



Fifty plus

People aged over 50 have tremendous spending power, but they're often offered poor financial deals. Here are some of the best choices around

One in three people in the UK is over 50. They hold 60% of the UK's savings and 80% of its assets. Hardly surprising then that a range of savings accounts and insurance products have been introduced that are available only to this age group. What is surprising is that so many of these products offer poor value.

Easy-access savings

You might think an account open only to a particular group would have special benefits to attract them. However, no over-50s account beats the interest rates offered by the best accounts open to all ages.

Whether you want an internet or high-street easy-access account, a fixed rate or even an Isa, you'll get the best deal by choosing an any-age product.

The best accounts allowing easy access to your money are offered by Kaupthing Edge and Birmingham Midshires (both 6.5%). Both are internet accounts, the latter launched only in May. The best age-

restricted account is Saga's Online Top 5 Tracker at 6.25%.

If you want an account you can handle over the phone, ICICI Bank offers 6.16%. Anglo Irish Bank has an account you can control by post or telephone, paying 6.05%.

For those who prefer a high-street bank or building society account with a passbook, the best rate you can get drops sharply. Abbey's Instant Access Saver (6.5%) and The Post Office Instant Saver Account (5.75%) are amongst the best for all ages but both include a one-year bonus (see below). The best national high-street account for over-50s is Skipton Building Society's Pension Plus (5.1%).

Notice accounts

If you are prepared to give notice before taking money out, you can sometimes match the interest offered by easy-access high-street accounts. Chelsea BS's 90-day notice account pays 6.5% and Manchester BS's Premier Sixty, at 6.16%, are open to all ages. The best age-restricted account is Coventry BS's 50-Plus Notice (60 days) at 6.2%, including a 0.6% first-year bonus.

Bonus rates

Many accounts have what looks like a good interest rate but this often includes a bonus for the first 6 to 12 months. After that, you get a lower rate, so if you want decent interest you must move your money. After the first year, the interest on Abbey's Instant Access Saver (open to all ages) drops from 6.5% to 5.5%, on Coventry Building Society's 50-Plus Notice account it falls from 6.2% to 5.6%, and on Abbey's 50+ Saver from 5.6% to 4.5%.

Bonds and fixed rates

There have recently been a lot of new fixed-rate accounts and six-month or one-year bonds. Many have good interest rates as banks vie to attract deposits following the credit crunch. The best are the any-age Icesave one-year-term account (7.01%) and ICICI Bank's term deposit (7%). Saga's

LIFE COVER

'No medical necessary', say the TV ads, but are the policies themselves any good?

The phrase 'no medical necessary' is a familiar line from TV ads for life and health insurance.

The life insurance advertised like this is a type of 'whole of life' cover, and the idea is simple. You pay a set monthly premium until you

die and in return your inheritors get a fixed lump sum when you die.

Axa-Sun Life is the market leader, promising flat-rate cover, payable after two years. Liverpool Victoria and the Post



into account your medical circumstances, provided that you are accepted at normal rates.

Over-50s can also get private medical insurance on a 'no medical' basis. It's expensive, though, and unlikely to cover

Office have offered similar products for some time, while Asda and Tesco launched their versions in May.

However, the money paid out is much less than if you had a whole of life policy that takes

you if you have pre-existing conditions. If this is the case you could be better off with a specialist broker, such as The Insurance Surgery, which will be able to suggest a suitable provider for you.

Holiday and car insurance

Specialist companies offer insurance deals to over-50s, but are they good value?

Driving

Specialist providers such as Age Concern, Castle Cover and Saga target drivers aged 50-plus (though some will insure younger people), but don't assume they offer a better deal than

mainstream insurers. (See *Which?*, April 2008, p40). We got phone quotes for a low-risk, medium-sized car, such as a Ford Focus. Quotes were weighted to cover different levels of excess.



56-year-old man
Lives in low-risk area (rural)

Any age: Budget, £167
Specialist: Castle, £209



71-year-old man
Lives in low-risk area (rural)

Any age: Churchill, £184
Specialist: Castle, £224



Over-75-year-old man

Niche firms may be worth trying if you struggle to get car insurance. Age Concern, Intune and Saga have no upper age limit on the type of driver that they are prepared to insure.

