

Public Finance



National Savings

National Savings and Investments

2-YEAR FIXED INTEREST NATIONAL SAVINGS CERTIFICATES—NEW ISSUE

24th Issue 2-year Fixed Interest Savings Certificates went on sale on 19 February 2004. A Certificate will grow in value at a guaranteed rate each year as follows:

Year 1	2.90%
Year 2	3.01%

If a Certificate is held for two years, these rates will give a tax-free and guaranteed return equal to 2.95% pa compound.

5-YEAR FIXED INTEREST NATIONAL SAVINGS CERTIFICATES—NEW ISSUE

74th Issue 5-year Fixed Interest Savings Certificates went on sale on 19 February 2004. A Certificate will grow in value at a guaranteed rate each year as follows:

Year 1	2.80%
Year 2	2.90%
Year 3	3.10%
Year 4	3.40%
Year 5	3.81%

If a Certificate is held for five years, these rates will give a tax-free and guaranteed return equal to 3.20% pa compound.

3-YEAR INDEX-LINKED NATIONAL SAVINGS CERTIFICATES—NEW ISSUE

5th Issue 3-year Index-linked Savings Certificates went on sale on 19 February 2004. The value of a Certificate will move in line with the rate of inflation as measured by the Retail Prices Index (subject to the detailed rules set out in the terms and conditions), plus extra interest as follows:

Purchase price	+ Index-linking for year 1	+ 0.70% of Purchase price	= 1st Anniversary Value
1st Anniversary Value	+ Index-linking for year 2	+ 0.90% of 1st Anniversary Value	= 2nd Anniversary Value
2nd Anniversary Value	+ Index-linking for year 3	+ 1.26% of 1st Anniversary Value	= Maturity Value

If a Certificate is held for three years, these rates will give a tax-free and guaranteed return equal to 0.95% pa compound in addition to index-linking.

5-YEAR INDEX-LINKED NATIONAL SAVINGS CERTIFICATES—NEW ISSUE

32nd Issue 5-year Index-linked Savings Certificates went on sale on 19 February 2004. The value of a Certificate will move in line with the rate of inflation as measured by the Retail Prices Index (subject to the detailed rules set out in the terms and conditions), plus extra interest as follows:

Purchase price	+ Index-linking for year 1	+ 0.70% of Purchase price	= 1st Anniversary Value
1st Anniversary Value	+ Index-linking for year 2	+ 0.90% of 1st Anniversary Value	= 2nd Anniversary Value
2nd Anniversary Value	+ Index-linking for year 3	+ 1.10% of 2nd Anniversary Value	= 3rd Anniversary Value
3rd Anniversary Value	+ Index-linking for year 4	+ 1.30% of 3rd Anniversary Value	= 4th Anniversary Value
4th Anniversary Value	+ Index-linking for year 5	+ 1.51% of 4th Anniversary Value	= Maturity Value

If a Certificate is held for five years, these rates will give a tax-free and guaranteed return equal to 1.10% pa compound in addition to index-linking.

NATIONAL SAVINGS AND INVESTMENTS CAPITAL BONDS—NEW SERIES

Series 16 Capital Bonds went on sale on 19 February 2004. A Bond will grow in value at a guaranteed gross rate each year as follows:

Year 1	3.85%
Year 2	4.15%
Year 3	4.45%
Year 4	4.75%
Year 5	5.06%

If a Bond is held for five years, these rates will give a guaranteed return equal to 4.45% pa compound. The interest is credited gross and is taxable.

NATIONAL SAVINGS AND INVESTMENTS CHILDREN'S BONUS BONDS—NEW ISSUE

Issue 12 Children's Bonus Bonds went on sale on 19 February 2004. For the first five years each £25 unit will earn interest at 3.00% pa compound. On the fifth anniversary of purchase it also earns a bonus of £1.66 (6.64% of purchase price). At these rates a Bond will earn a tax-free return equal to 4.15% pa compound over the first five years.

NATIONAL SAVINGS AND INVESTMENTS FIXED RATE SAVINGS BONDS—NEW ISSUES

New Issues of Fixed Rate Savings Bonds went on sale on 19 February 2004 as shown in the table below. The rate of interest earned by a Bond will be determined by its capital value at any time—the original investment plus any interest added to the Bond less any repayments. The rate is determined by whether the interest is paid monthly or at maturity. Interest is paid net of tax.

Term	Capital value of Bond	Gross Annual Rates	
		Monthly interest option	Annual interest option
3-year Issue 18	£500 to £19,999.99	3.90%	4.00%
	£20,000 to £49,999.99	4.05%	4.15%
	£50,000 and above	4.25%	4.35%
5-year Issue 16	£500 to £19,999.99	4.05%	4.15%
	£20,000 to £49,999.99	4.20%	4.30%
	£50,000 and above	4.40%	4.50%

NATIONAL SAVINGS AND INVESTMENTS PENSIONERS GUARANTEED INCOME BONDS 1-YEAR TERM—NEW SERIES

Series 22 1-year Pensioners Guaranteed Income Bonds went on sale on 19 February 2004. The interest rate, fixed and guaranteed for the first year a Bond is held, is 3.85% pa gross. The interest is paid gross and is taxable.

NATIONAL SAVINGS AND INVESTMENTS PENSIONERS GUARANTEED INCOME BONDS 2-YEAR TERM—NEW SERIES

Series 28 2-year Pensioners Guaranteed Income Bonds went on sale on 19 February 2004. The interest rate, fixed and guaranteed for the first two years a Bond is held, is 4.05% pa gross. The interest is paid gross and is taxable.

NATIONAL SAVINGS AND INVESTMENTS PENSIONERS GUARANTEED INCOME BONDS 5-YEAR TERM—NEW SERIES

Series 37 5-year Pensioners Guaranteed Income Bonds went on sale on 19 February 2004. The interest rate, fixed and guaranteed for the first five years a Bond is held, is 4.35% pa gross. The interest is paid gross and is taxable.

NATIONAL SAVINGS AND INVESTMENTS EASY ACCESS SAVINGS ACCOUNTS—NOTICE OF NEW INTEREST RATES

On and from 1 March 2004 the variable rates of interest payable on Easy Access Savings Accounts will be as follows:

Balance in Account	Rate of interest
£100 to £999.99	1.25% pa
£1,000 to £4,999.99	2.75% pa
£5,000 to £9,999.99	3.05% pa
£10,000 to £24,999.99	3.30% pa
£25,000 to £49,999.99	3.55% pa
£50,000 and above	3.80% pa

NATIONAL SAVINGS AND INVESTMENTS INDIVIDUAL SAVINGS ACCOUNTS—NOTICE OF NEW INTEREST RATES

On and from 1 March 2004 the variable tax-free rate of interest payable on Individual Savings Accounts (cash mini and TESSA-only accounts) will be 3.70% pa.