



Money monitor

Get the best deals –
and avoid the worst

Annuity rates continue to fall

Banking crisis hits pension income

The alarming fall in annuity rates is bad news for thousands of people who are currently approaching retirement. Obligated to invest their pension savings in exchange for annual income, they have found the sums on offer falling, as measures designed to bolster banks have an unwelcome side-effect.

The slide in annuity rates has been triggered by a rise in the price of government securities (gilts), which have risen as the economic situation has deteriorated and interest rates have been cut.

The falls make it even more important to shop around for an annuity on the open market, rather than simply accepting the first deal you are offered. Your pension provider may give poor value when it comes to annuities, with better rates available elsewhere. The gap between the best and worst paying annuities can be as much as 18%.

The Pensions Advisory Service has an annuity planner at www.pensionsadvisoryservice.org.uk to help you consider your options. You might also benefit from taking independent financial advice (see p20). A specialist adviser may also be able to recommend tactics to get more for your money if you are in poor health.

'A LOT TO CONSIDER'

Danny Knowles 65, training officer at Heathrow Airport

Danny Knowles is about to retire. Like many Which? members, he has to buy an annuity to provide his pension.

Unfortunately, rates have been falling recently and Danny was aware of predictions that they could go lower still later this year. 'I knew I needed to fix on one quickly, but there was a lot to consider before making a final choice,' he says.

'In the end I went for a Legal & General escalating annuity, which will grow by 3% a year. I want to know what to expect in the future.'

Danny picked a joint life annuity, so his wife is provided for too. 'It pays out 50% to the surviving partner, which is good for peace of mind.'



Is it worth it? Leeds BS Albion account

The Albion account from Leeds Building Society is part current account, part savings account. You get a chequebook and guarantee card, but are unable to withdraw cash from an ATM.

Annual interest on credit balances is up to 2.5% and you can make unlimited withdrawals. You can also set up direct debits, standing orders and bank transfers.

VERDICT The Albion account has several catches.

To open one you must deposit a minimum of £2,500, which

is also the balance you need to maintain to earn interest. To get a full 2.5% you need to have £100,000 or more in your account, but as a single account holder only £50,000 will be protected by the compensation scheme. Lesser sums earn a lower return, down to 1.6%.

The inability to withdraw cash from ATMs may deter those in search of a current account, while savers can get better rates elsewhere.



See www.which.co.uk/savings for Best Buy savings accounts.

NS&I slashes premium bond total prize fund by £26m

The chances of you becoming a Premium Bond millionaire have been halved by interest rate cuts, which have slashed the prize fund from £58m to £32m.

In future, only one £1m jackpot prize will be awarded each month but, to compensate, a new category of £25 prizes will be created, making the reduced fund go further and keeping the odds of winning a prize of some sort at 36,000 to 1. Despite falling rates, the government-backed bonds continue to offer

a safe haven for savers in uncertain times. Around 23m people hold Premium Bonds, with a total of £39bn invested.





Credit cards with 0% balance transfers

These cards are useful if you have built up some debt on a credit card and need to transfer it to another card, with a good 0% balance transfer deal, to pay off the debt.

The Northern Bank (NI) Visa is the only card that does not charge a transfer fee on its 0% deal. Both Virgin Money and Abbey credit cards offer some of the longest deals on the market – 15 months 0% balance transfer, with fees of 2.98% and 3% respectively.



If you transferred £1,500 to the Abbey Credit Card, you'd pay a transfer fee of £45. If you transfer the same amount to the Northern Bank Visa credit card you'd pay nothing, as there is no transfer fee.

0% BALANCE TRANSFER DEALS	APR	0% PERIOD	TRANSFER FEE		SATISFACTION
	(%)	TRANSFER (MONTHS)	TRANSFER FEE	DEAL STARTS	% (JULY 08)
BEST BUYS					
NORTHERN BANK (NI) Visa^a	22.9	5	None	Issue	Unknown
VIRGIN MONEY Credit Card MasterCard	16.6	15	2.98% (min £3)	Issue ^b	Sample size too small
ABBEY Credit Card	15.9	15	3% (min £5)	Issue ^c	52
TESCO PERSONAL FINANCE Bonus Credit Card^d	15.9	14	2.9%	Issue	77
MBNA Platinum Rewards Visa	15.9	13	2.9% (min £3)	Issue ^e	59
AVERAGE RATE	16.7				70
WIDELY HELD CARD					
MARKS & SPENCER Money MasterCard	15.9	6	2% (min £5) uncapped	Issue	82

