



Make 'Sorting Out Your Finances' your New Year's resolution

Christmas is usually associated with spending rather than saving, but now is the time to get your finances in check says Halifax.

What better way to get your finances in order for 2008 than making managing your finances a priority when it comes to setting your New Year's resolutions. Halifax has prepared some timely suggestions in the form of three golden rules for people who are looking to turn over a new leaf in 2008.

Peter Jackson, head of products at Halifax said:-

"Most of us religiously hit the High Street for the January sales, but too few of us include banking products in our bargain hunting. By making a few small changes today, you could make some significant financial gains in the future."

Rule number one: Always Shop Around

The majority of people will have at least one of the following: current account, mortgage, credit card. Now is the time to make sure you have the best deal available for you. Put interest rates at the top of your shopping list.

- **Make your current account work harder...**Just because your money is in your current account doesn't mean it can't be earning you interest. Halifax's High Interest Current Account pays 6% on balances up to £2,500 which is 60 times more interest than most other high street banks (visit: www.halifax.co.uk/bankaccounts for more information).
- **Cut the costs of your festive spending ...**Halifax Credit Card's research showed that the average Christmas shopper intends to spend £383 on presents. If this is done on an expensive store card or a card with a high APR (in some cases store cards have a rate in excess of 25.9%) you could end up paying much more than you bargained for.

Whether you're hitting the January sales or transferring a balance from a more expensive store card, Halifax has the answer. For shoppers, the Halifax Purchase Card offering 0% for 15 months on purchases is the card for you (visit: www.halifax.co.uk/purchasecard). For those wanting to reduce interest payments by transferring an existing balance a Halifax One Card offering 0% for 12 months on both balance transfers and purchases is an ideal way to reduce your monthly interest (visit: www.halifax.co.uk/creditcards).

Cardholders paying for Christmas spends on a Halifax Purchase card compared to those on a card with a rate of 17.9% could save in excess of £23* in interest payments – enough for another few presents or extra bargains in the January sales.

Rule number two: Save, save, save

- **Set up a standing order...**One easy way of getting into the saving habit is to set up a standing order so that funds can go straight from your current account to your savings account as soon as you get paid each month.
- **Become a regular saver...**Halifax is the UK's largest savings provider and has a wide range of products to suit all pockets. The Halifax Regular Saver account enables customers to save between £25 and £250 per month by standing order, and pays 7.00% AER fixed. After 12 months, your savings and interest are swept into another savings account and the Regular Saver begins again for another year.
- **Try online...**One of the accounts you can chose to sweep your Regular Saver funds into is the Halifax Web Saver, which pays 5.26% AER on balances of up to £4,999. You can access the funds at any time via the internet. If you'd rather leave your savings to grow, Halifax Web Saver Extra may be ideal. It pays 6.25% AER on balances up to £100,000 and customers can make one withdrawal per year without loss of interest.

Details of all Halifax savings products can be found at
<http://www.halifax.co.uk/savings/savingshome.asp>.

- **Get the kids involved...**It's also a good idea to encourage children to save for the future, and the Halifax Children's Regular Saver pays 10% AER fixed on monthly deposits of between £10 and £100. After 12 months, the savings and interest are swept into another account, such as save4it, which pays 6.05% AER and allows instant access via branches.

Halifax also offers a stakeholder Child Trust Fund, which is a long-term savings product that matures when the child is 18. Children born on or after 1st September 2002 receive a Government voucher of £250 to open an account, and family members can contribute up to £1,200 each year, which could build into a very useful sum when your child goes off to university or needs a deposit for their first home. See <http://www.halifax.co.uk/investments/childtrustfund.asp> for more information.

- **Use your full ISA allowance in 2008...**Setting up an ISA helps to make the most of your savings and means you avoid paying tax on any interest earned. You can currently save a maximum of £7,000 each tax year, either by investing up to £7,000 in a maxi stock and shares ISA or a combination of up to £4,000 in a mini stocks and shares ISA and £3,000 in a mini cash ISA. From 6th April 2008, the distinction between maxi and mini ISA's will be removed and everyone will have an annual allowance of £7,200 – of which up to £3,600 can be saved in a cash ISA. Halifax offers a wide range of cash and stocks and shares ISA's. For more information visit <http://www.halifax.co.uk/isas/isahome.asp>

Rule number three: Move closer to mortgage free day

- **Overpay on your mortgage...**Making small overpayments on your mortgage each month will reap huge rewards over the longer-term. For example, on a £100,000 mortgage taken out on a typical variable rate of 7.5%, overpaying £50 per month will reduce the term of your mortgage by four years and save you over £22,000. Overpaying by £100 per month on the same mortgage will reduce your term by almost seven years and reduce the amount repaid by over £35,000. (see table one)

Ends.

Editors' notes

* Calculation based on an average balance of £384.40 reduced to zero over 15 months with 15 equal payments of £25.63. Additional interest paid on a card with a typical APR of 17.9% compared to the 0% for 15 months on purchased deal offered by the Halifax Purchase card is £23.09

Table one: The benefits of overpaying on your mortgage

	Amount of monthly repayment	Total amount of interest paid	Total amount repaid	Time taken to repay (term)
Making standard payments	£734.55	£120,475.14	£220,475.14	25 years
Overpaying by £50 per month	£734.55 + £50	£97,711.29	£197,711.29	21 Years
Overpaying by £100 per month	£734.55 + £100	£82,789.83	£182,789.83	18 Years 3 Months
Overpaying by £200 per month	£734.55 + £200	£63,970.30	£163,970.30	14 years 7 months