The 65+ Guaranteed Bond matures

National Savings & Investments (NS&I) has announced reinvestment terms for the 65+ bonds that were so popular a year ago.

In his March 2014 Budget, the Chancellor promised that in January 2015 NS&I would launch "market-leading savings bonds for people aged 65 and over" When the rates were eventually confirmed, they were indeed market-leading – 2.8% for one year and 4% for three years. Some commentators saw the offering as being more influenced by pensioners' propensity to vote in elections than the need to raise government finance as cheaply as possible.

The one year bonds are now starting to reach maturity. This time around the Chancellor has said nothing about providing "certainty and a good return for those who have saved all their lives and now mostly rely on their savings for income". Instead he has left NS&I to reveal that anyone wanting to reinvest for another year can choose a Guaranteed Bonus Bond, paying 1.45% - just over half the 65+ bond rate. There is the option to invest for longer terms, up to five years, but half a decade will only fix an interest rate of 2.55%. Even in an environment of very low interest rates, the returns offered by NS&I are uncompetitive: the market leaders pay at least 0.5% more.

If you have one of these bonds reaching maturity, do talk to us before deciding what to do. There are many other options that offer more attractive income rates, albeit without the security of backing from HM Treasury.

The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance. Investing in shares should be regarded as a long-term investment and should fit in with your overall attitude to risk and financial circumstances.