Penny Explains

Key Stage 4 · Years 10 and 11 | Saving and interest | About 45 minutes



# Savings accounts and ISAs

Different accounts do different jobs. Which does what?

Name _____ Class _____ Date _____ Score: / 39

**I can...**

- [ ] I can describe easy access, notice, fixed-rate and regular saver accounts.
- [ ] I can explain what an ISA is, and the main types and limits.
- [ ] I can calculate interest using the AER, and the Lifetime ISA bonus.

**Key words**

**AER:** Annual Equivalent Rate: the interest you would earn over a year, so accounts can be compared fairly.

**ISA:** Individual Savings Account. Interest and growth inside it are tax-free.

**ISA allowance:** the most you can pay into ISAs in a tax year (£20,000).

**FSCS:** the scheme that protects savings up to £120,000 per person, per bank, if a bank fails.

## 1 Savings accounts at a glance

6 points

Use the words in the box to finish the sentences. Use each word once.

month | easy access | notice | regular saver | overdraft | fixed-rate | AER | APR

An _____ account lets you take money out whenever you like. With a _____ account you must tell the bank in advance, for example 90 days before. A _____ account locks your money away for a set time at a rate that does not change. A _____ expects you to pay in every _____. To compare accounts fairly, look at the _____.

## 2 ISA facts

4 points

Circle one letter for each question.

**a) What is the main advantage of an ISA?**

(A) The government guarantees you a profit

(B) You pay no tax on the interest or growth

(C) You can borrow from it at 0%

(D) It always pays the highest rate

**b) How much can an adult pay into ISAs in total in the 2026 to 2027 tax year?**

(A) £4,000 | (B) £9,000 | (C) £20,000 | (D) £120,000

**c) What is the yearly limit for a Junior ISA?**

(A) £4,000 | (B) £9,000 | (C) £20,000 | (D) £120,000

**d) At what ages can someone open a Lifetime ISA?**

(A) 16 to 25 | (B) 18 to 39 | (C) 18 to 60 | (D) Any age

## 3 Compare the accounts

5 points

Ezra, 17, has **£2,000** from his weekend job. He looks at three made-up accounts at Kestrel Bank. Work out the interest each would pay in one year.

| Account | AER | Getting your money out | Interest on £2,000 in a year |
|---|---|---|---|
| Easy Saver | 3.0% | Any time | _____ |
| 90-Day Notice | 3.8% | Give 90 days' notice | _____ |
| 2-Year Fixed | 4.5% | Locked in for 2 years | _____ |

**a) How much more does the 2-Year Fixed pay in a year than the Easy Saver? What does Ezra give up in return?** 2 marks

## 4 Odd one out

6 points

Circle the odd one out in each row. Say why.



**Penny says:** Cash savings earn interest and are protected by the FSCS up to £120,000. Investments can grow more over time, but their value can fall as well as rise.

| | | | |
|---|---|---|---|
| Cash ISA | Lifetime ISA | Stocks and shares ISA | Current account |

**Why?** _____

| | | | |
|---|---|---|---|
| Notice account | Overdraft | Fixed-rate account | Easy access account |

**Why?** _____

| | | | |
|---|---|---|---|
| £120,000 | £20,000 | £9,000 | £4,000 |

**Why?** _____

## 5 Interest and bonuses

8 points

Show your working in the box.

**a) Ezra puts £1,500 into an account paying 4% AER. How much interest does he earn in one year?**

Working

**Answer:** _____

**b) He leaves the £1,500 and the interest in for a second year at 4%. What is the balance after two years?**

Working

**Answer:** _____

**c) Lena, 24, pays £4,000 into a Lifetime ISA this tax year. The government adds a 25% bonus. How much is the bonus?**

Working

**Answer:** _____

**d) Next year Lena can only manage £150 a month. How much bonus does she get for that year?**

Working

**Answer:** _____

## 6 Who is looking for what?

6 points

Each of these made-up people wants something different. Draw a line from each account to the person whose wish list it fits.

| | |
|---|---|
| **Easy access account** ● | ● Marcus wants an emergency fund he can reach on the same day |
| **Fixed-rate account** ● | ● Priya, 30, wants to invest for 20 years or more and accepts ups and downs |
| **Regular saver** ● | ● Lena, 24, is saving for her first home and would like a government bonus |
| **Junior ISA** ● | ● Nadia will not need her £5,000 for two years and wants a rate that cannot change |
| **Lifetime ISA** ● | ● Omar wants to build a habit by paying in £50 every month |
| **Stocks and shares ISA** ● | ● Kofi is 15. His gran wants to put money aside for him until he is 18 |

## 7 What would you do?

4 points

**On your 18th birthday a relative gives you £1,000. You will need some of it for driving lessons this year, and you would like to buy a home one day. Which kind of account or accounts would you look at, and why?**

## 8 Before you go

**One thing I learned today**

**One question I still have**

**How sure do I feel?**

Not yet | Getting there | Got it

**Take it home**



Look up the AER on two savings accounts advertised by any bank or building society. Which pays more, and what is the catch: notice, a fixed term or a monthly limit?

© Penny Explains · pennyexplains.com · Free to print and copy for teaching.

Figures for the 2026 to 2027 tax year. Education, not financial advice.