For all cards in the table exact rate depends on your credit score. ^a Available only in Northern Ireland or London, as you have to apply in branch ^b Limited to 95% of credit limit and not transferable from any other MBNA cards ^c You cannot transfer balances from other Abbey accounts ^d Balance transfer is also available from the Tesco Personal Finance Clubcard MasterCard with a higher APR of 16.9% ^e Balance transfer must be made within 90 days of receiving card



Savings accounts

As a result of base rate cuts, interest rates on savings accounts are falling rapidly, making it more important than ever to check your savings and switch if necessary.



If you had £10,000 in our Best Buy Firstsave's 90 Day Notice account, you would earn £300 interest a year. But saving your money in a poor-value account such as HSBC's

Flexible Saver account, which pays just 0.05%, would earn you only £5 interest – leaving you £295 a year worse off.

See www.which.co.uk/savings for weekly Best Buy updates.

SAVINGS ACCOUNTS	ACCESS	AER (%)				CONDITIONS	
	TYPE OF ACCOUNT	£100	£1,000	£5,000	£10,000	INITIAL DEPOSIT (£)	NOTICE (DAYS)
BEST BUYS							
FIRSTSAVE 90 Day Notice^a	I	3.00	3.00	3.00	3.00	100	90
SAINSBURY'S FINANCE Internet Saver	I	n/a	n/a	3.00 ^b	3.00 ^b	5,000	
EGG Savings	I	2.85 ^c	2.85 ^c	2.85 ^c	2.85 ^c	1	
CITIBANK FlexiSaver 4^d	B/I/T	2.76 ^e	2.76 ^e	2.76 ^e	2.76 ^e	1	
MANCHESTER BS Premier 90 Issue 2	B/P	n/a	2.76	2.76	2.76	1,000	90
AA Internet Saver^d	I	2.56	2.56	2.56	2.56	1	
FIRSTSAVE 30 Day Notice^a	I	2.50	2.50	2.50	2.50	100	30
BRADFORD & BINGLEY eSavings7^a	I	n/a	2.50 ^f	2.50 ^f	2.50 ^f	1,000	
LEEDS BS Albion 30^a	P	n/a	n/a	2.50	2.50	5,000	30
AVERAGE RATE		0.74	0.77	0.82	0.86		
DON'T BUYS							
HSBC Flexible Saver	B/I/P/T	0.05	0.05	0.05	0.05	1	

Access B = branch, I = internet, P = postal, T = telephone. Rates highlighted in red show the categories in which the accounts are Best Buys. Rates highlighted in dark grey show the categories in which accounts are Don't Buys. ^a Monthly interest option also available ^b Rate includes a 2.25% bonus payable for 12 months ^c Rate includes a 1.6% bonus payable for 12 months ^d Monthly interest only ^e Rate includes a 1.96% bonus payable for 12 months ^f Rate includes a 1.4% bonus payable for 12 months



Children's accounts

These accounts are a great way to help your children start thinking about money. They are good as an addition to a child trust fund, as the money can be accessed at any time.

The average rate as we went to press was

1.17% (on £10) – if your account pays less than this, you should switch to a Best Buy.

If you put £2,500 into Chorley BS's Best Buy account, you'd earn £54 more than in a Don't Buy account, at current rates.



CHILDREN'S ACCOUNTS	ACCESS	AER (%)	A/C DETAILS		CONSISTENCY
BEST BUYS	TYPE OF ACCOUNT	£10+	MAX AGE	FREE GIFT	BEST BUY FOR 12 MONTHS
CHORLEY BS Young Chorleian	B/P	2.20	16		✓
CHELSEA BS Ready Steady Save	B	2.00	15		✓
LEEDS BS Dinosaver	B/P	2.00	12	✓ ^a	
STAFFORD RAILWAY BS First Track	B/P	2.00	18	✓ ^b	
SKIPTON BS Leap	B/P	1.80	17	✓ ^c	
YORKSHIRE BS One Day ^d	B/P	1.75	20		✓
BUCKINGHAMSHIRE BS Junior Saver	B/P	1.55	18		
SAFFRON BS Ladybird	B/P	1.50	15	✓ ^b	✓
AVERAGE RATE		1.17			
DON'T BUYS					
WEST BROMWICH BS Acorn	B	0.05	15		n/a
BANK OF IRELAND (NI) Kidsave	B/T	0.10	11		n/a

Access B = branch; P = postal; T = telephone. Rates highlighted in red show the categories in which the accounts are Best Buys. Rates highlighted in dark grey show the categories in which accounts are Don't Buys. ^a Wallchart and coloured pencils ^b Moneybox ^c Welcome pack ^d Interest paid twice a year



Credit cards for cashback

These cards are perfect if you always, or usually, pay off your bill each month. Our

Best Buys offer a percentage of your spend (between 0.5%-1.5%) as cashback.

