. Level of income for spouse - 50%.

Reliance Mutual	Smokers Only	£101.00	£72.00	n/a
Just Retirement	Smokers Only	£100.00	£72.00	£64.00
LV	Smokers only	£99.00	£70.00	£54.00
Partnership Assurance	Smokers only	£95.00	£66.00	£54.00
Saga	All	£91.00	£61.00	£53.00

**Male purchasing an annuity, aged 65. Smoker/all : All. Pension fund of £20,000. Joint life annuity, 10 year guarantee. Age of spouse - 60. Level of income for spouse - 50%.**

<b>Reliance Mutual</b>	Smokers only	£99.00	£71.00	n/a
<b>Just Retirement</b>	Smokers only	£98.00	£71.00	£63.00
<b>LV</b>	Smokers only	£98.00	£69.00	£54.00
<b>MGM Advantage</b>	Smokers only	£93.00	£65.00	£57.00
<b>Partnership Assurance</b>	Smokers only	£93.00	£65.00	£54.00

## Endowments

**Example based on 30 year old male, non-smoker making a £100 regular monthly payment.**

<b>Provider</b>	<b>Product Name</b>	<b>Illustrated Fund</b>	<b>Charges &amp; Deductions</b>	<b>Charges in Early Years</b>
<b>Police Mutual</b>	Regular Savings	With Profit	£1,467	£909
<b>Teachers Assurance</b>	Guaranteed Savings Plan	With Profit	£1,750	£1,060
<b>Wesleyan</b>	Fixed Term Saving Plan	Wesley Life With Profit Fund	£1,833	£282
<b>Scottish Friendly Assurance</b>	Prosperity Savings Plan	With Profits Fund	£2,120	£1,370
<b>Sheffield Mutual Friendly Society</b>	Regular Savings Plan	With Profits Fund	£2,222	£918
<b>Red Rose Friendly Society</b>	Savings Endowment	Traditional Endowment With Profits	£2,240	£1,090

## Stakeholder & Personal Pensions

Example based on 30 year old planning to retire aged 65 making a £100 regular monthly payment.

Provider	Product Name	Illustrated Fund	Charges & Deductions	Charges in Early Years	Stakeholder
<b>AEGON Scottish Equitable</b>	FPP - Financial Adviser Charge Option	UK Equity	£25,445	£496	No
<b>AEGON Scottish Equitable</b>	FPP - Financial Adviser Charge Option	With Profits Growth Fund	£25,445	£496	No
<b>B &amp; C E Insurance Ltd</b>	EasyBuild (Non Restricted)	EasyBuild Balanced Fund	£29,900	£75	Yes
<b>Prudential</b>	Flexible Retirement Plan	Prudential Managed A Fund	£30,200	£78	No
<b>Scottish Life (Royal London)</b>	Pension Portfolio	Unitised With Profits	£30,324	£332	No
<b>Scottish Life (Royal London)</b>	Pension Portfolio	Manager Fund	£30,324	£332	No
<b>AXA Wealth</b>	The One from Winterthur	Winterthur Index Linked	£30,900	£143	No
<b>Standard Life</b>	Active money pp (Online Applications) £	Standard Life Pension Managed 70/30	£33,300	£64	No
<b>Friends Life</b>	Friends Online Stakeholder Plan	Managed Fund	£36,947	£63	Yes
<b>Standard Life</b>	Stakeholder Pension Plan	Stakeholder With Profits	£39,000	£78	Yes
<b>Standard Life</b>	Stakeholder Pension Plan £	Stakeholder Managed Fund	£39,000	£78	Yes
<b>Aviva Life &amp; Pensions UK Limited</b>	Stakeholder Pension Plan £	Aviva Balanced Managed	£40,960	£90	Yes
<b>Aviva Life &amp; Pensions UK Limited</b>	Stakeholder Pension Plan £	Aviva Stakeholder With Profit Fund	£40,960	£90	Yes
<b>Legal &amp; General</b>	Legal & General Stakeholder Pension Scheme	Managed Fund	£42,400	£94	Yes
<b>Legal &amp; General</b>	Legal & General Stakeholder Pension Scheme	Managed Fund	£42,400	£94	Yes
<b>BlackRock Pensions Ltd</b>	BlackRock Individual Stakeholder Plan	DC Strategic Accumulation Ltd	£43,054	£75	Yes
<b>Legal &amp; General UT Mgrs Ltd</b>	Legal & General (UTM) Stakeholder (Nationwide)	Tracker Pension Fund	£45,000	£78	Yes
<b>Scottish Widows</b>	Stakeholder Pension Plan	Consensus Fund	£45,000	£78	Yes
<b>Scottish Widows</b>	Stakeholder Pension Plan	Consensus Fund	£45,000	£78	Yes
<b>Scottish Widows</b>	Stakeholder PPP – Web Only	Consensus Fund	£45,000	£78	Yes

The figures and details shown are obtained from sources believed to be reliable. However, the accuracy and completeness of any information cannot be guaranteed and no warranty or representation is given and users must check all rates, conditions and details before finalising any arrangement. No liability can be accepted for any direct or consequential loss arising from the use or reliance upon this information.

