

Individual savings account

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It is like parking one's money into investments and waiting for the interest so it could earn more on the income. The good thing about ISA's is that Fred does not have to pay tax on the income earned from the savings fund.

Fred Murray can try Barnsley BS. It offers 2.65% rate for savings from 1, 2.85% from 10, 000, and 3% from 20, 000. There is also the fixed rate ISA from Northern Rock which offers 3.5% interest for a minimum balance of 500.

B. Income tax usually takes off 20% of the income. 20% of 15, 000 is 3, 000.

C. It would be better if Henry Murray would buy the three-bedroom terraced house since there is a benefit from it if it were rented for 800 a month. In addition to that, the value of the house may increase in time. Costing 117, 000, the house could be paid in a year or two with the income from the students' rent. A buy to let mortgage suitable for him is First Direct. It is a fixed type of mortgage, meaning that monthly repayments will remain constant regardless of the standard variable interest rate. With this, he will know exactly what the repayments are.

D. Bill Murray could start paying while he is still studying. He must make sure to save an amount of money every month. This will lower the interest he will have to pay. Getting a job right after school will surely help too. It is advisable to look for a job in a government institution. They could offer assistance with payment of student loans. He could also look for student assistance programs and search for options for payment and find the one most suitable for him.

He must ensure an organized budget and pay more than the minimum required. This part needs discipline and consistency. Paying more than the minimum will shorten the period of payment. To pay 23, 000 in a year, he must be able to pay at least 1, 916. 67 a month.

<https://assignbuster.com/individual-savings-account/>