

Savings accounts, part 1

Six banks, six offers. Every one of these accounts adds interest once a year.

All bank names and interest rates on this sheet are made up.

Simple interest is worked out on the amount you first paid in, every year.

Compound interest is worked out on the amount in the account, so you earn interest on your interest.

Metroline Bank

Simple Saver

10% simple interest per year

- Maximum balance £300
- No minimum deposit
- Take your money out any time

Virgo Money

Long Saver

8% compound interest per year

- Minimum deposit £500
- No maximum
- Take your money out any time

Coventree

Standard Saver

5% simple interest per year

- Building society account
- No minimum deposit
- Take your money out any time

Starlight Bank

Steady Saver

5% compound interest per year

- Minimum deposit £100
- No maximum
- Take your money out any time

Chace

Easy Saver

4% compound interest per year

- No minimum deposit
- No maximum
- Take your money out any time

Tesbury Bank

Two-Year Saver

6% simple interest per year

- Minimum deposit £200
- Money must stay in for at least 2 years
- No maximum

Part 1 questions

For each person, work out which of the six accounts gives them the most money, and how much they would have at the end. Check the conditions carefully.

1. **Amara** has £100 and wants to save it for **1 year**.
2. **Ben** has £200 and wants to save it for **2 years**.
3. **Chloe** has £400 and wants to save it for **4 years**.
4. **Dev** has £1000 and wants to save it for **3 years**.
5. **Erin** has £500 and wants to save it for **5 years**.
6. **Fay** has £250 to save for **3 years**. She has already decided to use either Coventree or Starlight Bank. Which should she choose, and how much better off will she be?

Think about

- Coventree and Starlight both pay 5%. Explain why Starlight always pays at least as much as Coventree.
- Ben says, “The account with the biggest percentage is always the best one.” Is he right? Use the accounts on this sheet to explain your answer.

Savings accounts, part 2

Eight banks, eight offers. These ones do not all add interest once a year.

All bank names and interest rates on this sheet are made up.

Barcourt Bank

Everyday Saver

5% compound interest per year

- No minimum deposit
- Pay in or take out whenever you like
- Interest added once a year

Santandra

Fixed Saver

8% compound interest per year

- Minimum deposit £200
- Money must stay in for at least 2 years
- Interest added once a year

NatEast

Young Saver

9% simple interest per year

- For savers aged 11 to 16 only
- Minimum £50, maximum £300
- Take your money out any time

Lloydale

Bonus Builder

3% compound + £25 bonus

- £25 bonus paid only after 3 full years
- Minimum deposit £100
- No withdrawals for 3 years

Monza

Monthly Saver

0.5% compound interest per month

- Interest added at the end of every month
- Maximum balance £1000
- Take your money out any time

Halifield

Half-Year Saver

2% compound interest every 6 months

- Interest added twice a year
- Minimum deposit £75
- No withdrawals in the first year

Nationworth

Loyalty Saver

6% simple interest per year

- £2 account fee taken every month
- Minimum deposit £250
- Interest added once a year

Trustbridge

Step Saver

2%, then 4%, then 6% simple

- Each year's interest is worked out on your original deposit
- Minimum deposit £150
- Money stays in for the full 3 years

Part 2 questions

For each person, work out which of the eight accounts gives them the most money, and how much they would have at the end. Check the conditions carefully.

1. **Priya** is 13. She has £200 to save for **1 year**.

2. **Marcus** is 30. He has £1000 to save for **2 years**.

3. **Sofia** is 28. She has £150 to save for **3 years**.

4. **Dan** is 40. He has £2000 to save for **2 years**.

5. **Aisha** is 25. She has £500 to save for **1 year**.

6. **Leo** is 16. He has £300 to save for **3 years**. Two accounts are very close — find both, and work out the difference between them.

Think about

- Trustbridge advertises a rate that rises all the way to 6%. Explain why it is still not a good deal.
- Nationworth advertises the highest simple interest rate on the sheet. Why does nobody choose it?
- Halifield pays 2% twice a year. Is that the same as 4% once a year? Explain.

Answers

Amounts rounded to the nearest penny.

Part 1

1. **Amara, £100, 1 year — Metroline, £110.** Coventree and Starlight both give £105; Chace £104. Virgo needs £500, Tesbury needs £200.
2. **Ben, £200, 2 years — Metroline, £240.** Tesbury £224, Starlight £220.50, Coventree £220, Chace £216.32.
3. **Chloe, £400, 4 years — Tesbury, £496.** Metroline is out: £400 is over its £300 maximum. Starlight £486.20, Coventree £480, Chace £467.94.
4. **Dev, £1000, 3 years — Virgo, £1259.71.** Tesbury £1180, Starlight £1157.63, Coventree £1150, Chace £1124.86.
5. **Erin, £500, 5 years — Virgo, £734.66.** Tesbury £650, Starlight £638.14, Coventree £625, Chace £608.33.
6. **Fay — Starlight.** £289.41 against Coventree's £287.50, so £1.91 better off.

Part 2

1. **Priya, £200, 1 year — NatEast, £218.** Monza £212.34, Barcourt £210, Halifield £208.08. Santandira needs 2 years; Nationworth needs £250.
2. **Marcus, £1000, 2 years — Santandra, £1166.40.** Monza £1127.16, Barcourt £1102.50, Halifield £1082.43, Nationworth £1072. He is too old for NatEast.
3. **Sofia, £150, 3 years — Lloydale, £188.91** (£163.91 plus the £25 bonus). Monza £179.50, Barcourt £173.64, Halifield £168.92, Trustbridge £168. Santandra needs £200.
4. **Dan, £2000, 2 years — Santandra, £2332.80.** Barcourt £2205, Nationworth £2192, Halifield £2164.86. Monza is capped at £1000.
5. **Aisha, £500, 1 year — Monza, £530.84.** Barcourt £525, Halifield £520.20, Nationworth £506. Santandra needs 2 years, Lloydale needs 3.
6. **Leo, £300, 3 years — NatEast, £381,** just ahead of **Santandra, £377.91** — a difference of **£3.09**. Then Monza £359, Lloydale £352.82, Barcourt £347.29, Halifield £337.85, Trustbridge £336, Nationworth £282.

Think about

- **Coventree v Starlight.** Year 1 is identical: 5% of the same starting amount. After that Starlight charges its 5% on a larger balance every year, so it can never fall behind.
- **Biggest percentage.** No. Metroline's 10% is the highest rate in part 1, but the £300 cap makes it useless to Chloe, Dev and Erin.
- **Trustbridge.** The rates are simple, worked out on the original deposit, so three years pays 2% + 4% + 6% = 12% in total — only 4% a year on average.
- **Nationworth.** The £2 monthly fee costs £24 a year. On £250 that fee wipes out more than the interest; you need over £400 in the account before 6% even covers it.
- **Halifield.** No. Two lots of 2% gives $1.02 \times 1.02 = 1.0404$, so 4.04% a year, slightly more than 4%.