



Money monitor

Best Buys plus
what's in
the news

IS IT WORTH IT?

Post Office Fiveyear Saver

This five-year bond from the Post Office combines fixed-rate interest with potential gains from the FTSE 100-share index. The Fiveyear Saver pays 7.5 per cent interest on half the sum invested and 50 per cent of any increase in the FTSE 100 between 2008 and 2013 on the rest. The minimum investment is £500. No withdrawals or additional deposits can be made during the five years.

VERDICT Although safer than normal guaranteed equity bonds, the Fiveyear Saver still suffers from uncertainty. If the FTSE rises you do well, but if it falls you could end up with no interest at all on half your money and 7.5 per cent on the rest – an overall rate of just 3.75 per cent. For you to get a full 7.5 per cent, the FTSE 100 must rise by 15 per cent over five years. So from 6702 as we went to press, it would need to rise to 7707 by 2012. If you want to know exactly what you will receive, stick to traditional fixed-rate bonds.



Contacts

American Express
0800 700111; www.americanexpress.co.uk
Bank of Ireland
0800 085 0444
www.bankofireland.co.uk
Barclaycard
0800 731 0200
www.barclaycard.co.uk
Capital One Bank
0845 840 0400
www.capitalone.co.uk
Chelsea BS
0800 121 8822
www.thechelsea.co.uk
Egg Money
www.egg.com
Halifax/Bank of Scotland
0845 726 3646
www.halifax.co.uk
Leeds BS 0800

587 2542; www.leedsbuildingsociety.co.uk
Monmouthshire BS
01633 844402
www.monbs.com
Nationwide BS
0800 302010
www.nationwide.co.uk
Post Office
0800 169 2000
www.postoffice.co.uk
Saffron BS 0800 072 1100; www.saffronbs.co.uk
Saga 0800 214836
www.saga.co.uk
Smile 0870 843 2265
www.smile.co.uk
Thomas Cook 0800 015 6300; www.thomascook.creditcard.com
Yorkshire BS 0845 120 0100; www.ybs.co.uk

CASHBACK CREDIT CARDS	% CASHBACK ON ANNUAL SPENDING				MAX	APR
	£0-£1,999	£2,000-£3,500	£3,501-£10,000	£10,001+	ANNUAL MAX (£)	%
AMEX Platinum Moneyback ^a	0.5	0.5	1	1.5	no max	18.9
BANK OF IRELAND (UK) Moneyback MC ^b	0.5	0.5	0.5	0.5	75	16.9
BARCLAYCARD Plat'm with Cashback ^c	0.5	0.5	0.5	0.5	180	14.9
CAPITAL ONE BANK Cashback World MC ^d	1	1	1	1	no max	15.9 ^e
EGG MONEY MasterCard ^{f,g}	1	1	1	1	200	7.9 ^e
LEEDS BS MasterCard ^h	0.5	0.5	0.5	0.5	no max	17.9
SMILE Classic Visa ^j	0.5	0.5	0.5	0.5	no max	18.9 ^k
YORKSHIRE BS Base Rate Tracker Visa ^{h,m}	1	0.5	0.5	0.5	no max	11.8 ⁿ
YORKSHIRE BS Classic Visa ^{h,m}	1	0.5	0.5	0.5	no max	15.4

Rates highlighted in red show the categories in which cards are Best Buys ^a Up to 5 per cent cashback for the first three months up to £200 ^b Also available as a gold card with same rates and features ^c 2 per cent cashback on supermarket spending and petrol up to £15 a month ^d Up to 4 per cent cashback for the first three months ^e Rate depends on your credit score ^f Available online only ^g Cashback is lost if less than £5 at year end ^h Cashback can be paid as cheque or credited to account ^j Cashback paid monthly ^k Lower rate of 15.9 per cent available to current-account holders ^m If applied for with a Yorkshire BS Mortgage, the cashback reward will be paid into mortgage account ⁿ Bank of England base rate for first six months, 5.5 per cent above base rate after that

SPENDING ABROAD	APR	FOREIGN EXCHANGE LOADING FEES	
		EU (%)	WORLDWIDE (%)
NATIONWIDE BS Gold Visa	15.9	0	0
POST OFFICE Platinum MasterCard ^a	15.9	0	0
THOMAS COOK Visa ^a	17.9	0	0
SAGA Visa	16.9	0	1

Rates highlighted in red show the categories in which cards are Best Buys
^a Currently not a member of the Banking Code

CHILDREN'S ACCOUNTS	ACCESS	AER (%)	A/C DETAILS		CONSISTENCY
	TYPE OF A/C	£10+	MAX AGE	FREE GIFT	BEST BUY FOR SIX MONTHS
CHELSEA BS Ready Steady Save	B/P	6.20	15		✓
YORKSHIRE BS One Day ^a	B/P	6.15	20		✓
HALIFAX/BANK OF SCOTLAND Save4it	B/P	6.05	15	✓ ^b	✓
NATIONWIDE BS Smart ^a	B/ ^c	6.04	17	✓ ^d	✓
SAFFRON BS Ladybird	B/P	6.00	15	✓ ^e	✓
MONMOUTHSHIRE BS Young Savers	B/P	5.95	17	✓ ^f	✓

