

SAVE

XMAS

Detailed descriptions of different options available

Standard bank and building society savings accounts

Description

These accounts are arrangements with banks or building societies which keep people's money safe and offer a range of services to make it easier for them to manage their money.

Features

- Wide choice of banks and building societies
- Wide choice of accounts, with different features, regarding notice periods for withdrawals, methods of withdrawal, payment of bonuses and so on. See www.moneymadeclear.fsa.gov.uk for more details
- Usually complete freedom regarding how much and how often people save
- You are paid interest on the amount you save
- Secure*

Other things to think about

- Very different from hamper schemes as a way of paying for Christmas
- Would need to make regular deposits and not be tempted to 'dip in' before Christmas
- Standard procedures to open accounts can seem time consuming – people will normally have to provide proof of identity and address to open an account

Special building society Christmas accounts

Description

These incorporate some of the features of hamper schemes into a savings account.

Features

- You are paid interest or a bonus

*

If the bank or building society goes bust, you may be able to get compensation from the Financial Services Compensation Scheme (FSCS). For deposits, the FSCS limit is 100% of the first £50,000 of your loss. For details see the FSCS website www.fscs.org.uk

- Makes it harder to withdraw the money before Christmas, so it's less easy to dip into the money during the year (for example by reducing the interest or bonus for early withdrawals)

Other things to think about

- People still have to be disciplined about saving using these accounts – no one will come to their door to collect the money from them
- Quite limited availability – only a handful of societies offer these accounts, meaning they may not be as convenient as a standard savings account

Post Office® Christmas Club**Description**

The Post Office® Christmas Club works through a “prepaid card” which means that money must be loaded onto the card and used at participating retailers. It is not a credit card, charge card, or a debit card linked to a current account. You can save up to £1,000 on the card and from November either use the card at participating retailers or convert it into vouchers.

Features

- You have the flexibility to choose how much you want to save (up to £1000) and when you want to save it
- You can load cash onto the card at any Post Office® branch
- It's hard to withdraw money - you can only make one withdrawal and you will have to pay a fee for it
- No interest is paid on your money
- Near Christmas, savers will receive a booklet of special offers from participating retailers

Other things to think about

This is not a standard bank or building society account and as a result is not as secure. The Christmas Club is with the Post Office® but it passes the money on to the Bank of Ireland to hold. However the Financial Services Compensation Scheme does not apply to this scheme and in the event that the Bank of Ireland goes bust, you might lose all of your money.

Credit union savings accounts

Description

Credit unions are financial cooperatives owned and controlled by their members. They offer savings accounts to their members. Each credit union has its own criteria for admitting members. This is called the 'common bond', and can be based on one of several factors, such as where someone lives or works.

Features

- People can save as much or as little as they like as often as they want
- People can pay in at local shops or collection points, or direct from their wages

Other things to think about

- Credit unions automatically provide life assurance to members, at no extra cost
- Credit unions also offer loans to their members
- People will generally not have a wide choice of which credit union to join
- Credit unions are owned and run by people who all have something in common, and will generally live in the same area, meaning they can have some of the same social aspects of hamper schemes

If a credit union in England, Scotland or Wales is unable or likely to be unable to pay claims against it, you may be able to get compensation from the Financial Services Compensation Scheme (FSCS). There are limits depending on the type of claim. For complaints and compensation arrangements for credit unions in Northern Ireland, check with the Companies Registry.

Special credit union Christmas savings accounts

Description

These incorporate some of the features of hamper schemes into credit union savings accounts.

Features

- Makes it harder to withdraw the money before Christmas, so it's less easy to dip into the money during the year
- Some accounts pay out in vouchers, rather than cash

Other things to think about

- Credit unions automatically provide life assurance to members, at no extra cost to them
- Credit unions also offer loans to their members
- People will generally not have a wide choice of which credit union to join
- Credit unions are owned and run by people who generally live in the same area, meaning they can have some of the same social aspects of hamper schemes

Supermarket, national retailer and shopping mall schemes**Description**

With these schemes, people usually save what they can when they can by handing over money at the retailer. The savings are recorded through a variety of means, sometimes in conjunction with loyalty cards. The savings build up and can then be used to buy goods or services from the retailer (or retailers) in the run up to Christmas. Some schemes, may also offer a bonus.

Features

- These schemes do not pay interest
- People are generally restricted to spending the money they've saved at the retailer or group of retailers they've saved with
- People's money is only protected if the retailer specifically makes arrangements. If no protection exists people need to be aware that they would probably lose all their money if the business went bust and there is no way of judging how financially sound any business is.

Other things to think about

- These schemes and clubs are not covered by the Financial Services Compensation Scheme (which bank, building society and some credit union accounts are)
- If the shop goes bust, it may be very hard to get any money back
- People need to check what happens if they lose or damage their saving record (booklet, stamps, card etc.)

Christmas clubs with local shops (like butchers, corner shops and toy shops)

Description

With these schemes, people usually save what they can when they can by handing over money at the shop. In return you should be given a savings booklet. Each time you hand over cash you are usually given stamps which are then stuck into the savings booklet. The savings build up and the booklet can then be used to buy goods or services from the shop in the run up to Christmas. Some schemes, may also offer a bonus.

Features

- These schemes do not pay interest
- People are generally restricted to spending the money they've saved at the shop they've saved with
- People's money is only protected if the shop specifically makes arrangements. If no protection exists people need to be aware that they would probably lose all their money if the shop went bust and there is no way of judging how financially sound any business is.

Other things to think about

- These schemes and clubs are not covered by the Financial Services Compensation Scheme (which bank, building society and some credit union accounts are)
- If the shop goes bust, it may be very hard to get any money back
- People need to check what happens if they lose or damage their saving record (booklet, stamps, card etc.)

Hamper schemes from your milkman

Description

These work in a similar way to the way that the Farepak hamper scheme did.

Features

- These schemes can be particularly useful for people who valued the personal aspect of Farepak, where someone collected the money from the home
- Can be useful for people who don't live close to a bank or building society or are tied to the home
- Can help people save money who may otherwise find it hard to put money away without the discipline of someone calling at their home
- The money saved is harder to dip into before Christmas

Other things to think about

- These hamper schemes are not covered by the Financial Services Compensation Scheme (which bank, building society and some credit union accounts are)
- People are generally tied into spending the money with the hamper provider, meaning people can't shop around for the best deal
- Goods might not be such good value as on the high street
- Hampers will be delivered direct to people's homes, which can be an advantage to those who find it hard to get to the shops, or don't have transport for heavy loads of shopping

Christmas hamper and voucher schemes**Description**

These schemes operate in a similar way to Farepak.

Features

- They don't offer interest on your money, but they do offer a bonus
- They will collect money regularly from people's homes using local agents
- They pay out just before Christmas and can pay out in vouchers

Other things to think about

- After Farepak collapsed the Government worked with the remaining hamper companies to put in place effective protection for customers' prepayments. The companies have put in place independent trust accounts to provide stronger protection for customers' money. These arrangements are supervised by a new trade association (the Christmas Prepayments Association)
- People should ask the company they are thinking about saving with for more details about how their money would be protected if the company went bust. Depending on which company you deal with the amount of your money you would get back could vary at different times of the year
- If people choose vouchers they are not always tied in to using a particular supplier, but they will still not have a completely free choice on where to spend the money they've saved
- People can generally choose to have what they buy delivered direct to their home, which can be an advantage to those who find it hard to get to the shops, or don't have transport for heavy loads of shopping