

Public Finance



National Savings

NATIONAL SAVINGS FIRST OPTION BONDS—NEW INTEREST RATES

On and from 23rd December 1998, the guaranteed gross interest rate for the first year a Bond is held will be 5.25 per cent per annum. Assuming a rate of tax of 20 per cent, the net rate credited to a Bond will be 4.2 per cent pa. Bonds of £20,000 or more also earn bonus interest of 0.25 per cent per annum gross (0.2 per cent net).

FIXED INTEREST NATIONAL SAVINGS CERTIFICATES—NEW ISSUE

48th Issue Savings Certificates went on sale on 31st December 1998.

They will grow in value at a guaranteed rate each year as follows:

Year 1 3.2 per cent

Year 2 3.3 per cent

Year 3 3.4 per cent

Year 4 3.6 per cent

Year 5 4.01 per cent

If a Certificate is held for five years, these rates will give a tax-free and guaranteed return equal to 3.5 per cent per annum compound.

INDEX-LINKED NATIONAL SAVINGS CERTIFICATES—NEW ISSUE

15th Index-linked Issue Savings Certificates went on sale on 31st December 1998. The value of a Certificate will move in line with the rate of inflation as measured by the Retail Prices Index, plus Extra Interest as follows:

Purchase price + Index-linking for year 1 + 1 per cent of Purchase price—1st Anniversary Value

1st Anniversary Value + Index-linking for year 2 + 1.2 per cent of 1st Anniversary Value = 2nd Anniversary Value,

2nd Anniversary Value + Index-linking for year 3 + 1.4 per cent of 2nd Anniversary Value = 3rd Anniversary Value,

3rd Anniversary Value + Index-linking for year 4 + 1.9 per cent of 3rd Anniversary Value = 4th Anniversary Value,

4th Anniversary Value + Index-linking for year 5 + 2.76 per cent of 4th Anniversary Value = 5th Anniversary Value

If a Certificate is held for five years, these rates will give a tax-free and guaranteed return equal to 1.65 per cent per annum compound in addition to index-linking.

NATIONAL SAVINGS CAPITAL BONDS—NEW SERIES

Series N Capital Bonds went on sale on 31st December 1998. Bonds held for five years will grow in value at a guaranteed rate each year as follows:

Year 1 4.0 per cent

Year 2 4.2 per cent

Year 3 4.5 per cent

Year 4 4.75 per cent

Year 5 5.06 per cent

These rates will give a guaranteed return equal to 4.5 per cent per annum compound. The interest is credited gross and is taxable.

NATIONAL SAVINGS CHILDREN'S BONDS—NEW ISSUE

Issue L Children's Bonus bonds went on sale on 31st December 1998. For the first five years each £25 unit will earn interest at 3.5 per cent per annum compound. On the fifth anniversary of purchase it also earns a bonus of £1.46 (5.84 per cent of purchase price). At these rates a Bond will earn a tax-free return equal to 4.5 per cent per annum compound over the first five years.

NATIONAL SAVINGS PENSIONERS GUARANTEED INCOME BONDS—NEW SERIES

Series 7 Pensioners Guaranteed Income Bonds went on sale on 31st December 1998. The interest rate, fixed and guaranteed for the first five years a Bond is held, is 4.5 per cent per annum. The interest is paid gross and is taxable.

NATIONAL SAVINGS INVESTMENT ACCOUNTS—NOTICE OF NEW INTEREST RATES

On and from 14th January 1999, the variable gross rates of interest payable on Investment Accounts will be as follows:

Balance in Account	Rate of Interest
up to £499.99	4.2 per cent per annum
£500 to £2,499.99	4.4 per cent per annum
£2,500 to £4,999.99	4.6 per cent per annum
£5,000 to £9,999.99	4.8 per cent per annum
£10,000 to £24,999.99	5.0 per cent per annum
£25,000 to £49,999.99	5.25 per cent per annum
£50,000 and above	5.75 per cent per annum

NATIONAL SAVINGS TREASURER'S ACCOUNTS—NOTICE OF NEW INTEREST RATES

On and from 14th January 1999, the variable gross rates of interest payable on Treasurer's Accounts will be as follows:

£10,000 to £24,999.99	5.0 per cent per annum
£25,000 to £99,999.99	5.25 per cent per annum
£100,000 and above	5.75 per cent per annum

NATIONAL SAVINGS ORDINARY ACCOUNTS—NOTICE OF NEW INTEREST RATES

On and from 1st February 1999, the variable rates of interest payable on Ordinary Accounts will be as follows:

Standard rate 1.75 per cent per annum,

Higher rate 2.0 per cent per annum.

The Higher rate of interest is paid for each complete calendar month that £500 or more is in the account.

NEW GENERAL EXTENSION RATE

On and from 1st February 1999, the variable rate of interest for National Savings Certificates (including Yearly Plan Certificates) earning the General Extension Rate will be 3.0 per cent per annum tax-free.

NATIONAL SAVINGS INCOME BONDS—NOTICE OF NEW INTEREST RATE

On and from 3rd February 1999, the variable "Treasury Rate" of interest payable on Income Bonds will be 5.75 per cent per annum gross. The bonus rate for bonds held under the same register number with a total capital value of at least £25,000 will be 0.25 per cent per annum gross.

NATIONAL SAVINGS DEPOSIT BONDS—NOTICE OF NEW INTEREST RATE

On and from 3rd February 1999, the rate of interest payable on Deposit Bonds will be 5.25 per cent per annum gross.

Issued by National Savings on behalf of the Treasury

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