

[money monitor]

Helping you make the right financial decisions

Roundup

CHARITY ATMs

HSBC and First Direct customers can now give to Children in Need at HSBC cash machines. However, to make sure Gift Aid is added to the donation (an extra 28 per cent of donations) customers have to fill in a form and send it to Children in Need. HSBC hopes to add more charities in future.

BANK ASKS FOR HELP TO SAVE

First Direct wrote to its customers last month asking them to help save it money by using only its parent bank HSBC's cash machines where possible. As with all banks, each time First Direct customers use an ATM belonging to a different bank, HSBC has to pay it a small fee. But remember that you can withdraw cash free from most bank machines anyway.

TAX LOOPHOLE CLOSED

Last month the government announced that people won't be able to invest items such as wine, art or residential property in their pension plans. It felt that the new rules, due to start in April 2006, would have been open to abuse.

Rip up rip-off cheques



In the run-up to Christmas, MBNA sent out credit card cheques with a Christmas card, outrageously suggesting that people use them to give money from their credit card as a present. Credit card cheques are never a good idea because you pay a fee for each one and they incur interest even if you pay your bill in full. Also, they don't give you the same protection as you get with a credit card. Yet this information is buried only in the small print.

We're calling for a ban on unsolicited credit card cheques and will submit MBNA's irresponsible marketing of these cheques to the government as evidence of why they should be banned.

Pensions shake-up

Lord Turner echoed our calls for a national pension saving scheme (NPSS) in his proposals for the overhaul of the pensions system last month. The NPSS would sit alongside the current state pension, and all workers would automatically join the scheme, investing 5 per cent of their income. Companies would add a further 3 per cent. Charges would be low – a maximum of 0.3 per cent a year, which is much lower than the current charges.

Lord Turner also proposed that we all work longer – until age 68 by 2050. Another idea is that people should be entitled to a state pension if they have lived in the UK for at least 20 years, instead of getting a pension only if they have paid enough National Insurance contributions. He also proposed linking pension increases to wages, not prices.

Radical action is necessary because people are living longer and aren't saving enough.

BEST BUY SAVIN

Mini cash Isa accounts

If you have money in a savings account but don't have an Isa, you're throwing money away. Not only are the best cash Isa rates higher than the best saving accounts, but interest is tax-free. Halifax is the best bet as it pays 5 per cent. It also pays 5 per cent if you transfer money from Isas you've opened in previous years and it has

been a Best Buy consistently for the last six months. Yorkshire BS pays 4.9 per cent and has also been a Best Buy consistently.

Remember that you can open only one cash Isa account each year. If you invest the maximum of £3,000 in it and later take some of it out, you can't put it back in.

Children's accounts

If your children have been lucky enough to get money at Christmas, the best children's account from Saffron Walden pays 5 per cent interest on any amount. Of course, you can put more money in

throughout the year and take it out without penalty.

The account comes with the bonus of a moneybox or backpack when it's opened. All our Best Buys are available to children up to the age of at least 15.

Savings accounts

The new year is a good time to take stock and start saving. Newcastle BS pays the highest rate of 4.9 per cent on any amount. Bradford & Bingley is the best account if you have at least £1,000 to invest. It pays a very healthy 4.85 per cent and, unlike Newcastle BS, it's been a

Best Buy for the last six months. Moving £1,000 to Bradford & Bingley from a typical high-street bank current account paying just 0.1 per cent would make you £50 better off in a year. Remember that, if you're a taxpayer, you pay tax on any interest you earn.

ACTION NOW

If you haven't already done so, invest your child trust fund (CTF) voucher. At the end of last year there were still around 850,000 vouchers outstanding. If you've lost yours, don't worry – you can get a replacement from HMRC on 0845 302 1470.

The best cash CTF is still the Ipswich, which pays 5.25 per cent. For more details, go to www.whichextra.co.uk/childtrustfunds

Information based on data supplied by www.moneyfacts.co.uk
Rates are correct at 5 December 2005

We'd like to hear your ideas and views on anything financial. Please email us at moneynews@which.co.uk

GS ACCOUNTS

Regular savings

If you can commit to saving regularly, Scarborough BS pays a whopping 6 per cent if you invest between £10 and £250 each month over a year. Scarborough's account is very flexible – it lets you miss two deposits and make one withdrawal in a year without the interest rate being cut. Its rate is variable, though, so it may go up or down over time, although reassuringly it has been a Best Buy for

the last six months. If you're prepared not to have any flexibility and want an interest rate that won't change, then Halifax pays 7 per cent fixed for a year. It lets you invest between £25 and £250 a month. But if you miss a payment or need to withdraw any cash, you get just 4.65 per cent. If you can lock your money away without touching it for three years, Yorkshire BS pays 5.5 per cent fixed for three years.

Mini cash Isas

	Access	Interest (%) AER			Deposit	Consistency
		£0-£2,999	£3,000-£5,999	£18,000+	Initial (£)	Best Buy last 6 mths
Halifax Saver Direct	O/T	5.00	5.00	5.00	1	✓
Bradford & Bingley Esavings	O	5.00	5.00	5.00	1,000	
Kent Reliance BS Direct	P	4.96	4.96	4.96	1	
Yorkshire BS e-Isa	O	4.90	4.90	4.90	10	✓
Barclays/Woolwich	B	4.20	4.30	5.00	10	✓

Access This shows the type of account: B=branch; O=online; P=postel; T=telephone

Children's accounts

	Access	Interest (%) AER	Perks
		£10+	
Saffron Walden BS Ladybird	B/P	5.00	✓
Chelsea BS Ready Steady Save	B	4.85	
Halifax Save4it	B/O/P	4.80	✓
Progressive BS Start Up	B/P	4.80	
Yorkshire BS One Day	B/P	4.80	

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Our Best Buys

Which? Best Buys are unique. We analyse the whole market before recommending a product – and consider, for example, how consistent savings rates have been, not just how good they are now. And, like all *Which?* advice, they're totally independent – not swayed by adverts or other industry influence.

Regular savings

	AER (%)	Deposits		Conditions			Consistency
	£100+	Min (£)	Max (£)	Missed deposits	Withdrawals w/o penalty	Term (years)	Best Buy last 6 mths
VARIABLE INTEREST RATE							
Scarborough BS	6.00	10	250	2	1	n/a	✓
Derbyshire BS	5.40	10	1,000	1	1	n/a	✓
Saffron Walden BS	5.10	10	500	0	1	n/a	
FIXED INTEREST RATE							
Halifax	7.00	25	250	0	0	1	
Leek United BS	6.00	10	250	0	0	1	
Principality BS	6.00	20	500	0	0	1	
Yorkshire BS	5.50	10	100	0	0	3	
Furness BS	5.25	50	200	0	0	5	

Savings accounts

	Access	Interest (%) AER		Conditions			Consistency
		£100	£1,000+	Initial deposit (£)	Interest paid	Notice (days)	Best Buy last 6 mths
Newcastle BS Net Savings 4	O	4.90	4.90	1	yearly		
Anglo Irish Bank 7 Day Notice	P/T		4.85	500	yearly	7	✓
Bradford & Bingley eSavings 2	O		4.85	1,000	yearly		✓
ING Direct (UK) Savings Account	O/T	4.75	4.75	1	monthly		✓
Derbyshire BS EasySave Tracker	B/P	4.70	4.70	100	yearly		

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WHICH? EXTRA

Our exclusive members' website contains regularly updated Best Buys for credit cards, current accounts, Isas, savings accounts and mortgages. There are also guides to car, house and travel insurance, financial advice and protection insurance. See www.which.co.uk/whichextra.