For big spenders, the American Express Platinum Cashback Card has the best deal, offering up to 1.5% cashback if you spend more than £10,000 over 12 months. It also

offers 5% cashback on all spending for the first three months, up to a maximum of £100.

If you are a high spender, you could earn £197.50 cashback in your first year if you spend £1,000 a month with the Amex Platinum Cashback Card.

See www.which.co.uk/cashbackcreditcards for weekly Best Buy updates.



CASHBACK CREDIT CARDS	0% CASHBACK ON ANNUAL SPENDING					APR	SATISFACTION
	£0 TO £1,999	£2,000-£3,500	£3501-£10,000	£10,000+	MAX ANNUAL CASHBACK (£)	(%)	% (JULY 08)
BEST BUYS							
AMEX Platinum Cashback Card ^{a,b,c,d}	0.5	0.5	1	1.5	no max	18.9	70
BARCLAYCARD OnePulse with Cashback Visa ^{a,e}	0.5	0.5	0.5	0.5	180	12.4	61
BANK OF IRELAND (UK) Moneyback MasterCard ^f	0.5	0.5	0.5	0.5	75	17.9	Sample size too small
SMILE Classic Visa ^g	0.5	0.5	0.5	0.5	no max	20.9 ^h	86

Rates highlighted in red have cashback of 1% or over. For all cards in the table exact rate depends on your credit score. ^a Cashback available only on spending up to credit limit each month ^b Up to 5% cashback for the first three months (up to a maximum of £100) ^c No cashback earned if the amount is less than £12 in the 12 months up to anniversary ^d American Express is not as widely accepted as Visa and MasterCard ^e 5% cashback on Transport for London spending and 0.5% on all other spend until 31 December 2009, up to £15 a month ^f Also available as a gold card with the same rates and features ^g Cashback paid monthly ^h Lower rate of 16.9% available to current account holders

Contacts

SAVINGS ACCOUNTS

AA 0845 602 6203
www.theaa.com

Bradford & Bingley
www.bradford-bingley.co.uk

Buckinghamshire BS
0800 652 6725
www.bucksbuilding.society.co.uk

Chelsea BS
0800 169 9911
www.thechelsea.co.uk

Chorley BS
01257 279373
www.chorleybs.co.uk

Citibank 0800 008800
www.citibank.co.uk

Egg www.egg.com

FirstSave
www.firstsave.co.uk

CREDIT CARDS

Abbey 0800 389 9905
www.abbey.com

American Express
0800 169 6767; www.americanexpress.co.uk

Bank of Ireland
0800 085 0444
www.bankofireland.co.uk

Barclaycard
0800 731 2000
www.barclaycard.co.uk

MBNA 0800 068 8788

Leeds BS 0845 050 5075
www.leedsbuilding.society.co.uk

Manchester BS
0161 923 8000
www.themanchester.co.uk

Saffron BS
0800 072 1100
www.saffronbs.co.uk

Sainsbury's Finance
www.sainsburys.finance.co.uk

Skipton BS
0845 717 1777
www.skipton.co.uk

Stafford Railway BS
0845 456 1001
www.srbs.co.uk

Yorkshire BS
0845 120 0100
www.ybs.co.uk

www.mbna.co.uk

Northern Bank (NI)
028 9024 5277
www.northernbank.co.uk

Smile 0870 843 2265
www.smile.co.uk

Tesco Personal Finance
0845 600 6016
www.tescofinance.com

Virgin Money
0800 096 9939
www.virginmoney.com

HOW WE RATE CREDIT CARD CUSTOMER SATISFACTION

■ In July 2008, we surveyed 4,419 Which? online panel members about their credit card providers. The satisfaction rating shown in the tables below combines overall member satisfaction with the likelihood of them recommending the lender.