

Regular savings



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Regular Savings?, paper A regular savings plan is the best way for any individual to invest their cash in a way that will maximize the amount of interest paid, whilst also minimizing the amount of tax that the saver has to pay each month. Generally they are added to over a set time of 10 years, with many financial institutions providing bonuses for those that regularly add more cash to their account.

How to open a regular saving account A regular savings account is just like any other type of investment account, in that all a person needs to do is approach any of the banks, building societies or other financial organisations that offer them. The best possible way to decide on which type of account to open is to look at not only the interest rate paid, but to also examine the amount of bonuses the specific institution will pay to its regular investors. Nearly all of the accounts will have a tax free allowance of ? 25 per month, with anything over being taxed by the Government depending on your tax bracket – meaning that this issue does not need considering by the consumer. There are no real restrictions regarding who can open a regular savings plan, although many places often have a minimum and maximum age limit, with 16-55 being the most popular.

Although it is partially tax free, it also will not affect the standing of any Individual Savings Accounts or ISAs that the customer already has. Paying money in to a regular saving account With most regular saving plans there is a minimum amount to be invested per month, although this is usually only around ? 15. Although this is only a small amount, failure to pay it will have significant impacts on the amount of bonuses the account may receive.

While there is a minimum, there is no maximum amount that can be paid in per month, although only the first ? 25 will be tax free.

The advantages of a regular saving accountThe main advantage of this type of savings and investments is that there is a guaranteed lump sum payable at the time at which the account matures, which is set when the account is created. This provides the insurance that should the institution invest the money poorly, it will not be lost - meaning that there is virtually no risk associated with this type of account. Another advantage is when saving for children, child savings accounts can provide an excellent kick start to their adult life.

If a parent starts saving just ? 40 per month for ten years, they can expect a minimum return of ? 5, 220, with most actually coming in at more than that. Aside from Government sponsored schemes, there is no more effective way that a parent can save for their child. paper? paper -X