Lives in high-risk area (urban)

Specialist: Age Concern, £349
Any age: Budget, £366

Lives in high-risk area (urban)

Specialist: Age Concern, £388
Any age: Budget, £396

Taking a holiday

If you're aged under 65, a general company such as Familycare will normally offer the best deals for annual cover (*Which?*, June 2008, p22).

Insurance for the over-70s is harder to find. Many companies have upper age limits. Age Concern, the Co-operative Bank, Intune and Saga don't. Columbus stops at 74 for annual cover and 88 for a single trip (worldwide); Rias is limited to 79 for annual cover and 89 for a single trip. Bupa

offers cover to those up to 79. Churchill insures you up to 99 for single trips in Europe/worldwide and an annual policy for Europe. It stops at 65 for an annual worldwide policy.

With travel and car insurance, it's important to declare pre-existing health problems. These will narrow the companies that offer you insurance and normally make cover more expensive. There are severe penalties for not revealing a condition.

6.76% fixed rate for one year is competitive, but other over-50s accounts, such as Yorkshire Building Society's Advantage 50+ Saver (4.9%) and Abbey's 50+ bond (4.65%), lag far behind.

Tax factor

The interest rate advertised will be before tax (gross). You'll pay 20% tax on it if your taxable income is less than £34,600, 40% if you earn more. So a gross AER of 6% is worth 5% after standard tax, 3.6% if you pay 40% tax. 5% gross works out at 4.4% net, or 3% to top-rate taxpayers. Inflation (RPI) was around 4.2% as we went to press, so if your account pays less than around 5% gross, you'll be losing money.

Choose a Best Buy available to people of any age

Isas

You can invest up to £3,600 in a cash Isa and interest earned will be tax-free. Best is Icesave's Isa, paying 6.1% (equivalent to 7.63% standard taxed interest or 10.17% to top-rate payers). Scarborough Building Society's notice Isa, paying 6.05% – equivalent to 7.56% standard taxed interest, or 10.08% to top-rate payers. Saga's secure Isa for over-50s pays 4.75%-5% (depending on sum deposited). You can put a further £3,600 in a stocks-and-shares Isa, though this is riskier. Interest rates checked 2 June 2008.

See 'Money Monitor', p28 for Best Buy tables for savings accounts, cash Isas and over-50s accounts.

JARGON BUSTER

Common terms explained

■ Annual equivalent rate

(AER) This is the standard rate you should use to compare savings accounts. It is similar to the annual percentage rate (APR) used to compare the cost of loans.

The AER shows the true rate of interest that you will earn over a year, rather than the simple headline rate. If interest is paid monthly, it assumes that this is reinvested in the account each month, adding to the total on which the next month's interest is paid. An account that pays interest every month will have a higher AER than one that pays the same headline rate but only adds interest once a year.

■ **Gross AER** Most accounts show the gross AER (before tax is taken out).

■ **Net AER** A net AER is the rate after tax at the standard rate of 20% has been deducted (as it is for most UK savings accounts).

■ **RPI** The Retail Price Index is a commonly used measure of inflation. It includes items such as mortgage interest repayments, depreciation, council tax and house insurance that are not counted in the other common measure of inflation, the Consumer Price Index.

Contacts

Age Concern 0800 169 2700
www.ageconcern.org.uk

Castle Cover 0800 519 4087
www.castlecover.co.uk

Columbus 0870 033 9988
www.columbusdirect.com

The Co-operative Bank 0845 746 4646
www.co-operativebank.co.uk

Familycare 0870 556 1224
www.familycare.uk.com

Intune 0800 022 3190
www.intunegroup.co.uk

The Post Office 0845 722 3344
www.postoffice.co.uk

Rias 0845 650 0345; www.rias.co.uk

Skipton Building Society 0845 850 1700
www.skipton.co.uk

For other contacts see 'Money monitor', p28.