**Bank and Deposit Accounts Recommendation**

**INSTRUCTION TO USER** – The following has been designed for inclusion within a report generated by the PPOL Suitability Report Builder. You will need to use PPOL to create a report containing an Introduction and Investment Recommendation section, together with any other required recommendation sections in the usual way. Once you have downloaded the report created via PPOL to Word, simply insert your required text at the beginning of the Investment Recommendation section of the report and edit the text to reflect your individual requirements.

Within the Investment Recommendation Section, you will also need to insert additional row(s) within the table under the subheading “Summary of Recommendations” to reflect the additional bank or deposit account recommendations being made.

It is also recommended that you include the accompanying Notes on Financial Products within the Appendix of the resultant report.

The text has been colour coded to aid with your understanding. Where the text is highlighted in blue this tends to suggest that the text may not be appropriate in all instances, and you may need to delete some or all of it. Where the text is highlighted in red, this will require your input.

**Bank Account – Instant Access**

I have recommended that you retain £<INSERT> in an instant access bank account with <INSERT> for the following reasons:

* It reflects your attitude to risk
* As part of your larger investment portfolio, it reflects your attitude to risk
* It reflects your investment objectives
* It is not advisable to hold substantial funds as cash reserves as this offers limited scope for real capital growth after taking into account the effects of inflation. However instant access bank accounts do provide a low risk and easily accessible place for your short term savings.
* This capital can be used to cover any unforeseen short term emergency expenditure that may arise
* It reflects your access requirements

**Bank Account – Notice Period**

I have recommended that you hold £<INSERT> in a <INSERT> day notice bank account with <INSERT> for the following reasons:

* It reflects your attitude to risk
* As part of your larger investment portfolio, it reflects your attitude to risk
* It reflects your investment objectives
* It is not advisable to hold substantial funds as cash reserves as this offers limited scope for real capital growth after taking into account the effects of inflation. However, bank accounts do offer a low risk and easy place (subject to any penalty clause) to access your short term savings
* Notice accounts tend to offer higher interest rates than instant access bank accounts
* This capital can be used to cover any unforeseen emergency expenditure that may arise
* It reflects your access requirements
* The interest rate payable is competitive when compared to similar investments that are available at the current time

**Fixed Term Deposit Bond**

I have recommended that you invest £<INSERT> in a fixed term deposit bond with <INSERT> for the following reasons:

* It reflects your attitude to risk
* As part of your larger investment portfolio, it reflects your attitude to risk
* Fixed term deposit bonds tend to offer higher interest rates than instant access or notice bank accounts
* Fixed term deposits guarantee to pay a fixed return over a specified timescale
* This reflects your investment objectives
* This reflects your access requirements
* The interest rate payable is competitive when compared to similar investments that are available at the current time

**Cash ISA**

I have recommended that you invest £<INSERT> in a Cash ISA with <INSERT> for the following reasons:

* It reflects your attitude to risk
* As part of your larger investment portfolio, it reflects your attitude to risk
* The annual allowance is £20,000 for the current tax year
* You can repay any withdrawals you make in the same tax year
* You can hold multiple Cash ISAs from different providers in a tax year
* It reflects your investment objectives
* All interest is accrued free of taxation
* You do not have to report an ISA on your annual Tax Return
* This capital can also be used to cover any unforeseen short term emergency expenditure
* It reflects your access requirements
* The interest rate payable is competitive when compared to similar investments that are available at the current time

**Notes on Financial Products**

**Bank Account – Instant Access**

A bank account is a financial account with a banking institution, recording the financial transactions between the customer and the bank and the resulting financial position of the customer with the bank. The banking institution will usually pay a variable rate of interest on the monies deposited with them.

**Bank Account – Notice Period**

A bank account is a financial account with a banking institution, recording the financial transactions between the customer and the bank and the resulting financial position of the customer with the bank. The banking institution will usually pay a variable rate of interest on the monies deposited with them and will usually pay a slightly higher level of interest on accounts where you agree to restrict your withdrawals to a pre-agreed notice period.

**Fixed Term Deposit Bond**

Fixed-rate bonds are fixed-term savings accounts that give you a specified rate of interest for that fixed period – subject to varying terms and conditions. The fact that the interest rate is fixed makes bonds attractive to people who are prepared to allow their money to grow and who don't need access to their money during the fixed period.

**Cash ISA**

A Cash ISA is essentially a tax free bank account as all interest is accrued tax free. The annual limit that can be invested within a Cash ISA for the current tax year is £20,000. It is possible to transfer money from a Cash ISA into either another Cash ISA or into a stocks and shares ISA and vice versa. From 6 April 2016, any withdrawal of the current year ISA allowance can be repaid into the Cash ISA providing it is made in the same tax year and does not breach the overall ISA allowance. You can now invest in Cash ISAs with different providers in the same tax year up to the annual limit.

**Personal Savings Allowance (PSA)**

A tax-free allowance of £1,000 for basic rate taxpayers (or £500 for higher rate taxpayers) wasintroduced on 6th April 2016 for interest that is earned on savings or investments but excludes interest from ISAs, and where an interest distribution from authorised investment funds is paid out. No PSA is available to additional rate taxpayers.

This tax free allowance will allow you to receive interest or certain other investment income up to these amounts before you start to pay tax on savings income. Banks and Building Societies no longer deduct 20% basic rate tax, but instead pay the interest earned gross. Non-taxpayers do not need to complete a R85 form.

Any receivable interest over and above the PSA will be subject to the individual’s marginal rate of income tax via PAYE or this must be included within a tax return.

A nil starting rate of tax continues to apply to the first £5,000 of savings income (the limit), but this will not apply where taxable non-savings income exceeds the starting rate limit.