An introduction to savings

Why save?

We all have different motivations for saving, everyone will have different goals, but putting some money aside can be beneficial.

Saving for a rainy day

No one knows what is going to happen in the future and the possible costs that may arise. Having savings will help you overcome any financial obstacles you may come across.

Saving for something special

You may have your heart set on something in particular, be it a new car, a wedding or a deposit for your first home. Having a target to aim for will help keep you focused on saving.

Things to consider when choosing a savings account

There are many different types of savings accounts, each with various options to suit your needs. Here are a few things for you to consider when looking for the right savings account.

Do you need access to your savings?

We have a range of accounts with varying levels of access including some that allow you to withdraw your money whenever you need to. Other accounts have withdrawal restrictions that will limit access to your savings, such as restricting the number of withdrawals you can make or requiring a notice period to be served before you can gain access.

How much are you looking to save?

Are you looking to save a lump sum, or do you plan on making regular deposits? Most of our accounts allow you to pay money in whenever you wish. You should also think about how much you can afford to save each month. Our guide on budgeting and working towards a savings goal will help you set some realistic targets for your savings.

How are you planning to manage your account?

You should consider whether you need access to your accounts at our branches or if conducting business by post is more suitable for you. Of course, if you're still unsure, our friendly, professional staff are here to help and advise which of our accounts are most suitable for you.

Different types of savings accounts

Everyone’s needs are different, that’s why we have a range of accounts to suit you.

Easy Access accounts

These savings accounts allow you to be flexible with your everyday savings. Typically, most easy access accounts, you can make withdrawals quick and easy. Here at the Tipton, our Easy Access

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account allows you to start saving with as little as £100 and you can make withdrawals at any time, by cash, cheque or internal transfer.

Pros:

- Quick and easy access to your savings
- Great for those who want to start saving, but cannot commit to locking away their money
- Likely to have low minimum balances compared to other account types

Cons:

- Interest rates on these easy/instant access accounts are likely to be lower than other types of accounts

ISAs

An Individual Savings Account, or ISA, is a Government savings scheme that allows you to save tax free, regardless of how much income tax you pay. The Government set an annual limit each tax year on how much you can save in an ISA. At the Tipton, we currently offer a Cash ISA, named Branch ISA. There are different types of ISAs, including Junior ISAs (JISA), Cash ISAs and Stocks and Shares ISAs, all allowing for different types of investment. For more information on ISAs, please see our ISA guide.

Pros:

- Interest earnt on ISAs is tax free – this includes cash savings and any investment gains from Stocks and Shares ISAs.
- There are different types of ISAs available, to meet different needs.

Cons:

- The Government will limit the amount you can save in ISAs each tax year, meaning you may not be able to hold all your savings in one place.
- The deposit rules can become confusing and limiting unless you do your research!

Fixed Rate Savings accounts

With these accounts the rate you receive will not reduce during the fixed rate term even if the Bank of England Base Rate does. In return for this rate guarantee you will not be able to withdraw your money until the fixed rate term has ended. Terms and interest rates on fixed rate savings accounts will differ per account.

Pros:

- Fixed Rate Savings Accounts typically offer a higher interest rate than other accounts.
- You have peace of mind that your interest rate will not decrease during the fixed rate term.

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Cons:

- Regardless of your situation, you will not be able to access your savings until the end of the fixed rate term.
- If interest rates rise while you're still in the fixed rate term, you will not benefit from this, as your interest rate is fixed.

Children's savings accounts

Introducing children to saving at an early age can help get them into the habit of saving, standing them in good stead for their adult lives. Our junior savings accounts are available to children aged 15 or below and allow them to start saving with as little as £10. Our Cash Zone and Junior Wolves Saver pages provide more information. Many children's savings accounts will need to be set up with an adult as Trustee on the account, however once the child reaches a set age, they will then be able to manage the account individually (with the trustee's permission).

Pros:

- Encouraging children to save from a young age is likely to help them get into this habit for their adult lives, and encourage good money skills.
- Building up a little pot of money while your children are young may be easier than looking for a lump sum later in life, should you wish to support them financially in their young adult lives.

Cons:

- You may be saving for a certain thing, for example a house deposit or funds to support them through further education. However, when the child reaches adulthood, you will no longer have control over what they spend the savings on.

Affinity accounts

Affinity accounts typically benefit a third party. For example, our Community Savings Accounts. With these accounts, you will earn interest on your savings as normal. However, at the end of each year the Society will donate a percentage based on the average balances in the account to the Society's Charitable Foundation or to Midlands Air Ambulance Charity (dependant on the type of account chosen).

Pros:

- At no extra cost to yourself, you can support local charities, just by saving!

Cons:

- You may find these type of accounts typically have withdrawal restrictions.
- There may be other types of accounts available with higher interest rates.

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Interest

There are two types of interest you can earn on your savings, fixed and variable. Fixed rates are set for a certain term and during this period your interest rate cannot increase or decrease. Variable interest rates can both increase or decrease at any time.

If you need to confirm how much interest you have earned on any of your accounts, you can ask us for a Section 975 tax certificate for any of the previous six tax years.

Following the introduction of the Personal Savings Allowance from the tax year 2016/17 onwards, Section 975 certificates have been replaced by Interest Certificates. We do not automatically send Certificates annually. If you need an Interest Certificate, or a Section 975 certificate for a previous tax year, you can request one at any of our branches, by calling 0121 557 2551 or by completing our online form.

Our normal office limits

Our daily withdrawal limits are:

- **£500** by cash; and
- **£20,000** by cheque.

To withdraw higher amounts, you will need to give us two days notice, subject to a maximum of £2,500 in cash each day. There is a minimum cheque withdrawal amount of £10. You can give us notice by using our online contact form, by calling 0121 557 2551 or visiting any of our branches or by writing to our Tipton Head Office

Interest earned on ISAs is tax free as long as the statutory conditions of the scheme are not breached. Tax treatment depends on your individual circumstances and may be subject to change in the future. We'll notify you if, by reason of any failure to satisfy the provisions of the ISA Regulations, an ISA has, or will, become void. Any tax due on interest paid will be debited to the account on closure. Where a break between subscriptions lasts for a whole tax year you must make a new application before you can continue subscriptions. None of the rights of the account holder in respect of the ISA may be assigned or used as security for a loan. Tax assumptions are based on current legislation. The favourable tax treatment may not be maintained as it is the Government that is responsible for the tax treatment. Cash ISAs can remain open following the death of an account holder but will be closed when the deceased's estate is finalised. An account will cease to be a Cash ISA if the account holder becomes bankrupt. Where we are instructed by the member or HM Revenue & Customs to cancel an ISA due to breaches of regulations, any interest paid will not be exempt from tax.

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