FACILITATOR CHEAT SHEET

How Can I Save? Exercise

- Work in small groups (2 or 3)
- Ask people to group the savings cards into those they use now, those they would like to use and those they would never use or don't know about
- Encourage the groups to discuss the pros and cons of different options
- Feed back to the big group.
- Are there situations when it's not good to save? Or are there any ways of saving that we haven't mentioned?
- Remind people that some benefits can be affected if you build up savings, so always get advice if you think you might be affected
- Explain those cards people didn't know from the notes below and remember ….

You cannot give financial advice – stick to explaining and pros and cons!

Additional notes to assist the facilitator

ISA (tax free savings account): - ISAs are tax-efficient savings and investment accounts. You can use them to save cash or invest in stocks and shares. There are annual limits to what you can put into an ISA and you pay no Income Tax on the interest (or dividends in a share account) you receive from an ISA. Even if you don't pay tax, a cash account ISA may offer the best interest rate or saving flexibility. Be aware - using an ISA to invest in stocks and shares is still investing in stocks and shares and therefore the capital you put in is not protected.

Credit Unions: These are owned and run by their members, and are only for their members. They are for people with a common bond—i.e. people who live or work in a local area. Credit unions are usually very small and feel accessible for people who are wary of banks. They also offer loans for their savers, at rates that are higher than high street banks but which are lower than other lenders who offer money to those without a high credit rating. Credit unions do not pay interest, but rather dividends—i.e. they share out profits amongst their members, which can vary greatly (or some years they may be unable to pay a dividend at all if they do not make a profit). Credit unions are regulated by the FSA and savings are protected.

Don't save: the interest you are being charged on debt is likely to be much, much higher than interest you can earn on savings. If you have any spare income would it be better to use it to pay off debt?

Children's account – junior ISA or child trust fund: Junior ISAs offer a way to save tax-free for your children. There are annual limits to what family and friends can put into a junior ISA on behalf of the child and there's no Income Tax to pay (or Capital Gains Tax to pay on the interest, dividends or investment gains in a share account). Junior ISAs are available to any child under 18 living in the UK who doesn't qualify for a Child Trust Fund (see below). Be aware using a junior ISA to invest in stocks and shares is still investing in stocks and shares and therefore the capital you put in is not protected. If your child was born between 1 September 2002 and 2 January 2011, they are likely to have qualified for a Child Trust Fund. These offer tax-free savings and a one-off starter payment from the government. There are annual limits to what family and friends can put into a Child Trust Fund on behalf of the child. **Note: if people save for their children by putting money into accounts in their own names these will count as their own savings for benefit purposes.**

Banks and Building Societies: Banks and building societies can be found on most high streets, or accessed over the internet or post. They offer a huge range of products for adults and children, and you can save anything starting with £1. Interest rates will vary hugely depending upon what type of account the money is in. Several websites, such as the www.moneysavingexpert.com do comparisons on savings accounts at banks and building societies to help compare interest. **Instant access accounts** – tend to offer lower rates of interest but the savings can be accessed quickly (usually the same day). **High interest accounts** – are often only available on-line and the interest rate is likely to be higher the longer you are prepared to lock your money away for. For example, to get your money might require 3 months notice and either you can not get it more quickly or you will lose interest/face a charge if you do so. High interest accounts may offer an initial *bonus* rate but fall back to a much lower rate after so many months. If you are not prepared to chop and change your savings account it may be better to look for an account that has been consistently offering a reasonable rate.

Budget card - these cards are offered by the Post Office free of charge and are not reliant on having a post office account (but one does have to provide ID to set up the account). You save by loading up the card with cash at the Post Office as often as you wish. The card can be used at Post Offices to pay utility bills, car tax, council tax and make certain other payments. The money saved is protected if the card is lost or stolen (providing the Post Office is properly notified) but a replacement card does cost £5. The card does not pay interest and you can not save over a certain amount so not appropriate for long term or major saving but safer than putting pennies in a jar.

With friends/savings circle – common in many traditions, friends or community members pay into a pot and the funds are then used to support different members in different ways on particular occasions. Similar to a credit union but the security of the funds is dependant on the members of the circle.

Sharia compliant/ethical savings account - When you put money in a savings account, the bank or building society lends your deposits to firms to support and grow their businesses. Ethical saving and investing lets you be selective about which firms you help. Different ethical products take a different stance on the investments they reject (negative selection) and those they support (positive selection). Some banks offer Sharia compliant products. See www.moneyadviceservice.org.uk for more information.

Christmas clubs, savings cards and Hamper Schemes: **Christmas clubs and Hamper Schemes** allow you to save weekly with a company that will pay out the money, often with a bonus, just before Christmas. This can then be used to buy hampers or gifts from that company. Companies belonging to the Christmas Prepayments Association offer some protection, should they go out of business—but if you are thinking of investing in a hamper scheme you should always find out what level of protection (if any) there is. **Christmas cards** are offered by the Post Office free of charge and are not reliant on having a post office account (but one does have to provide ID to set up the account). You save by loading up the card with cash at the Post Office as often as you wish. The card can then be used at a wide range of high street shops between 1 November and 31 January. The money saved is protected if the card is lost or stolen (providing the Post Office is properly notified) but a replacement card does cost £5. **Savings cards** are available for you to save regularly with a particular shop or supermarket, and often you cannot take your money out until a set date i.e. just before Christmas. These cards do not pay interest, but often pay a bonus. If the shop goes out of business you are not protected and will not get a refund.

At home: Some people may choose to save money at home, in a money bank for children, under their bed, in pots of coins etc. This allows for easy savings and access, but this is not insured in cases of fire or theft (even contents insurance will only cover small amounts of cash).

You may also wish to mention

National and Savings and Investments: Savings schemes on behalf of the government. They are completely secure, and offer a large range of products.

Please remember that we can not give financial advice and are simply informing people of their options. Explain that there are many different saving products and accounts. The Money Advice Service www.moneyadviceservice.org.uk is a good source of information.