## SAVINGS & INVESTMENTS INFORMATION GUIDE

**NOTE:** This is general information to help you make financial decisions. It is not advice, and cannot take account of your individual circumstances. When making decisions about your own circumstances you should consider whether to consult a financial or other professional adviser.

### Savings

Saving tends to be for short term goals or when you need to get at your money quickly. Investing is for the longer term, if you're willing to tie up your money and take some risk to get a better return – balancing the risk of a short term loss against the chance of a long-term gain.

### Getting to grips with your money

Take the time to review your financial position as a whole. Everybody's circumstances are different, but these are the general rules:

- Pay off any expensive debts – such as credit cards. This is because the interest you pay on borrowed money is usually higher than the interest you get on a savings account.
- Protect yourself and your family – think about taking out insurance to cover you for unforeseen events, for example a house fire, illness, redundancy or death.
- Have an 'emergency fund' of money that's easy to get hold of, which would last you for three to six months if you lost your income suddenly. You can hold it in an easily accessible savings account – earning some interest until it's needed. If you've met these priorities, you are in a good position to consider further savings and investments.

### Your Goals

Be clear about your financial goals; for example, how much money you'll need, and when. You are likely to have a range of different financial goals with different timescales. Think about how you can balance your short-term goals, for example buying a car, with longer term needs such as an income in retirement. Your financial goals and timescales will determine how much you need to save or invest. And remember, even small regular savings can add up in the long run.

### Saving for Tomorrow

Remember, £10 today does not buy you what £10 did ten years ago. You get less for the same money over time as a result of inflation – making it harder to reach your target. Savings and investments can help protect your money being eroded by inflation. There is also the possibility that your money may grow faster than inflation.

### Short-term Savings,

For short-term savings, you usually put your money into an account where it earns interest without the risk of losing any of it (short of a bank, credit union or building society collapse). You can usually get your money out immediately or after a notice period, which could be 30, 60 or 90 days. Your money grows because interest is added monthly or yearly. However, this can be a slow process and it can take many years for your original deposit to grow much.

You also need to save regularly and not dip into the fund, if you can help it. Be aware of how inflation can affect your savings.

### Regulated Firms

Banks and building societies in the UK must be regulated by the FSA (Financial Services Authority) to be able to take your money and hold it. Always check that they're regulated by the FSA before you hand over your money.

If you have a complaint and can't resolve it with them directly, you may be able to take it to the Financial Ombudsman Service (FOS).

Savings accounts are deposit based. This means you'll usually get back the money you have put in plus interest, unless the bank or building society collapses. If this happens, and as long as the firm is regulated by the FSA, the Financial Services Compensation Scheme may be able to pay compensation, up to a set limit.

### Firms Not Based in the UK

By law, most financial services firms must be authorized by the FSA before they can do business in the UK. The FSA regulates firms from the EEA (European Economic Area) if they are operating in the UK. However, if you are considering or currently doing business with a firm authorised in another EEA state you should ask for further information from the firm or its UK branch about its complaints and compensation arrangements. This is because the position may differ compared to a UK authorised firm.

### Where You Can Save

You can save in a wide range of savings accounts available from banks, building societies, credit unions and National Savings and Investments (NS&I).

### Your Savings and Inflation

Inflation happens when prices go up throughout an economy. The effect of inflation on your money means that the money you save will buy less each year. To protect your savings against this, you should look for an after-tax interest rate that is more than the rate of inflation.

## Features

There are many savings accounts with many different features including:

- Interest rates – some accounts have a higher interest rate for an introductory period, and then it drops. Others have a rate that goes up the more money you have in the account;
- Notice periods for withdrawing your money without penalties – such as 30, 60 or 90 days;
- How long you have to keep the money in the account to get a high interest rate;
- The way interest is added – some accounts add it monthly and others once a year;
- Additional bonuses – but these are usually payable only in certain circumstances, and you should make sure you understand what these are.
- Tax-free savings – by using a cash ISA (Individual Savings Account) – see below.

## Cash ISAs (Individual Savings Accounts)

There are two types of ISA – cash or investment. You can invest in two separate ISAs in any one tax year: one cash ISA and one investment ISA. You can invest up to £3,600 (2008/09 tax year) in a cash ISA, and can only invest with one provider in any one tax year. Cash ISAs usually pay a higher interest rate than normal savings accounts and the interest earned is free of income tax.

## Tax

Interest paid on your savings is treated as ‘income’ and as such you may have to pay tax on it, just as you pay tax on your wages. You will usually receive your interest net of tax, with 20% tax already paid.

