

# NS&I increases interest rate on its income bonds

Submitted by: pr-sending-enterprises

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National Savings and Investments (NS&I) has announced that it has increased the interest rates on its Income Bonds by 1%. The revised interest rates came into effect from 20 May 2009 for Income Bond customers.

Guaranteed Income Bonds (<http://www.nsandi.com/products/gib/index.jsp>) are intended to provide investors with a 100% secure monthly income at a competitive variable interest rate. This no risk guarantee to the investment capital is possible because National Savings and Investments is backed by HM Treasury. Income Bonds can be cashed in at any time with no notice and no penalty and income can be paid directly into a bank or building society account or into a NS&I Investment Account or Easy Access Savings Account.

The combination of complete security and the increased interest rates (<http://www.nsandi.com/interest-rates/index.jsp>) are expected to make NS&I Income Bonds (<http://www.nsandi.com/products/ib/index.jsp>) especially attractive in the current economic climate.

NS&I constantly reviews savings products offered by other providers and has made this decision to take into account the rates available on other types of products which might be considered by Income Bond customers. NS&I continues to follow a pricing strategy designed to balance the interests of its savers, the taxpayer and the stability of the financial services market.

The interest rates on NS&I's other savings products, including NS&I's Guaranteed Income Bonds, will remain unchanged.

This brings the new Income Bonds variable gross rates\* to 1.7% p.a. (1.71% AER\*\*) for savings of £500 - £24,999 and 2% p.a. (2.02% AER) for savings of £25,000+.

Notes to editors:

\*Gross means the taxable rate of interest without the deduction of UK Income Tax

\*\*AER stands for Annual Equivalent Rate and enables the comparison of interest rates from different financial institutions and across different products on a like-for-like basis. It shows what the notional annual rate would be if interest was compounded each time it was credited or paid out. Where interest is credited once a year the rate quoted and the AER will be the same

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About NS&I

National Savings and Investments is one of the largest savings organisations in the UK, offering a range of savings and investments to almost 27 million customers. NS&I is best known for Premium Bonds, but also offers a range of savings accounts including easy access savings accounts, savings bonds, investment accounts (<http://www.nsandi.com/products/invac/index.jsp>), and children's bonus bonds. All products offer 100% capital security, because NS&I is backed by HM Treasury.

NS&I PR contact:

Gill Stephens  
National Savings and Investments  
375 Kensington High Street  
London  
W14 8SD  
020 7348 93449  
www.nsandi.com

Further information and digital images are available from the NS&I media team. An ISDN line is available for interviews.