

JARGON BUSTER

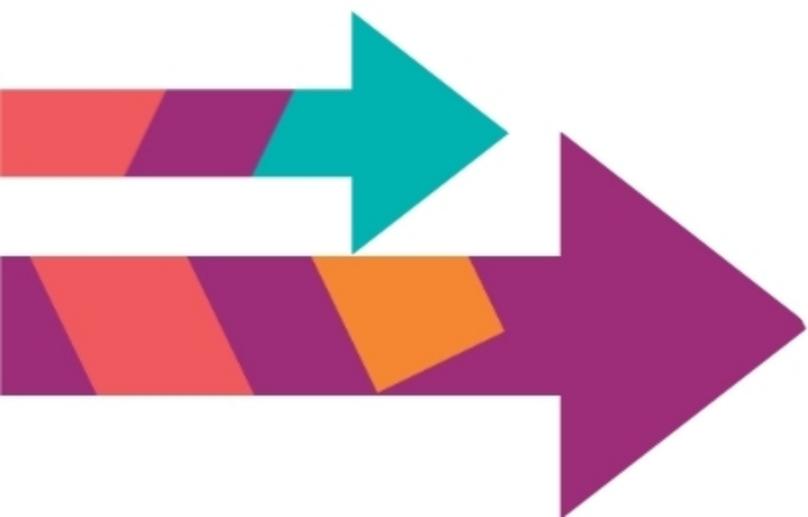
Financial jargon can be confusing, so we've put together a handy jargon buster to help you understand some key financial terms.

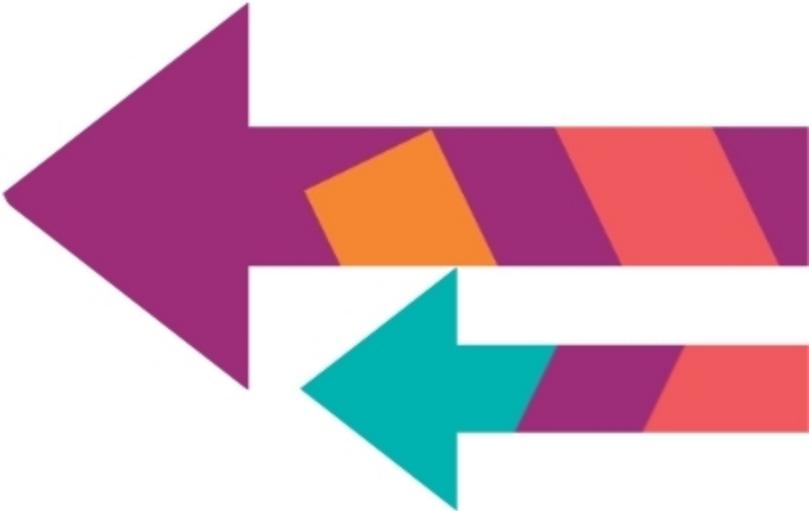
INTEREST:

When you save with a bank, you are effectively lending them your money. Interest is the amount they pay to you in return. It is usually expressed as a percentage, using some of the other terms we explain.

FIXED RATE INTEREST:

Nice and easy. If you open a savings account or financial product with a fixed interest rate, the rate won't change.





VARIABLE RATE INTEREST:

Straight forward. The rate of interest can fluctuate over the life of the agreement or time held in savings. Usually, this is linked with a measure of inflation such as the Retail Price Index (RPI).

ANNUAL EQUIVALENT RATE (AER):

This is the official or advertised rate of interest for savings and takes into account the compound interest effect. This makes it ideal when trying to understand the deal you are being offered, and comparing the savings products available to you.

