

Get your cash in a fix

By Sylvia Morris

BANKS and building societies, desperate to raise cash from savers, are paying up to 7 pc before tax fixed for a year.

The beauty of these deals is that your interest won't fall even if Bank of England cuts base rate. But to earn these top rates you must be willing to tie your money up for a year.

The top deals are already paying 2 percentage points over base rate, which stands at 5pc, and 1 percentage point more than the best variable rate accounts.

A further cut could come as early as next month, sending rates of variable rate accounts plunging further.

Some of the fixed rate bonds pay monthly interest, providing security to those who rely on their savings to boost their pension income.

Savings experts suggest you should grab these deals while they are available. Banks and building societies are launching new fixed rate bonds almost daily.

Yesterday, **ICICI Bank UK** launched a one-year fixed rate bond paying 5.6 pc after savings tax (7 pc before tax) via internet-only accounts.

It leapfrogs the new deal from Halifax, launched on Friday, at 5.2 pc (6.5 pc) for a year. This is on sale over the internet, the telephone or through its branches.

Nationwide also came out with better deals last Friday and now pays 5.12 pc (6.4 pc) on its internet version and 5.04 pc (6.3 pc) through its branches.

And on the same day Birmingham Midshires, which like Halifax is part of the HBOS, launched a one-year internet account at 5.45 pc (6.81 pc). It also has a telephone-based account paying 5.41 pc (6.76 pc).

This week Bradford & Bingley came out with a one-year bond paying 5.12 pc (6.4 pc). Chelsea's Spring Bond, out today, pays 5.2 pc (6.5 pc) for one year or 5.04 pc (6.3 pc) for two years.

You should only take out a fixed

rate bond if you are willing to tie your money up for the term. You do not usually have access to it, but if you do and take it out early you will lose up to 180 days' interest.

One exception is Coventry Building Society's 50 Plus eSave, an internet account paying 5.12 pc (6.4 pc) to those aged 50 and over. The rate is fixed for 12 months, but you have easy access

to your money without penalty during the year.

You have only around 36 hours to open this account — it closes to new savers at midnight tomorrow. Minimum investment is £1 but you can add to your account even after it closes to new savers.

You can only take the deal with **ICICI Bank** or Kaupthing Edge, the next best payer, if you run an easy access internet account with them. But both pay good rates on these accounts (see best buys tables on opposite page).

The top rate for those looking for monthly income comes from Saga at 5.4 pc (6.76 pc) on its new bond, out today.

These bonds look particularly good value as Bank of England base rate is predicted to fall. Consultancy firm Capital Economics suggests it could be down from 5 pc to 4 pc by the end of this year and 3.5 pc next year.

Vicky Redwood at Capital Economics says: 'These fixed rate bonds are good value.' Professor Andrew Clare from City-based Cass Business School says: 'These are good deals when we predict base rate will fall to 4.25 pc by the end of this year. It is difficult to predict how long they will be around as the money

markets are not behaving as they should.'

On shorter-term deals, you can earn 5.38 pc (6.72 pc) with Alliance & Leicester, 5.37 pc (6.71 pc) with Birmingham Midshires, 5.32 pc (6.65 pc) with Icesave or 5.19 pc (6.49 pc) with Halifax fixed for six months.

Halifax pays 5.31 pc (6.65 pc) fixed for nine months on its internet-based bond.

Top fixed rate on tax-free cash Isas come from Bradford &

Bingley at 6.25 pc, Nationwide and Birmingham Midshires at 6.15 pc and Halifax at 6 pc, all fixed for one year.

Northern Rock pays 6 pc on its Fixed Rate Access Isa. Unusually, it lets you take money out without penalty during the one-year term.

■ **BIRMINGHAM Midshires:** www.askbm.co.uk or 0845 602 2828; www.thecoventry.co.uk; www.halifax.co.uk or 0845 601 8150; www.icesave.co.uk; www.icicibank.co.uk; www.kaupthingedge.co.uk; Saga 0845 850 0564.

For a full rundown of the best savings rates visit www.thisismoney.co.uk/savingsrates