



**Melton
Building
Society**

Guide to **making the most of your savings**

What kind of saver are you?

Dreamer

I have savings goals, but no real plan to achieving them

Hit & Miss

I have a plan to achieve my savings goals, but I don't always stick to it

Slow & Steady

I save small amounts regularly and I'll eventually get there

Fast & Determined

I'm really focused on saving as quickly as possible

Making the most of your savings

Savings give you choices in life - not only the ability to pay for the essentials, but also the financial freedom to choose to have fun when you want to!

No matter how small the amount you are able to put away, frequency is key to success. However, for some of us, knowing where to start with savings can be tricky. This guide gives you an understanding of why and how you should save.

Getting into the saving habit, whatever kind of saver you are, is easier than it sounds and there's no time like the present to start...

Five good reasons to save

There are many reasons to save, but here are five good ones:

1. So you're safely covered for the unexpected

Ideally, it's a good idea to try and have at least three months' worth of living expenses saved up to protect yourself and your family in case you can't work due to an accident, illness or unemployment or an unexpected bill crops up.

2. To create a lump sum for the future

Perhaps a deposit on a house, helping your children to go to university, a wedding or a comfortable retirement? At some point in the future, you will probably need to have access to a sizable amount of money that you can either use all at once or draw on over time.

3. To buy something that you can't afford right now

Rather than buying now and incurring interest charges so that you can pay later, savings enable you to buy things you want or need without increasing your debts.

4. To get your children into the habit of saving

Encouraging your children to save some pocket money or birthday money is a great way to pass on the "saving mentality".

5. To make some money

A savings account allows you to earn money on your savings in the form of interest. Saving for a longer period means that your money grows quicker because you don't just earn interest on the money you originally save, you also earn interest on the interest - this is known as 'compound interest'.

From 6th April 2016 interest is paid gross (without taking off tax).

If you earn more interest than the Personal Savings Allowance, you may have to pay additional tax yourself. The Personal Savings Allowance is £1,000 for basic rate tax payers and £500 for higher rate tax payers. Additional rate tax payers do not receive a Personal Savings Allowance.

Helping you to make the most of your savings

At the Melton, we understand that our customers have different needs and requirements when it comes to saving. Whether you'd rather have access to your money or you want to put it away for a while without touching it, we have a choice of savings accounts.

1. How often will you need to make withdrawals from your account?

Do you want instant access to your savings or would you be prepared to lock your money away for a fixed period of time?

2. How do you want to manage your savings account?

Savings providers, such as the Melton, offer savings accounts that can be managed in branches, managed by phone, post or online. We also have accounts that will enable you to receive a monthly income from your interest.

3. How much do you want to save?

Some savings accounts allow you to save flexibly and regularly, others only allow you to deposit a lump sum upon account opening.

4. Have you used your cash ISA allowance?

An ISA is an Individual Savings Account. They are a tax-efficient way to save money as you pay no tax on the interest you earn.

5. Are the savings for a child?

If you are wanting to encourage your children to save, look for an account designed for young savers. Some Building Societies give incentives for savings, for example, at the Melton children who open a Wild Ones Young Savers account receive a free Wild Ones Pack.

Everyday Savings

Your first step should be to clear most or all of your debts as quickly as you can. Then, you should find a way of budgeting to save a little each month. To get in the savings habit, aim to put aside a day's pay after tax every month.

So, if you have some spare money at the end of the month, then you should think about starting to develop some short-term savings habits.

1. Set up a simple, easy access savings account. Move any spare money you have at the end of the month to this account.
2. Set up a standing order for an amount you can afford straight after payday. Start small then build.
3. If you receive a bonus or pay rise, it's a good idea to use some or all of this extra money to start a savings account or add to one you already have.
4. Set up a budget on your spending.
5. Be disciplined. Set a savings goal and stick to it.
6. A cash ISA is also a good option as it is a tax efficient way to save. This is a savings account that pays interest tax-free up to specific limits.
7. You can often get extra interest if you are prepared to tie up your money for a set number of months with a notice savings account. These types of savings products may offer a better interest rate but make sure you only put money in there that you won't need in the short term.

Long-term Savings

Once you've got into the habit of saving for the everyday, it's time to start thinking about longer-term savings.

It's good to have some savings you can instantly access in case of emergencies. But, it's also worth thinking about saving for the future and your retirement. Putting together a savings plan now will give you greater long-term security.

Here are some tips to guide you as you start thinking about long-term savings:

1. To make the most of your money, make sure you take advantage of your tax-free annual ISA allowance.
2. You can help protect your dependants' financial security by taking out life insurance. You could get a lump sum of money in the event of your death or if you're diagnosed with a terminal illness, helping ensure that any outstanding debts such as a mortgage would be paid off.
3. More and more of us are now living longer, so at some point you may want to consider your income in retirement. Speak to your employer to see if they provide a pension or are prepared to contribute on your behalf. Otherwise consider taking out a personal pension
4. You're never too young to make a will. If you die without one, any possessions you own such as your house, jewellery, car etc, may be distributed according to the law rather than how you'd like. By sorting your will out early, you can also make sure your beneficiaries don't pay more inheritance tax than necessary. Some Building Societies, such as the Melton, provide a referral service to selected financial planning providers.

How safe are your savings?

You may be worried that if you tie your money up in a savings account, it won't be protected. However, the Financial Services Compensation Scheme is an independent body that serves as a last resort to cover most deposits, including savings, paid in to retail savings accounts.

So, if for some reason your bank or building society couldn't return your full savings deposit, your money would be protected by the FSCS up to the maximum limit per person.

Full details can be found on the Melton's website www.themelton.co.uk or by visiting www.fscs.org.uk.

Guide to **making the most of your savings**



Main Office

Mutual House, Leicester Road,
Melton Mowbray, Leics., LE13 0DB.

T. 01664 414141
F. 01664 414040
E. melton@mmbs.co.uk

themelton.co.uk

Branch Offices

18 Nottingham Street,
Melton Mowbray, Leics.,
LE13 1NW.

T. 01664 480214
F. 01664 560321
E. meltonbranch@mmbs.co.uk

48 High Street, Grantham,
Lincs., NG31 6NE.

T. 01476 564528
F. 01476 575231
E. grantham@mmbs.co.uk

23 High Street, Oakham,
Rutland, LE15 6AH.

T. 01572 757911
F. 01572 757946
E. oakham@mmbs.co.uk