

Savings glossary



Annual Equivalent Rate (AER)	The AER shows what the rate of interest would be if interest was paid back into the account. For annual interest accounts, the gross rate and the AER should be the same. For monthly interest accounts the AER will be slightly higher than the gross rate. This is because if you leave your monthly interest in the account you would start to earn interest on the interest. The Annual Equivalent Rate is designed to make savings accounts easier to compare.
Annual interest	Interest on your savings will be paid once each year. At the Tipton we pay annual interest on our standard savings accounts on 31 December and on Cash ISAs annual interest is paid on 5 April.
Bank of England Base Rate	This is the Bank of England's official interest rate and is commonly known as the Base Rate. It is set by the Monetary Policy Committee.
Deposit	This is any payment into your savings account. Deposits can be made by cash or cheque or electronically by standing order or internal transfer from another savings account.
Fixed rate	This is where the rate you are paid does not reduce for a period of time, known as a fixed term.
Fixed term	This is the length of time that a fixed rate is guaranteed.
Gross interest	The rate of interest on an account before any tax is deducted.
Identification	When you open a savings account you will need to provide proof of your identity and address.
Instant access	Where you can withdraw money from your savings account without having to give any notice.
Interest rate	This is how much you will earn on your savings as a percentage amount.
Interest Certificate	This is an annual summary of interest payments to your account during the tax year and can be used to help complete your tax return. We do not automatically send Certificates annually. If you need an Interest Certificate, you can request one at any of our branches, by calling 0121 557 2551 or by completing our online form.
Individual Savings Account (ISA)	An ISA is a Government scheme that allows you to save without paying tax on your savings. For more information please see our guide to ISAs.
ISA allowance	This is the annual deposit limit set by the Government. In the current tax year you can save up to £20,000 in an ISA.
Maturity	When your Fixed Rate Savings account reaches the end of its fixed term.
Monthly interest	This is where the interest on your savings is paid on the last working day of each month.
Notice accounts	Savings accounts where you will have to serve a period of notice before you can withdraw your money.
Personal Savings Allowance	The Personal Savings Allowance was introduced on 6 April 2016 and as a result, all interest is now paid without tax deducted. Basic rate tax payers can earn £1,000 in savings income without having to pay tax, higher rate tax payers can earn £500 and additional rate tax payers have no Personal Savings Allowance. Gross interest will be applied automatically by your bank or building society.
Tax free	The interest you earn on your savings is free from income tax.
Tiered interest rates	Some of our savings accounts have tiered interest rates, meaning you can earn a higher rate of interest depending on the balance in the account.
Variable rate	An interest rate that can increase or decrease.
Withdrawal	This is when you take money out of your savings account.

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