

Savings Guide

High-yield UK accounts, ISAs, LISAs and how to build an emergency fund

IMPORTANT • PLEASE READ FIRST

This guide is for educational purposes only. It is not personal financial advice, an offer, recommendation or solicitation to buy or sell any financial product. Rates, account terms and tax rules can and do change at short notice. All figures were verified directly from each provider's published website on 10 June 2026. Always check the provider's own current terms before opening an account. Tax treatment depends on individual circumstances.

If you need advice on your specific situation, speak to a qualified financial adviser regulated by the FCA. You can find one at unbiased.co.uk or vouchedfor.co.uk.

WELCOME TO WEEK 2

Welcome to Week 2. You earn money. Now we make that money work for you. This guide covers the best UK savings rates today, how ISAs and LISAs work, how to size an emergency fund, and how to automate the whole system so you never have to think about it again.

What's inside

- UK savings account comparison (verified rates)
- Cash ISA vs regular savings explained
- Lifetime ISA (LISA) complete guide
- Tax-efficient savings decision tree
- Automated savings setup guide
- Sinking funds explained

UK Savings Account Comparison

All rates verified 10 June 2026 directly from each provider's website. AER = Annual Equivalent Rate, the headline figure.

Easy access accounts

Best for: emergency funds and money you need quick access to.

PROVIDER	AER	LIMITS	NOTES
Chase Boosted Saver	4.50%	£1 - £3m	New customers only, 31-day window. Includes 2.25% fixed bonus for 12 months on top of 2.25% standard rate.
Santander Edge Saver	6.00%	£1 - £4,000	Needs Santander Edge or Edge Explorer current account. Includes 2.50% bonus for 12 months. No interest above £4,000.
Cahoot Sunny Day Saver	5.00%	£1 - £3,000	12-month variable rate. No interest above £3,000. Easy to open online.

Regular saver accounts

Best for: building a habit with limited monthly deposits.

PROVIDER	AER	MONTHLY LIMIT	NOTES
First Direct Regular Saver	7.00%	£25 - £300	Fixed for 12 months. Requires First Direct 1st Account. No withdrawals before maturity.

Zopa Biscuit Regular Saver	7.10%	Up to £300	Variable rate. Requires a Biscuit current account.
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Principality 1 Year Regular Saver Bond	4.75%	£1 - £250	12-month fixed term. Max balance £3,000. No withdrawals before maturity.
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Cash ISAs

Best for: tax-free savings. Every penny of interest is yours.

PROVIDER	AER	MINIMUM	NOTES
Trading 212 Cash ISA	4.76%	£1	Flexible ISA, unlimited withdrawals. Includes 1.16% bonus for 12 months.
Moneybox Cash ISA	4.75%	£500	Includes 1.30% bonus for 12 months. Max 3 withdrawals per year without losing the rate.
Plum Cash ISA	4.46%	£1	Flexible ISA. Includes 1.92% bonus for 12 months, then 2.54%.

PRO TIP

Don't chase the highest rate at the expense of usability. A 4% account you actually use beats a 5% account you never open.

Cash ISA vs Regular Savings

Understanding tax-efficient saving in the UK.

The Personal Savings Allowance (PSA)

Before deciding between ISA and regular savings, understand how savings tax works in the 2026/27 tax year.

TAX BAND	INCOME RANGE	TAX RATE	PSA
Basic rate	£12,571 to £50,270	20%	£1,000
Higher rate	£50,271 to £125,140	40%	£500
Additional rate	Above £125,140	45%	£0

When regular savings Is best

If you're nowhere near the PSA threshold (earning under £1,000 interest a year), regular savings often beat Cash ISAs because rates can be higher. As a rough rule, you'd need £25,000+ saved at 4% to exceed the basic-rate PSA.

When a Cash ISA Is best

- You're a higher or additional-rate taxpayer with a smaller PSA
- You have substantial savings that already generate £1,000+ interest
- You want to protect your future tax position as savings grow
- ISA interest never counts toward your tax bill, ever

The £20,000 ISA allowance

You can contribute up to £20,000 per tax year across all ISA types:

- Cash ISA
- Stocks and Shares ISA
- Lifetime ISA (£4,000 sub-limit with 25% government bonus)
- Innovative Finance ISA

Lifetime ISA (LISA) Complete Guide

Your tax-free route to a first home, with a free 25% boost.

The deal: 25% government bonus

The government adds 25% to everything you save in a LISA. Save £4,000 and receive £1,000 free, every single year until age 50.

The rules

- Must be aged 18 to 39 to open
- Maximum contribution: £4,000 per tax year
- Maximum bonus: £1,000 per year
- Property must be under £450,000
- Must be a first-time buyer
- Account must be open 12+ months before purchase
- 25% penalty for any other withdrawal

Current Cash LISA rates (verified 10 June 2026)

PROVIDER	AER	NOTES
Plum Cash LISA	5.25%	Market-leading. Includes 2.14% bonus for 12 months, then 3.11%. Open from 1p.
Moneybox Cash LISA	4.75%	Includes 1.95% bonus for 12 months, then 2.80%. UK's biggest LISA provider.
Tembo Cash LISA	4.30%	Includes 0.50% bonus for 12 months. Comes with fee-free mortgage advice.

THE 25% PENALTY IS BIGGER THAN IT LOOKS

If you withdraw for any reason other than your first home (under £450k) or retirement at 60, you pay a 25% government charge on the total balance, not just on the bonus.

HEADS UP: CHANGES TO LISA

In the 2025 Autumn Budget, the government announced a **consultation in 2026** on replacing the LISA with a new first-time buyer ISA. No replacement date or final design has been confirmed. For now, the LISA continues to work exactly as it does today.

Separately, the **Cash ISA allowance is being cut from April 2027** to £12,000 a year for savers under 65 (down from £20,000). The LISA £4,000 sub-limit is unaffected.

PRO TIP

You can open your LISA now even if you can only deposit £1. The 12-month clock starts from account opening, not from your first meaningful deposit.

Sinking Funds Explained

A sinking fund is money you save for a known future expense. It's NOT your emergency fund.

The difference

- **Emergency fund:** covers the unexpected (job loss, boiler, car breakdown)
- **Sinking fund:** covers the predictable (Christmas, car MOT, holiday, annual insurance)

Common sinking fund categories

- Christmas and birthdays
- Car MOT, tax and repairs
- Holiday and travel
- Annual insurance renewals
- Home maintenance (boiler service, garden, appliances)
- Vet bills

Where to keep them

You have two main options:

- **Bank pots:** Many UK banks (Monzo, Starling, Chase, Revolut) let you create multiple named pots inside one account. Easiest to set up and manage in-app.
- **Separate accounts:** Open a dedicated easy access savings account per goal. More friction, which is sometimes useful, plus you can earn interest on each.

HOW TO SIZE A SINKING FUND

Pick a goal, work out the total cost, divide by months until you need it. Example: £600 for Christmas, 12 months away = £50/month. Set a standing order.

FSCS protection: how much is your money covered?

The Financial Services Compensation Scheme protects up to £120,000 per person, per banking licence. Important: this is per licence, NOT per account. Some banks share a licence.

For example: Halifax, Bank of Scotland, Birmingham Midshires and Intelligent Finance all share one banking licence under Lloyds Banking Group. If you have £85k at Halifax AND another £85k at Bank of Scotland, only £120k total is protected, not £170k.

If you have substantial savings, spread them across different banking licences.