

DIFFERENT SAVINGS SCHEMES

MONEY SUPPORTER TRAINING

Five partner agencies from the advice and support practitioner community across Scotland worked with Shelter Scotland and MAPs to develop this money first-aid training product. A total of 50 individuals were involved in the co-design process, contributing their own knowledge and experience to the information and resources within. The training product is intended to be **piloted with 250 individuals upon its release nationally.**

DIFFERENT SAVINGS SCHEMES

The Scottish Government, banks and post offices offer savings products. Below are some examples but who to take a savings product out with will vary due to eligibility, access and personal choice.

Government Scheme

Help to Save Scheme

A government back scheme for some people receiving benefits, who have no savings but can afford regular payments.

However, some mobile banking apps allow you to do this too.

Apply by September 2023

[help-to-save-explained](https://www.gov.uk/help-to-save-explained)

www.monzo.com

Advantages

- Backed by the government and all payments are secure
- You don't have to pay in money every month
- Save between £1 and £50 per month
- Government gives 50p for every £1 saved over 4 years received as bonuses
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- Bonuses are paid at the end of year 2 and year 4, based on how much saved. For example, if savings are £25 per month for two years, bonus is 50% of £600 which is £300. Maximum paid out will be £1200 over 4 years
- Bonuses are not classed as income
- Bonus is based on the highest amount in the scheme over the year, not what's in there at the end of the year
- Saving money through a Help to Save account would only affect Universal Credit or Housing Benefit if they have more than £6,000 in personal savings
- Account is managed online however, HMRC have advisers which can set up an account. **0300 322 7093**

Disadvantages

- Need a bank account
- Withdrawn money can only be transferred to a bank account
- Account automatically closes after 4 years
- Cannot take out another Help to Save account
- Account is managed online
- No joint accounts available although if in a couple, both people can apply
- If you have expensive debts, you should clear those first.

Savings Account

Advantages

- Normally few or no restrictions to enable savers to take out money at short notice whenever they like
- Can usually open an account with a small initial deposit.

Disadvantages

- Interest payable is usually quite low and the interest rate may change.

Regular Savings Account

Designed to build up savings. Saver commits to invest a minimum amount each month for a fixed period (often 12 months).

Advantages

- Interest rate is generous.

Disadvantages

- May be penalised if monthly minimum payments not kept up.

Notice savings accounts

Requires the saver to give notice in advance of taking any money out.

Advantages

- The notice period varies between accounts but is usually between 30 and 120 days.

Disadvantages

- Notice is required to access savings.

Fixed rate bonds

Allows saver to invest a lump sum for a fixed period of time at a fixed interest rate.

Advantages

- The longer money tied up, the higher the rate of interest received.

Disadvantages

- Normally not able to access money until the end of the agreed term
- Unable to pay more money into the account.

ISA

An individual savings account.

Advantages

- No tax is paid on the interest made
- Easy access, notice, regular savings and fixed rate bond accounts are available as ISAs
- Investing in an ISA makes sense if the interest rate is better than a non-ISA account.

Disadvantages

- Tax-free interest on an ISA is not much – you can already earn up to £1000 in savings interest each year before paying any tax on it
- The government limits the amount invested in an ISA each year (currently £20,000).

OTHER SAVINGS PRODUCTS

Premium Bond / Savings Bond

Premium Bonds are an investment produced issued by National Savings and Investment (NS&I).

Money saved buys bonds.

Bonds enter a monthly prize draw for a chance to win tax-free prizes.

Advantages

- The money deposited is safe
- Savings buy £1 bonds and each has an equal chance of winning
- The more bonds bought, the more chances someone has
- Money can be invested and taken out when the as required.

Disadvantages

- Don't pay any interest.

Credit Union Savings Account

Members of a credit union pool their savings together to lend to each other. Members must have something in common e.g. living or working in the same area, working for the same employer, belonging to the same trade union or church.

Advantages

- May offer higher interest rates than banks on the high street
- This is an option if there is no access to other bank products
- A welcome alternative to payday loans or doorstep lending
- Some credit unions now offer cash ISAs.

Disadvantages

- Credit unions offer a dividend rate rather than an interest rate. The dividend depends on how the credit union performs that year
- You don't know what you'll get until the end of the year
- Dividends are paid before tax. It's up to the saver to declare tax on any earnings.

Post Office savings account

Advantages

- Offer 3 savings products – Instant Saver, Online Saver and Easy Access ISA.

Disadvantages

- Online saver account has the highest interest rate however, can only be managed online.

‘ GOOD SAVING HABITS CAN BE ESTABLISHED WITH THE RIGHT MOTIVATION AND SUPPORT.

A GUIDE THAT EXPLAINS DIFFERENT SCHEMES FOR SAVING MONEY AND OTHER USEFUL PRODUCTS

You do not have to be a specialist money adviser to provide vital financial support to others and this training product has been designed for those who provide a range of frontline support services. As well as knowledge it also provides you with a toolbox-like collection of resources. Which you can make use of to facilitate the advice and support you provide to others.