

# Best Buys



THE BIGGEST SAVINGS COMPARED WITH THE HIGH STREET CAN BE MADE ON CLOTHING, COMPUTERS AND CONSUMER ELECTRONICS

Ruth Szyszkowski, eBay.ie

## SAVINGS

### EASY ACCESS

Institution	Rate	Min Deposit	Contact
Irish Nationwide	3.25% <sup>1</sup>	€1	1850 666 666
Anglo Irish Bank	3.20% <sup>2</sup>	€1	1850 44 22 22
Nationwide UK	3.00%	€2,000	1800 800 310

<sup>1</sup>2% for balances over €20,000 <sup>2</sup>Max two withdrawals in 12 months

### FOREIGN GUARANTEES

Institution	Rate	Min Deposit	Contact
Rabodirect	3.60% <sup>1</sup>	€500	rabodirect.ie
Investec	3.60% <sup>2</sup>	€20,000	investeconline.ie
Nationwide UK	3.40% <sup>2</sup>	€3,000	1800 800 310

<sup>1</sup>Fixed for 10 years <sup>2</sup>Fixed for 12 months

### DIRT FREE

Institution	Rate	Term	Contact
An Post	3.96%	10 years	1850 30 50 60
An Post	3.53%	5.5 years	1850 30 50 60
An Post	3.23%	3 years	1850 30 50 60

### FIXED RATES

Institution	Rate	Term	Contact
Permanent TSB	3.71% <sup>1</sup>	5 years	1890 818 719
EBS	3.50% <sup>2</sup>	15 months	branch
Ulster Bank	3.50% <sup>2</sup>	12 months	branch

<sup>1</sup>Min deposit €10,000 <sup>2</sup>Min deposit €3,000 <sup>3</sup>Min deposit €15,000

### REGULAR SAVERS

Institution	Rate	Max Monthly	Contact
EBS	4.00%	€1,000	branch
Ulster Bank	4.00%	€1,000	1800 303 004
Permanent TSB	4.00%	€1,000	permanenttsb.ie

## LOANS

Lender	Rate	Monthly repayment <sup>1</sup>	Contact
Ulster Bank	9.90% <sup>2</sup>	€416.18	1890 587 587
National Irish	10.75%	€421.03	1850 812 022
AIB	10.90%	€424.47	1890 724 724
PTSB	12.00%	€428.07	1890 500 168

<sup>1</sup>Based on €13,000 borrowed over three years <sup>2</sup>first customers only

## ANNUITY RATES

### BEST JOINT LIFE<sup>1</sup>

Company	Annual income <sup>1</sup>	Contact
New Ireland	€7,390	01 617 2444
Irish Life	€7,375	1850 356 200
Friends First	€7,025	01 661 0600

<sup>1</sup>For €150,000 pension, man 65 wife 60, two-thirds widow's pension, level, guaranteed for five years, paid monthly. Source: Mercer 1890 375 375

## MONEY MADE EASY YOUR FIVE-MINUTE GUIDE TO... PRIVATE HEALTH INSURANCE



THE budget on Tuesday will have bad news for the 2.3m taxpayers with private health insurance. The government will announce a rise in the cost of private treatment in public hospitals, driving up premiums. It is also expected to increase the health levy, currently €185 a year for adults and €55 for children. Quinn Healthcare has already announced premium hikes averaging 7.9%. We show you how to keep the cost of cover in check.

### WHEN WILL THE INCREASES HAPPEN?

Quinn's price hikes — up to 25% for its popular Health Manager plan — take effect for renewals from January 1. "Quinn usually increases from January 1 and VHI from February 1," said Dermot Goode of the broker HealthInsuranceSavings.ie. "It's uncertain when Aviva Health will increase its rates."

### WHAT CAN I DO?

The best bet is to renew early before the hikes take effect, allowing you to lock in current rates for another year. "If your cover renews on March 1, 2011, you will be first in the firing line for price increases introduced in January and February," said Goode. "You can cancel early and set up a new policy from the same date, with no break in cover." VHI and Quinn will refund unexpired premiums if you paid upfront, but Aviva withholds refunds if you cancel early and move to a new insurer, having claimed on your policy during the year.

### HOW MUCH WILL I SAVE?

Quinn's Health Manager plan will cost €3,991 for families with two children renewing from January 1. By renewing early, they could get the same policy for €3,300 in 2011 — a saving of €691. They could

save even more by moving to a corporate plan, with Quinn delaying price increases on these policies until February 1.

