

Cash ISAs: The Way to Save in the new Tax Year

- *More savers make full use of the Government's increased tax free allowance*
- *But, numbers of savers using stocks and shares ISAs is expected to fall*

ISA savers are becoming savvier with their tax free allowance in a bid to make the most of Government granted tax free savings, according to new figures from Newcastle Building Society.

As the new tax year approaches, ISAs are set to be the savings tool of choice, according to the Newcastle. The total number of its ISA savers soared in the past 12 months, and more members made full use of their ISA allowances over this tax year, compared to last. In 2007/08, 32% of savers with the Society did not make full use of their tax free savings. However, in 2008/09 this more than halved to just 13%.

This sensible approach towards tax free saving is also reflected in findings from the Society's latest member survey*, with 77% of all respondents claiming they make it a priority to use their full ISA allowance before opening any other type of savings accounts.

However, while findings from the survey project a positive year for cash ISA balances in 2009/10, the outlook for ISA savings in stocks and shares, according to the group of building society customers surveyed, is less optimistic. The survey of over 400 UK adults revealed that, only 29% will strongly consider using these forms of ISA and continue to invest the same amount as last year in stocks and shares. Whereas, 28% will be more careful about investing in equity and 43% will only invest in cash ISAs in the current climate. If these figures were equated to the amounts subscribed in stocks and shares ISAs in 2007/08, assurances for continued investment of just 29% would see total subscriptions fall from £10.4bn to just £3bn**.

Steve Urwin, Senior Marketing Executive at Newcastle Building Society, commented:

“Despite the recession, our figures show that the next tax year could see ISAs proving even more popular and more subscribed than ever as savers look to maximise returns from every penny they invest.

“It’s also encouraging to see from further figures that 74% of our survey respondents believe their money is safest in a cash-based savings account than anywhere else, and by choosing an ISA, people can typically find higher interest rates than with standard savings accounts.”

-ENDS-

Notes to editors:

* Newcastle Building Society’s customer panel survey is conducted regularly among over 400 UK adult members.

**HM Revenue & Customs table 9.4 Individual savings accounts (June 2008)

Individual Savings Account Range

The table below outlines the range of ISA products available at the Newcastle which is under constant review to keep pace with the savings market. Full Product Terms are available for each ISA in our range.

All of our products confer membership to the Society (subject to the membership rules), accept transfers of previous ISA subscriptions and offer the security of a traditional building society account.



Current ISA Products Available	Description	Access	Rate Type	Transfer In	Min Amt	Term / Rate Guarantee
Newcastle ISA + (Issue 3)	A simple easy access ISA which you can add to or withdraw from at any time during the tax year without notice or penalty.	Full penalty free access.	Variable	✓	£1	Guaranteed to not fall below Bank of England Base Rate until 1 st June 2011. 2.50% Gross/AER
Newcastle Reward ISA	A competitive rate, including a bonus in the first year from account opening. With access subject to notice of withdrawal or acceptance of penalty interest should the funds be required at some point.	120 days notice or loss of interest	Variable	✓	£500	Includes an unconditional bonus of 1.00% for the first 12 months from Account opening. 3.00% Gross/AER with bonus 2.00% Gross/AER without bonus
Fixed Rate Options ISA	Designed for those customers looking to invest their full ISA allowance, since further additions are only available in the short term. Previous years ISA subscriptions can be transferred. As well as a guaranteed rate of return we still allow access subject to notice or loss of interest.	Varies	Fixed	✓	£3,600	Rates are fixed until Maturity Date. Fixed Rate Options ISA (issue 29): <ul style="list-style-type: none"> Fixed Rate of 3.00% Gross/AER on balances over £25,000 Balances under £25,000 receive 2.75% Gross/AER Maturity date of 23 March 2010 Minimum / Maximum Investment £3,600 /£1,000,000 (ISA limits £3,600 allowance plus any transfers) Access allowed with 60 days notice or loss of interest Available now via branches, online, telephone or post Fixed Rate Options ISA (issue 30): <ul style="list-style-type: none"> 3.25% Gross/AER paid on balances over £25,000 Balances under £25,000 receive 3.00% Gross/AER Maturity date of 23 March 2011 Minimum / Maximum Investment £3,600 /£1,000,000 (ISA limits £3,600 allowance plus any transfers) Access allowed with 120 days notice Available now via branches, online, telephone or post Fixed Rate Options ISA (issue 31): <ul style="list-style-type: none"> 3.50% Gross/AER paid on balances over £25,000 Balances under £25,000 receive 3.25%

						<p>Gross/AER</p> <ul style="list-style-type: none"> • Maturity date of 23 March 2012 • Minimum / Maximum Investment £3,600 /£1,000,000 (ISA limits £3,600 allowance plus any transfers) • Access allowed with 180 days notice • Available now via branches, online, telephone or post
Portfolio ISA	<p>The Portfolio ISA is exclusively available to customers who invest in a 'stocks and shares' ISA (available through NFSL) after a free financial review with a Personal Financial Manager.</p> <p>Penalty free access, a competitive rate and a base rate guarantee combine to complement the advantages of investing in 'stocks and shares' ISAs.</p>	Full penalty free access.	Variable	✓	N/A	<p>Guaranteed to be 1.50% above Bank of England Base Rate for the first 12 months from Account opening.</p> <p>Guaranteed to not fall below Bank of England Base Rate for the remainder of the product term</p> <p>2.00% (1.50% above BBR)</p>
Guaranteed Structured Deposit ISA	These accounts provide the opportunity for investment growth to those customers willing to invest over a longer term but with a guarantee that any capital invested is secure.	Subject to an Exit Fee	5 Years	✓	£1,000	Up to six years.