- If you don’t pay income tax, you can fill in form R85, and receive your interest gross (before tax is taken off).
- If you are a basic-rate income tax payer, you don’t get any tax back but you won’t pay any more.
- If you are a higher-rate income tax payer you will need to declare this income on your tax return, and pay a further 20% on the interest you have earned.

Cash ISAs Accounts let you receive your interest free of income tax. Some NS&I savings products, such as premium bonds, & saving certificates, are also free of tax.

## Longer Term – Investments

Putting money away for the longer term usually means investing your money in schemes or funds based on the stock market. When investing, you take calculated risks to increase your chance of getting higher returns on your money, especially over the longer term (money you can afford to tie up for five years or more).

There are different types of investments but, basically, you take a risk with your money by investing in assets (usually on the stock market) that could rise or fall in value. There is no guarantee you will make a return on your investment or even that you will get back the same amount you invested in the first place. The upside is that you often get a greater return than you would with savings, giving you better protection against inflation over the long term.

### Investing With a Regulated Firm

Firms advising on or selling investments must be regulated by the FSA, or be the agent of a regulated firm. This means they have to meet certain standards. The FSA monitor standards and can take action if these are not met. This also means that if you have a complaint and can't resolve it with them directly, you may be able to take it to the Financial Ombudsman Service or if a firm is unable or likely to be unable to pay claims against it the Financial Services Compensation Scheme may be able to help.

### How Investments Pay Out

There are different ways you can 'make money' with an investment. Some investments provide:

- Capital growth – the original amount you invest grows.
- Income – a regular payment, for example dividends from shares.
- A combination of income and growth.

### Already Have Investments?

If you're saving in a pension, have a life insurance policy or are part of an employee share scheme, then you are already investing. All these invest your money in the stock market with a view to making it grow over a long period.

### What Are Investments?

A good way to understand investments is to think about investing in three layers. The first layer, common to all forms of investment, is the underlying investment itself. It will fall into one of four asset classes. These are:

- shares – a stake in a company.
- bonds – loans to a company or the government.
- property – either commercial or residential.
- cash.

You can invest in any one of these asset classes. However, it's usually a good idea to spread your investments over different classes and providers so that you reduce the risk of losing more of your investment if the value of those assets go down. The second layer is called pooled investments – and provides a relatively easy way of spreading the risk of your investment by investing in a range of assets. This is because your money is 'pooled' with that of other investors, and is invested in one or more of the above asset classes by a fund manager. The most common types of pooled investments are open ended investment funds, investment trusts and life assurance funds.

The third layer is what is sometimes known as a tax wrapper. This means that your investments are held in a 'wrapper' such as an investment ISA or a pension and you pay less – or no – tax. With a pension you get tax relief as well.

### Understanding the Risks

Risk and reward generally go hand in hand. The more risk you are prepared to take, the higher the potential reward. If you are not prepared to lose any of your money under any circumstances then you have to accept a lower level of return. If you see an investment promising a high return at little or no risk, be very wary. The important thing to remember is that, even if your investment goes down, you will have only made a loss if you cash it in at that time; it is not a real loss until you sell.

You can't eliminate risk with investments, but you can reduce it by diversifying your investments. What may be a small risk to one person may be huge to another. You must decide what level of risk you are personally willing to take.

### Investment ISAs (Individual Savings Accounts)

There are two types of ISA - cash or investment. You can invest in two separate ISAs in any one tax year: one cash ISA and one investment ISA. This can be with the same or different providers. You have an overall ISA allowance of up to £7,200 (2008/09 tax year) and up to £3,600 (2008/09) of that can be saved in a cash ISA and the rest in an investment ISA. Or you can invest the whole allowance in an investment ISA, but with one provider in any one tax year. By using an investment ISA you invest in longer-term investments such as:

- Individual shares or bonds.
- Pooled investments such as open-ended investment funds, life assurance investments or investment trusts.

You can transfer money from a cash ISA to an investment ISA – but not the other way. You do not have to pay any income tax or capital gains tax on the growth of the ISA investments. This helps anyone who pays tax. You can get an ISA from many different organisations, including banks and building societies, National Savings and Investments, and investment firms. A financial adviser can help you identify which investments are suitable for you, based on your own circumstances. Always check that the FSA regulate the firm to ensure you're protected.

### Compensation

If a regulated firm is unable or likely to be unable to pay claims against it, you may be able to get compensation from the Financial Services Compensation Scheme (FSCS). It can pay compensation for financial loss of up to £50,000 for deposit claims, (which is 100% of the first £50,000). If you hold multiple accounts in banks that are part of a larger group the amount of compensation depends on whether the bank is separately authorised or part of the parent group. For investments, the FSCS can pay compensation of up to £48,000 per person (100% of the first £30,000 and 90% of the next £20,000).

If you are considering or currently doing business with a firm authorised in another EEA state you should ask for further information from the firm or its UK branch about its complaints and compensation arrangements. This is because the position may differ compared to a UK authorised firm.

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