All insurers try to restrict access to corporate plans for lucrative business customers that provide private health insurance as a perk for employees. The law requires open access to all health policies, however, so that everybody is entitled to ask for a corporate plan.

Quinn's Company Care Premium with Excess costs €2,440 for families with two children — €860 less than Health Manager, which provides a similar level of benefits. Aviva's Business Plan Complete also provides cover similar to Health Manager but costs €2,290 — a saving of €1,010. VHI's equivalent, Company Plan Extra Level 2, costs €2,520. This is more than Quinn's and Aviva's plans, but substantially less than the cost of Health Manager.

### HOW CAN I REDUCE THE COST?

Goode suggests splitting cover, saving money by putting children on cheaper policies with fewer benefits. Dropping cover for everyday medical expenses, meanwhile, could save up to €400. "The average family probably pays more for day-to-day cover than they are able to claim back in benefits," said Goode. He also suggests giving up cover for a private room because there are no guarantees of getting one if you end up in hospital. Families with children in college should consider switching to Aviva, which offers discounts until students are 23 compared with 21 for other insurers.

### TOP TIP

Insurers may stall if you try to beat their premium hikes by renewing early or switching to corporate plans. Stand your ground.

Niall Brady

## CURRENT ACCOUNTS

Institution	In-credit rate	Overdraft rate	Contact
AIB	1.00% <sup>1</sup>	11.95%	1890 724 724
Bank of Ireland	0.25% <sup>2</sup>	14.80%	1890 365 200
National Irish Bank	0.00%	11.43%	branch
Ulster Bank	0.00%	14.55%	1800 303 004

<sup>1</sup>On balances up to €1,500, funding of €1,500 a month. <sup>2</sup>On balances up to €1,500.

## CREDIT CARDS

### BEST INTRODUCTORY RATES

Card	Disc rate	Until	Contact
Tesco	0.00%	8 months	1800 555 743
BoI Classic	0.00%	6 months	1890 365 100
AIB Be	3.83%	12 months	1890 724 724

### BEST STANDARD RATES

Card	Rate	Interest free	Contact
BoI Clear	13.30%	56 days	bankofireland.ie
AIB Click	13.60%	56 days	aib.ie
NIB Mastercard	15.81% <sup>1</sup>	56 days	branch

<sup>1</sup>Current account customers only

Source: Bankers.ie

## DIGEST

“The cost of the bailout and the state of the public finances means that the government's bank guarantee has lost its value

Brendan Burgess, founder of Askaboutmoney.com, urges savers to spread their cash



22,042

The number of new mortgages in the first nine months of 2010, down from 155,316 in the same period of 2006 at the peak of the boom. Mortgage debt was €143 billion in September, down 3.3% in a year.

## Take stock Conlon cuts

CRH, DCC, Origin, Ryanair, Smurfit Kappa and Total Produce are the top Irish stock picks from Bloxham stockbrokers for 2011. It says they have strong balance sheets and dividend prospects. Their valuations are attractive, as is their low exposure to the cash-strapped Irish consumer. Aer Lingus, C&C and ICG are tipped as takeover targets.

Brian Conlon, the founder of First Derivatives, has sold a 4.8% stake in the software consultancy to director Paul Kinney for an undisclosed amount. Conlon sold another batch of shares to institutional investors for €435,750, reducing his stake to 49.6%. Howard Millar of Ryanair made €1.1m by exercising options at €2.35 and €2.82 and selling the shares for €3.88.

## AT A GLANCE

The Iseq closed up 74 points at 2,741 as CRH gained on good house sales data in America.

Over a year, shares are down 6% (down 3% with dividends) while Permanent TSB's house-price index has dropped by 15%.

Over three years, shares have fallen 61% (down 57% with dividends), while house prices are down 34%.

Over five years, shares are down 61% (down 55% with dividends), while house prices have fallen 26%.

Over 10 years, shares have dropped 53% (down 39% with dividends), while house prices have risen 20%.

# Overpayment can knock months off a mortgage

MC writes from Wicklow: We have about 15 years and €190,000 outstanding on our tracker mortgage, currently at 2% interest. We have approximately €10,000 saved and were thinking of using it to pay off some of our mortgage. One of your colleagues recently commented that we might be better off investing the money in a high-interest account. I would appreciate your opinion.

