A Guide to Savings – Fact Sheet

Jersey Financial Services Commission

Putting some money away regularly is the best way of saving up for expensive things, like a holiday, household items, or to help spread the cost of school or university fees.

There are two ways to save money - short term and long term. Savings accounts are for times when you may need to access your money quickly. They are different from investments, which are designed to be for the longer term.

Regular savings, however small the amount set aside is, will add up. The earlier you start saving, the more money you will have to help you achieve your financial goals.

Saving tends to be for short-term goals or when you may need to get at your money quickly (for example a holiday, Christmas, or replacing an expensive household item). A typical way to save is by putting your money into a savings account where it can earn interest. Saving in this way is low risk and while you may only earn a small amount of interest, if any, the risk of you losing the money you put into the account is very low (short of a bank or building society getting into serious financial difficulty).

Types of Saving Products

There are different ways to save money, each with different features, benefits and protection. Some of these include:-

> Banks

> Building Societies

> National Savings and Investments issued by the UK Government.

Different bank savings accounts will offer different interest rates and notice periods for withdrawing your money without penalty.

Savings accounts

Savings accounts are deposit-based and generally pay higher interest rates than current accounts. This means you will usually get back the money you have put into the account, plus any interest which may have been added to your account in accordance with the account's terms, unless the bank or building society collapses.

Banks and Building Societies must be regulated by a financial services regulatory authority to be able to take your money and hold it. You can check to see if a Bank or Building Society is regulated in Jersey on the JFSC's website.

Save regularly
You can ask your bank to arrange for a set amount of money to be paid regularly from your current account into a savings account - this method is usually called a standing order.

Short to medium term saving
Savings accounts are suitable for short to medium term savings. With savings accounts, you can usually get your money out immediately or after a certain notice period, such as 30, 60 or 90 days.

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