

Savings Certificates supplementary terms and conditions

11 November 2013

At NS&I (formerly National Savings) we are simplifying our range of accounts and investments to make them more consistent and easier to understand. As part of these plans we've made some changes to how we calculate the future returns on our older Savings Certificates that were sold between 1916 and 1996. The changes took effect on 11 November 2013.

Below are supplementary clauses to the terms and conditions that apply to the affected Certificates. These clauses relate specifically to the return that these Certificates earn from 11 November 2013.

War Savings Certificates (1916 – 1920) and Fixed Interest Savings Certificates Issues 2 to 43 (1920 – 1996)

- The balance of the Certificate will earn interest at NS&I's General Extension Rate. The General Extension Rate is a variable rate and it may change from time to time.
- The current rate and notice of changes will be available:
 - i. on the NS&I website;
 - ii. in our Interest Rates leaflet available from us;
 - iii. in the London, Edinburgh and Belfast Gazettes; and
 - iv. directly from us over the phone.
- The Treasury may change the interest rate that applies to your Certificate from time to time. Typically the Treasury will exercise this power:
 - a) to enable us to respond proportionately to a change in the Bank of England's base rate or any other publicly listed market rate;
 - b) to enable us to respond proportionately to changes in the interest rates paid or charged by other banks and financial institutions;
 - c) to reflect changes in the costs we reasonably incur in providing your Certificate;
 - d) to reflect changes in the law or a decision by an ombudsman;
 - e) to enable us to meet changed regulatory requirements; or
 - f) to reflect changes in any codes of practice to which we subscribe.
- We will give you a reasonable period of personal notice if we make a change to the applicable interest rate which is to your disadvantage.
- Interest is earned on a daily basis at $1/365^{\text{th}}$ of the annual rate on the closing balance for that day.
- Interest is free of UK Income Tax and Capital Gains Tax does not apply.

Index-linked Savings Certificates Issues 1 and 2

- Your new investment start date is 11 November 2013.
- The balance of your Certificate at close of business on 10 November 2013 will be the starting investment value of your Certificate for the purposes of calculating your index-linked return from 11 November onwards.

- Index-linking is earned for each complete month a Certificate is held. An investment month is completed at the end of the day immediately before the same date as the date of investment of your Certificate. In the case of your Certificate, this will be the 10th day of any calendar month after the month of investment.
- Any positive index-linking will be calculated and added to the value of your Certificate annually on each anniversary of the new investment start date ("anniversary date"). It will then form part of the capital value of the Certificate, which will earn further index-linking unless the Certificate is cashed in. Any positive index-linking will be rounded to the nearest penny before it is added to the Certificate.
- If the anniversary date falls on a day which is not a banking day, the Certificate will not be credited with any positive index-linking until the next banking day.
- The Retail Prices Index ("RPI") figure applicable to any calendar month will be the RPI figure published in the immediately preceding month. For the purposes of this Certificate, we will use the RPI figure for September 2013 (published by the Office for National Statistics part way through October) as the RPI start level. The RPI figure for September 2013, and therefore the RPI start level for your Certificate's first index-linking period, is 251.9.
- The index-linked return will be calculated as $V \times (B - A) / A$ where:
 - (a) 'V' is the value of the Certificate at the beginning of the index-linked period (this will be the value of your investment at close of business on 10 November 2013 or the value at an anniversary date);
 - (b) 'A' is the RPI start level and is the index figure applicable to the calendar month in which the first day of the index-linked period falls (this will be 11 November 2013 or an anniversary date); and
 - (c) 'B' is the RPI end level and is the figure applicable to the calendar month in which the day after the final day of the index-linked period falls. This will be an anniversary date or the day after the last completed month for which index-linking is earned.

In the event of this calculation producing a negative value, no index-linked return will be applied.

- If the RPI is reset to 100 points the Director of Savings will calculate notional RPI figures designed to produce as closely as practicable the same effect as if the RPI had not been so reset. These will apply to Certificates with a date of investment that precedes the revision.
- Sums payable in respect of positive index-linking on investments held within allowable holding limits will be free of UK Income Tax and Capital Gains Tax.

Index-linked Savings Certificates Issues 3 and 4

- Your new investment start date is the date of your last anniversary prior to 11 November 2013.
- The balance of your Certificate at the close of business on your last anniversary date will be the starting investment value of your Certificate, for the purposes of calculating your index-linked return and the bonus interest of 0.5% gross/AER.
- The bonus interest is earned on a daily basis of 1/365th of the annual rate on the closing balance for that day up to, and including, 10 November 2013. No bonus interest is payable after this date.
- Index-linking is earned for each complete month a Certificate is held. An investment month is completed at the end of the day immediately before the same date as the date of investment, but in a month following the month of investment (for example, for a Certificate with an investment start date of 5 January 2013, the first month is completed at the end of 4 February 2013).
- Where the investment start date was 29, 30 or 31 of a month, and a later calendar month does not contain such a date, the later month is completed at the end of the day preceding the last day of that calendar month (for example, for a Certificate with an investment start date of 31 March 2013, the first month is completed at the end of 29 April 2013).
- Any positive index-linking will be calculated and added to the value of your Certificate annually on each anniversary date. It will then form part of the capital value of the Certificate, which will earn further index-linking unless the Certificate is cashed in. Any positive index-linking will be rounded to the nearest penny before it is added to the Certificate.

- If the anniversary date falls on a day which is not a banking day, the Certificate will not be credited with any positive index-linking until the next banking day.
- The Retail Prices Index (“RPI”) figure applicable to any calendar month will be the RPI figure published in the immediately preceding month. For example, if the investment start date is during the month of March, we would use the RPI figure for January (published by the Office for National Statistics part way through February) as the RPI start level.
- The index-linked return will be calculated as $V \times ((B - A) / A)$ where:
 - (a) ‘V’ is the value of the Certificate at the beginning of the index-linked period (this will be the investment start date or the value at an anniversary date);
 - (b) ‘A’ is the RPI start level and is the index figure applicable to the calendar month in which the first day of the index-linked period falls (this will be the investment start date or an anniversary date); or
 - (c) ‘B’ is the RPI end level and is the index figure applicable to the calendar month in which the day after the final day of the index-linked period falls. This will be an anniversary date or the day after the last completed month for which index-linking is earned.

In the event of this calculation producing a negative value, no index-linked return will be applied.

- If the RPI is reset to 100 points the Director of Savings will calculate notional RPI figures designed to produce as closely as practicable the same effect as if the RPI had not been so reset. These will apply to Certificates with a date of investment that precedes the revision.
- Sums payable in respect of positive index-linking and interest on investments held within allowable holding limits will be free of UK Income Tax and Capital Gains Tax.

