

Our products

Simplification and modernisation of our product range is a vital part of our five-year strategy. This year, we continued to make progress to update the range and ensure customers understand the changes we've made.

Products to meet customer needs

Our product range is designed to offer a range of options to meet customers' different savings needs. This has proved particularly valuable this year, when customer needs have changed frequently.

Changing our range

This year we announced our intention to close our Cash ISA to new customers from April 2009 and to withdraw the facility for existing customers to deposit into their Cash ISA at Post Office® branches or by Bank Giro credit. Existing account holders can continue to save with their account and can manage it by dealing directly with NS&I – by phone, post, through electronic transfer or by standing order.

This change was made as part of our process to simplify our product range. We already offer a similar product, Direct ISA, which customers manage online or by phone. Since its launch in 2006, this has seen substantial growth in demand and now has some 400,000 customers – far more than the Cash ISA. Therefore we decided to focus on the Direct product, and have adapted it so it is more accessible to consumers. For example, we have reduced the minimum deposit and transaction amounts.

Some two months before we introduced changes to our Cash ISA we had already contacted all the affected customers individually, informing them of what changes we planned and explaining their options.

As market conditions have changed significantly throughout the year, and the base rate has dropped, we have had to review our savings rates – particularly on variable rate savings – on a regular basis.

In the case of Premium Bonds, we have had to reduce the prize fund rate as the base rate has fallen. In order to maximise the frequency of prizes – something our customers told us was particularly important to them – we replaced one of the two monthly £1 million prizes with a wider mix of prizes and created a new £25 prize category.

In 2007–08 we repositioned Fixed Rate Savings Bonds as Guaranteed Income Bonds and Guaranteed Growth Bonds, and closed Capital Bonds and Pensioners' Guaranteed Income Bonds. One of the key aspects throughout this year has been supporting these customers as their savings matured.

Products at a glance
Children's Bonus Bonds Tax-free investment for your children's future
Direct ISA Tax-free savings by phone and online
Easy Access Savings Account Tiered interest rates, cash card and telephone service
Fixed Interest Savings Certificates Guaranteed returns, tax-free
Guaranteed Equity Bond Growth potential linked to the FTSE 100 Index, with no risk to your capital
Guaranteed Growth Bonds Fixed rate bonds with a choice of terms
Guaranteed Income Bonds Fixed rate bonds that give monthly income
Income Bonds Regular monthly income at variable rates
Inflation-beating Savings (Also known as Index-linked Savings Certificates) Returns guaranteed to beat inflation, as measured by the Retail Prices Index (RPI), when held for at least a year
Investment Account Passbook savings with easy access to your money
Premium Bonds Monthly prize draw with a £1 million jackpot
Cash ISA Closed to new customers from 6 April 2009

Funds invested by product type

	Invested at 31 March 2009 £ million	Invested at 31 March 2008 £ million
Premium Bonds	40,793	36,923
Fixed rate bonds	30,171	23,199
Variable rate products	23,372	20,193
Products no longer on sale	2,895	4,465
Total	97,231	84,780

Is this product right for you?

As part of our commitment to helping customers find the right product for their circumstances, we have completed the programme of updating all our product information to include a significant piece of guidance.

On the inside cover of all leaflets, we indicate exactly what savings needs the product might meet and what sort of saver might and might not want to consider it.

Written in the same straightforward language as the rest of our product information, this section is designed to help customers decide which NS&I product best meets their requirements.

Are Premium Bonds right for you?

They may be right if you:

- ✓ want the chance every month to win £1 million and other tax-free prizes
- ✓ want to make the most of tax-free investment opportunities
- ✓ have £100 or more to invest

They may not be right if you:

- ✗ want a regular income from your savings
- ✗ are looking for guaranteed returns
- ✗ are concerned about the effects of inflation on the value of your investment