Access Type of account offered: B=branch; I=internet; P=post-al ^a Interest paid twice a year ^b Coin bank and calculator
^c Internet banking for over-11s only ^d Welcome pack ^e Moneybox ^f Contact local branch for details

All rates correct at 29 October 2007

Information based on data supplied by moneyfacts.co.uk

3.5 million

women aged over 60 who do not receive the full state pension

DEPARTMENT FOR WORK AND PENSIONS

Cashback cards

Cashback credit cards are ideal if you always or usually pay your bill off every month, as you earn a percentage of what you spend (between 0.5 and 1.5 per cent). The cashback that you earn is typically added to your account but can also be sent to you by cheque – either monthly or annually (as shown in the table opposite).

Currently, both the Capital One Bank Cashback World MasterCard and the Amex Platinum Moneyback card are offering greater rewards for the first three months from opening the account – namely, 4 per cent and 5 per cent, respectively, on anything that you spend.

The new Abbey credit card is not a Best Buy, as it does not offer cashback on all purchases, but it lets you earn up to 5 per cent cashback on spending in supermarkets (up to £1,000) before 31 January 2008. Even with these restrictions you could still earn up to £50.

Spending abroad

Nationwide Gold Visa, Post Office Platinum MasterCard and Thomas Cook Visa charge no foreign-exchange loading fees, wherever you use them to make any purchases. Saga Visa is free if you're in the EU but charges elsewhere. None of these four cards is a Best Buy for borrowing, so pay off your bill when you get home. All other credit cards add a charge of 2 to 3 per cent for making purchases abroad, so switch to one of our Best Buys if you don't want to be stung by extra charges.

Children's accounts

All our Best Buys are instant access accounts, so you can deposit and withdraw money at any time. Chelsea Building Society's Ready Steady Save account and Yorkshire Building Society's One Day account pay the best rates (6.2 per cent and 6.15 per cent, respectively, from any amount).

All of the accounts listed in this table have been Best Buys consistently for the past six months. Some of our Best Buys also offer free gifts, such as a moneybox, coin bank or calculator, as an incentive to sign up.

Your money

Inheritance tax change

The £300,000 allowance for inheritance tax (IHT) for most married couples and civil partners was effectively doubled in Alistair Darling's October pre-Budget report. This applies retrospectively to widows and widowers who inherited their spouse's estate tax-free but were previously restricted to a single person's IHT allowance on their own deaths.



Some couples had previously boosted their allowance by changing the ownership of their family home to tenants in common and setting up nil-rate band discretionary will trusts. This arrangement could now be disadvantageous. With a discretionary will trust in place, the combined tax-free allowance would be £650,000 if the first partner died before 9 October 2007 and the second partner lives on till 2010 (£300,000 for 2007 and £350,000 for 2010). Without a trust, the same couple's tax-free allowance would be £700,000, as the higher 2010 allowance is applied to both partners' assets. If you've set up a will trust for IHT purposes, take professional advice.

Older women can claim pension

More than half a million women aged 60 to 69 get no state pension because they didn't pay enough National Insurance contributions during their working lives to qualify. Many took career breaks to bring up children. By topping up their contributions now, at the rate of around £400 for each missed year, they can qualify for a minimum annual pension of £1,134. Some are entitled to five years' worth of backdated payments.

For more information, contact the Pension Service on 0845 606 0265 or the Pensions Advisory Service on 0845 601 2923 (www.pensionsadvisoryservice.org.uk).

NEWS IN BRIEF

Online security

■ The Royal Bank of Scotland and NatWest are introducing home chip and Pin machines for online customers, sending out 1.4m by the end of the year. The devices are identical to Barclays' PINsentry we reported on in July, p27.

Northern Rock Isas

■ Anyone who withdrew money from a Northern Rock cash Isa between 13 September and 19 September 2007 will be able to pay it back in without losing any tax advantage, provided they do so before 5 April 2008. The bank will write to all Isa customers with full details.

Mortgage warning

■ The Financial Services Ombudsman is warning against unregulated mortgage rescue firms. These companies buy the homes of people with mortgage problems and promise to rent them back, but they often pay far less than the property is worth and evict the former owners.

TAKE ACTION!

If you have to pay capital gains tax on a long-held asset, such as a holiday home, take professional advice before taper relief is abolished in April 2008. See www.tax.org.uk for a list of qualified tax advisers.

OUR UNIQUE RESEARCH

Our Best Buys

We analyse the whole market to bring you our Best Buys. With savings and loans, we recommend only companies that subscribe to the Banking Code. This means you've got protection if anything goes wrong. Like all Which? recommendations, our Best Buys are totally independent – so they're not swayed by any industry influence.

MORE ON MONEY

Which? Money

In the December issue of *Which? Money*, find out which credit card providers are best for customer service and how to shop safely online. Try two issues for just £2. Go to

www.which.co.uk/moneytrial or call 01992 822800.