## A QUESTION OF MONEY

JILL KERBY

The first thing to check is whether paying off a lump sum would affect your tracker mortgage. Under no circumstances do you want to end up being switched to a variable rate, which your lender would be free to manipulate at will.

The conventional view is that, if you can achieve a better return after tax from a deposit account than the interest rate on your mortgage, it makes sense to opt for the deposit account. A good adviser can help you identify deposit accounts that may fit your requirements.

Savings only make sense, however, if you don't have other expensive debts, such as credit card borrowings, hire purchase commitments or personal loans. These debts should be prioritised, especially if you're in the habit of paying only the minimum monthly repayment.

Finally, before you make any decision, make sure your lender or your adviser shows you how much interest you would save by paying €10,000 capital off the €190,000 mortgage. You may find the lump sum capital payment is a guaranteed, no-risk way of saving a lot of money.

A one-off overpayment of €10,000 on a mortgage of €190,000 at 2% interest, for example, should save you €3,360 in interest and shave 10 months off the 15 years left on your mortgage. Ask your lender

what would happen if you need to get back the €10,000 in future, perhaps to cover a financial emergency. Most banks would treat it as a mortgage top-up, which is increasingly difficult to get as house prices fall, reducing the equity in your home.

Some lenders, including KBC Homeloans, give you the right to take mortgage overpayments whenever you wish. This flexibility makes overpayments a lot more attractive.

### Fixed risk

KP writes from Kildare: I have been offered a mortgage of €450,000 by Allied Irish Banks with the choice of fixing the rate for two, three or four years. Do you think a fixed rate is a good idea and, if so, for how long should I fix? What would happen to the mortgage contract if AIB is sold? What would happen to mortgage debt if Ireland leaves the euro?

I asked Karl Deeter of Irish Mortgage Brokers for his view. He believes that fixing for three years at the rate of 3.89% you've been offered by AIB is a good deal. At just 0.2 points higher than the two-year rate, he reckons it is a premium worth paying. According to Deeter, European interest rates can only

go up. Because they are set to suit Germany and not Ireland, the chances are that interest rates will rise sooner rather than later, as Germany's economy strengthens and inflation gathers pace. He predicts that Irish banks will increase lending rates because of the expensive bailout by the EU and International Monetary Fund.

Fixing a loan can bring you some peace of mind for a few years, though you must consider the consequences of having to revert to a higher variable rate at the end of the fixed period.

Peace of mind comes at a cost, however. There is a risk of paying over the odds if interest rates fail to rise by as much as you expected while your mortgage is fixed. These loans are also less flexible. You cannot overpay a fixed mortgage if you find yourself with spare cash. You may also be hit with steep redemption penalties if you need to break out of a fixed deal because the rate is uncompetitive or if you decide to move.

### Foreign affairs

UB writes from Dublin: Further to a recent query about transferring savings to another country ("Dirt cheap" on November 28) what steps are involved in this process? Is residency a condition of repatriation of funds? Who would



be able to advise as to how to go about this?

There is nothing to stop you from transferring funds from your Irish bank account to a bank account in any other EU country, so long as you do not violate money laundering protocols. Opening foreign accounts in your own name, though, is not easy. There are no regulations preventing it, but individual banks can set their own terms, including residency requirements. You need to check with the specific bank.

Perhaps the easiest way to open a foreign non-euro

account is to cross the border to Northern Ireland and open an account there. Bank of Ireland, AIB and Ulster Bank will open sterling accounts in the north for Irish residents who fulfil identification and money laundering conditions. National Irish Bank will also open non-euro accounts for customers.

Nationwide UK (Ireland) says that British building society legislation prevents its branches in Northern Ireland from opening accounts for non-residents. Like most deposit takers, though, it has a branch in the Isle of Man that will open offshore accounts for non-residents. Interest on

such accounts is liable to tax in Ireland, though, at your marginal rate.

Jill Kerby is co-author of the TAB Guide to Money Pensions & Tax 2010. Email her at the address below or write c/o Money Matters, The Sunday Times, Fourth Floor, Bishop's Square, Redmond's Hill, Dublin 2, giving a daytime telephone number. We cannot send personal replies or deal with every letter. Please do not send original documents or SAEs. Information and advice is offered without legal responsibility.