# Savings Accounts

| What it is | Who it is for | + | - |
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| **Easy access account** | | | |
| Pay your money in, earn interest, and withdraw your funds whenever you like. (Often works well alongside a Current Account) | People trying to put money aside for an emergency. | • emergency, rainy-day funds<br>• Better interest than a current account<br>• You can open an account with a deposit of £1<br>• Savings are protected by the Financial Services Compensation Scheme (FSCS) up to £85,000 | • Sometimes allow a limited number of withdrawals a year.<br>• 12-month bonus rate, meaning that you'll be transferred onto a lower rate of interest after the first year |
| **Fixed rate savings account** | | | |
| This savings account allows you to lock up savings for a fixed period of time (6 months to 5 years). (Usually stand alone account) | People with a lump sum to invest. Taking a long-term view can really help your savings grow, especially when you factor in the impact of compound interest. | • No surprise: the interest rate is fixed so you will get the amount you agreed.<br>• a set level of interest which is usually higher than other savings accounts.<br>• Not as risky as investing in stocks and shares (your balance can't go down)<br>• Savings are protected by the Financial Services Compensation Scheme (FSCS) up to £85,000 | • Some accounts don't allow any withdrawals<br>• You can be charged a whopping penalty fee if you do take your cash out.<br>• Sometimes high minimum amount needed to open the account: typically, between £1,000 and £2,000 |
| **Regular Savings account** | | | |
| Regular-savings accounts require you to pay in a set amount of money each month, typically ranging between about £25 and £250 (but may be as low as £10 and as high as £400) | Can be a great way for a new saver to get into the habit of putting money away each month. | • Some of the best interest rate.<br>• Savings are protected by the Financial Services Compensation Scheme (FSCS) up to £85,000 | • if you don't make the minimum payment each month the account may be closed, or you could face a penalty.<br>• Can be restrictions on number of withdrawals.<br>• Many regular-saver deals become standard savings accounts after 12 months, at which point the interest rate might plummet.<br>• Not ideal if you have a lump sum to invest. |

<table>
<tr><th colspan="4">ISAs: Individual Savings Account</th></tr>
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<td>An ISA lets you earn interest without paying any income tax.<br>Every tax year, you are given a specific savings limit, or ISA allowance (£20,000 for April 2022 until April 2023).</td>
<td>• Long term tax benefits for anyone.<br>• Especially advantageous to higher-rate taxpayers.</td>
<td>• Different types of ISAs:<br>➢ cash ISAs (work in the same way as conventional savings accounts, but with the tax-free wrapper) can be instant access or fixed term<br>➢ stocks & shares in an investment account.<br>➢ Specialist ISAs: Junior, Lifetime, Innovative.<br>So you can choose the right level of access, risk and restriction while enjoying tax free allowance.<br>• Most banks offer ISAs account so easy to open.<br>• Savings are protected by the Financial Services Compensation Scheme (FSCS) up to £85,000</td>
<td>• Not all ISAs are flexible: Any money you pay in then withdraw will still count towards your remaining ISA allowance (e.g. if you pay in then withdraw £5,000, you can only deposit up to £15,000 for the rest of this tax year).</td>
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<tr><th colspan="4">Help To Save Government Scheme</th></tr>
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<td>Get help with savings if you’re on a low income. It entitles you to get a bonus of 50p for every £1 you save over 4 years.</td>
<td>You can open a Help to Save account if<br>• you’re entitled to Working Tax Credit or receiving Universal Credit<br>and<br>• you (with your partner if it’s a joint claim) earned £658.64 or more from paid work in your last monthly assessment period<br>• If you get payments as a couple, you and your partner can apply for your own Help to Save accounts. You need to apply separately.</td>
<td>• You can save between £1 and £50 each calendar month. You do not have to pay money in every month.<br>• You get bonuses at the end of the second and fourth years. They’re based on how much you’ve saved.<br>• The most you can pay into your account each calendar month is £50, which is £2,400 over 4 years. The most you can earn from your savings in 4 years is £1,200 in bonus money.<br>• You can withdraw money from your Help to Save account to your bank account.<br>• Help to Save is backed by the government so all savings in the scheme are secure.<br>• You can apply online.</td>
<td>• If your highest balance in year 3 & 4 does not increase, you will not earn a final bonus.<br>• Your Help to Save account will close 4 years after you open it. You will not be able to reopen it or open another Help to Save account.<br>• You can close your account at any time. If you close your account early you’ll miss your next bonus and you will not be able to open another one.<br>• Saving money though a Help to Save account could affect your eligibility for certain benefits and how much you get.</td>
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| **Notice Savings Account** | | | |
| The bank or building society requires advance notice before you withdraw any of your money, usually between 30 and 90 days. You'll also need to specify the amount you want to withdraw in advance. | • Good for first-time buyer saving up for a deposit. | • Can pay higher rates of interest.<br>• Reduces the temptation to withdraw and use your money.<br>• Savings are protected by the Financial Services Compensation Scheme (FSCS) up to £85,000 | • Should you require quicker access to your funds you may be subject to a fine and/or interest penalty - or you may not be able to get such access at all.<br>• Do not use as an emergency savings fund.<br>• Watch out for bonus period (when interest rate falls at the end of the period), minimum balance, restricted withdrawals, access. |
| **Sharia-compliant savings** | | | |
| A savings account in accordance with Islamic law. | • Although accounts are tailored for those who follow the Islamic faith, accounts are open to anyone. | • Savings grow through Sharia-compliant profits, not through interest and instead of an 'annual interest rate', you will earn an 'expected profit rate'.<br>• Providers will generally not invest or lend money to businesses that provide goods or services which are against Islamic principles such as alcohol, tobacco and gambling.<br>• If using a Financial Conduct Authority (FCA) regulated and UK authorised bank, building society or credit union - your savings of up to £85,000 is protected by the Financial Services Compensation Scheme (FSCS). | • The predicted profit rate may not be met, so it's possible you'll earn no return on savings with these accounts. |

| Savings accounts for children | |
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| Standard Savings account for children | • An easy-access account where you can pay money in or withdraw it as you like. They may also offer a children's regular savings account, where you pay in a fixed monthly amount.<br>• allow children to go into the branch and add money to their account in person.<br>• Usually do not pay a high interest rate. |
| Junior ISA | • A Cash Junior ISA is just like a regular savings account but with a £9,000 tax- free allowance.<br>• the money can't be withdrawn until the child reaches 18.<br>• Then, they'll have control of the funds and will be able to spend them on whatever they choose...<br>• When the child turns into an adult (18) the account automatically turns into an adult ISA.<br>• Stock & Shares ISA: You can open an account with a firm that will invest the money on your child's behalf. They usually outperform Cash ISA but there is a risk: you may not get back the full amount you invested. |
| Putting savings into an adult account | • The child will not be able to access the funds at 18. Good if the money is ear-marked for university or a house deposit but you do not trust your child not to spend the money on something else.<br>• The savings interest will count towards your annual personal allowance, not that of your child. |