

Act now to profit from your new higher Isa limit

By **Sylvia Morris**

SAVERS get their new cash Isa allowance of £5,640 on Saturday, when the next tax year begins.

It is a time to ensure the money put in at the start of this tax year, which started last April, continues to earn a decent return.

If you took out an easy-access account with a short-term bonus, you will see your rate drop to below the headline rates of 3pc plus.

And if you have a fixed-rate deal coming to a close, move your money — or you could earn as little as 0.1pc.

Consumer group Which? estimates savers who fail to move their £5,430 allowance from this current tax year will miss out on £85 interest over the next year if they fail to shift their money.

Those who have built up ten times this amount since Isas were first introduced can end up losing up to £850.

April is one of the best months to move, because banks and building societies are offering top rates to scoop up Isa savings as one tax year ends and another begins.

Not all banks and building societies will accept transfers of existing cash Isa money.

What happens to your fixed-rate cash Isa at the end of the term and the rate you earn depends on your bank or building society and your account.

At Santander, your account can become a variable rate Cash Isa earning just 0.1pc on balances up to £27,000 and 0.5pc at £50,000. It currently pays 4pc to new savers taking out a two-year fixed-rate.

With Halifax, the rate drops to

BEST DEALS FOR TRANSFERS

Easy-access account

Bank	Minimum	Rate %
NatWest e-ISA (1)	£30,000	3.50
Santander Direct Isa 9(1)	£2,500	3.30
NatWest e-ISA (1)	£10,000	3.25
Marks & Spencer	£100	3.00
Virgin Easy Access Cash Isa	£1	2.85
Halifax Isa Saver Variable	£1	2.75

Best fixed-rate deals

Term	Bank	Minimum	Rate %
ONE YEAR	Santander	£2,500	3.50
	Marks & Spencer Money	£500	3.25
TWO YEARS	HM Savings	£500	4.05
	Santander	£1	4.00
THREE YEARS	Halifax	£500	4.25
FOUR YEARS	Halifax	£500	4.35
FIVE YEARS	Halifax	£500	4.50

(1) All rates include a special deal for the first year

its Isa Variable rate of 0.5pc. Those who took out its fixed-rate Isa three years ago will see their rate drop from 3.2pc to 0.5pc. But move to its current three-year fixed-rate deal and you will earn 4.25pc.

At Lloyds TSB, which now pays up to 3.7pc on its two-year fixed rate cash Isa to new savers, the rate tumbles to 1pc.

On easy-access accounts, rates also plunge after the initial bonus vanishes. For example, in February last year, Halifax launched its 'best buy' easy-access account, Isa

Direct Reward, at 3pc. But once you have been in the account for a year, the rate drops to the bank's Isa Direct rate of just 0.5pc.

Savers who took out AA Internet Access Isa, a top payer this time last year at 3.35pc, will see their rate fall to 1.7pc once they have been in the account for a year.

To switch your cash Isa, fill in the application form from your new Isa provider and ask it to arrange the transfer. Your transfer should be completed within 15 working days.

sy.morris@dailymail.co.uk