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Case Study - Interest in Possession Trust - June 2014

- This is a Life Interest Trust with two trustees, on behalf of their three adult children. They currently hold £1,500,000 in an easy access account with the Bank of Scotland, earning just 0.30%.
- The trustees would like to increase the protection of the capital whilst getting the best returns possible, with a maximum of £150,000 to be deposited under any one banking license.
- Whilst the money is currently in an easy access account, there is no need for everything to be so liquid. The trustees would like to retain easy access over half the funds and the rest can be spread between variable rate notice accounts and fixed rate deposit accounts, with a term of no longer than 18 months.

Our Advice

	Account	Amount	Gross %	Gross Interest	Maturity Dates / Access
Accounts currently held					
	Bank of Scotland	£1,500,000	0.30%	£4,500.00	
	TOTAL	£1,500,000	0.30%	£4,500.00	
Immediate recommendations for money in the above accounts					
Easy Access					
1	Yorkshire Building Society Triple Access Saver - Issue 3	£150,000	1.40%	£2,100	Easy Access
2	NS&I Income Bonds	£600,000	1.25%	£7,500	Easy Access
Notice Accounts					
3	Secure Trust Bank 120 Day Notice Variable Interest Savings Account (Issue 8)	£150,000	1.85%	£2,775	120 Days Notice
4	Julian Hodge Bank 90 Day Notice Deposit Account	£150,000	1.80%	£2,700	90 Days Notice
Fixed Rate Bonds					
5	United Trust Bank 1 Year Fixed Rate Bond	£150,000	1.60%	£2,400	1 Year
6	Skipton 1 Year Fixed Rate Bond fixed until 10 July 2015	£150,000	1.50%	£2,250	1 Year
7	Close Brothers 18 Month Fixed Rate Bond	£150,000	1.90%	£2,850	18 Months
	TOTAL SAVINGS	£1,500,000	1.51%	£22,575.00	
	ADDITIONAL GROSS INTEREST			£18,075.00	

- The interest earned on the funds currently is just £4,500 per annum. However, by spreading the money as illustrated, not only is it far more secure under the UK FSCS and HM Government, but the amount of potential interest that could be earned over the next 12 months is £22,575 (before tax and our fee). This is an increase of £18,075.
- Fees

One off implementation fee of 0.1% for £1,500,000 portfolio	£1,500
Service management fee (0.2% per annum) for £1,500,000 portfolio	£750 per quarter
- We take control of completing all of the paperwork and chasing the providers, until the accounts are opened. We'll monitor the accounts and suggest when the money should be moved, continuing to facilitate ongoing paperwork, as required. The trustees also have a dedicated account manager available at all times, to discuss any changing savings needs.