

CONFIDENTIAL UNTIL 10.30 AM ON WEDNESDAY 9 APRIL



Treasury Chambers, Parliament Street, SW1P 3AG

David Norgrove Esq
No. 10 Downing Street
LONDON
SW1P 3AG

7 April 1987

*Dear David**NBM.***NATIONAL SAVINGS PACKAGE**

Further to my letter of 6 April, I attach a copy of the National Savings Press Notice, which will be released at 10.30am tomorrow.

Yours sincerely,
P D P Barnes

P D P BARNES
Private Secretary

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PRESS RELEASE

8 April 1987

NEW INTEREST RATES

National Savings announce a new 33rd Issue Savings Certificate to go on sale on 1 May at a rate of 7% p.a. tax-free and guaranteed over 5 years.

The 33rd Issue maximum holding will be £1,000, with special facilities for additional holdings up to £5,000 for investors re-investing proceeds of their existing matured Certificates by direct application to the Savings Certificate Office.

The General Extension Rate on matured Certificates will be 7.02% p.a. tax-free from the same day.

The 32nd Issue Savings Certificate, which was suspended on 10 March, is now withdrawn.

New interest rates for other investments will be as follows:

Yearly Plan: 7% p.a. tax-free and guaranteed over 5 years, for applications received on and after 9 April.

Investment Account: 10% p.a. from 22 April.

Income Bonds and Deposit Bonds: 10.5% p.a. from 23 May.

The new rate used for calculating the fund for Premium Bond tax-free prizes will be 7% p.a. from 1 August.

SAYE Share Option: 7.21% p.a. tax-free and guaranteed for 5 years, from later in the summer, date to be announced.

(cont....)

**NATIONAL
SAVINGS**



Notes to Editors

1. The 33rd Issue Savings Certificate will offer a number of new features. Following past practice it will offer savers a higher return from year to year, but it will be much easier for investors to calculate the return throughout the 5 years because the entitlement will be to a percentage rate of interest, not a cash increment as hitherto.

2. Investors who switch from matured Certificates into 33rd Issue will earn interest for each complete period of three months if they have to cash in during the first year. Other purchases will only earn interest for the first year if investors cash in on or after the first anniversary of purchase.

3. SAYE contracts are only available to savers in an approved share option scheme. The return takes the form of bonuses, 5 years and 7 years after commencement. The new rate is based on bonuses of 12 monthly contributions instead of the present 14.

4. No tax is deducted at source from interest on National Savings Investment Accounts, Income Bonds or Deposit Bonds. So they offer particular advantages to non-taxpayers.

5. Present rates are as follows:

32nd Issue *	8.75% p.a. (over 5 years)
General Extension Rate	7.5% p.a.
Yearly Plan	8.84% p.a. (over 5 years)
Investment Account	11.75% p.a.
Income Bonds and Deposit Bonds	12.25% p.a.
Premium Bonds Fund	7.75% p.a.
SAYE Share Option	8.3% p.a. (over 5 years)

* Suspended on 10 March and now withdrawn.