

# **NATIONAL SOLIDARITY BOND** (Series 1) **FREQUENTLY ASKED QUESTIONS**

## **What is the 10 year National Solidarity Bond?**

The National Solidarity Bond was announced by the Minister for Finance, Mr. Brian Lenihan T.D. in his 2010 Budget speech.

The Government of Ireland wants to make it easy for residents of Ireland to help to fund the Government's capital investment programme, develop important infrastructure, stimulate economic recovery and create employment.

## **The main features are -**

- Your money is
  - 100% secured by the Government of Ireland.
  - invested directly with the Irish Government under the management of the National Treasury Management Agency (NTMA).
- **Gross return of 50%** (AER<sup>1</sup> 4.14%) over 10 years consisting of
  - 10 annual payments of 1% p.a. = 10% [subject to Deposit Interest Retention Tax (DIRT<sup>2</sup>)]
  - 40% tax free bonus at the end of year 10
- **Net return of 47.5%** (AER 3.96%) after DIRT<sup>2</sup>
- No fees, charges or sales commissions and you can access your money at any time by giving 7 days notice.
- **Minimum investment is €500** but there is a facility for regular savings of €25 (or more) until you accumulate €500.
- **Maximum investment is €250,000** per individual and €500,000 in a Joint Application from two individuals or €750,000 in a Joint Application from three individuals.
- You may save by monthly salary deduction (if your employer facilitates it).

<sup>1</sup> AER is the Annual Equivalent Rate

<sup>2</sup> DIRT is Deposit Interest Retention Tax (currently 25%) and is subject to change.

## Who can invest in the National Solidarity Bond?

- An individual (aged 16 or more).
- Two or more individuals jointly.
- A child under 16 years of age (as a sole or joint applicant) provided that the parent / guardian gives their written consent.

Subject to prior approval, a charity, partnership, club, society, incorporated body or friendly society can also invest.

## How much can I invest in a National Solidarity Bond?

**The minimum investment in the National Solidarity Bond is €500** but we provide a facility for you to make regular Saving of €25 (or more) until you accumulate the minimum €500, at which stage we will automatically invest it in the National Solidarity Bond for you.

**The maximum individual investment is €250,000** or €500,000 from 2 joint applicants or €750,000 from 3 joint applicants, provided always that each holder shall not exceed the maximum personal investment of €250,000.

## Do I get paid annual interest on the National Solidarity Bond?

Yes you will earn 1% per annum and this will be paid over to you on the 1<sup>st</sup> anniversary of your investment in the bond and every year thereafter. This interest is subject to DIRT at the prevailing rate – currently 25%. If you qualify for DIRT exempt please contact our customer services on 1850 30 50 60.

## Do I get paid a tax free bonus on maturity?

Yes, you will receive a tax free bonus payment of 40% after 10 years.

If, you do need to cash in your bond early, we will still reward you with a tax free bonus of

- **10% at the end of 5 years (or in years 6 or 7)** or
- **22% at the end of 7 years (or in years 8 or 9 or 10)** or
- **40% at the end of 10 years**

No bonus is payable if the Bonds are encashed before end of year 5.

## Is my money invested in a specific infrastructure project?

No, while it will be an additional source of funding for capital investment it is not ring fenced for expenditure on a specific project.

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## Is there a closing date for investment?

No, but the Minister for Finance could, at some future date, close this 1<sup>st</sup> issue and offer a 2<sup>nd</sup> issue with different terms & conditions or could decide to close the scheme to **further investment**.

## What must I do in order to invest in the National Solidarity Bond?

First you will need to complete an application form and sign it. To comply with anti money laundering legislation we need to verify both your identity and your current permanent address. We also need proof of your tax / PPS number.

## Where do I get an application form for the National Solidarity Bond?

There are three ways to get a National Solidarity Bond application form

- **1. Online** - at [www.StateSavings.ie](http://www.StateSavings.ie)
- **2. Telephone** - our Customer Service team on 1850 30 50 60 and we will be happy to post or email a blank application form.
- **3. Post Office** - Collect a blank application form in any post office.

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## What photo ID do I need to prove my identity?

You will need either your valid **Passport** or current **EU Driving Licence** which contains your photograph.

**Post Office** - If you present your completed application form personally at a post office counter then bring your **original** valid **Passport** or current **EU Driving Licence** with you.

**By post** - if you are posting your application you must enclose a clear **photocopy** of your valid **Passport** or current **EU Driving Licence** together with a personal cheque or direct debit instruction (contained within the application form) drawn on an Irish bank account. If you cannot supply the required documentation then contact Customer Service as you may have alternative documentation which may be accepted instead.

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## What do I need to prove my permanent address?

A utility bill (telephone, gas, electricity), bank / building society / credit card statement, insurance document, Revenue document or Social Welfare document. The document must be an original which was issued in the last six months. The name on this document proving your permanent address must exactly match the name on your photo identity (Passport or Driving Licence).

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### **Do I need to provide verification of my tax number?**

Yes, we are obliged to ask you for your tax number – for individuals this is your Personal Public Service Number (PPSN).

You must provide verification of the tax number by supplying us with an original document issued by the Revenue Commissioners or the Department of Social and Family Affairs and this should show your name, address & PPSN.

For example

P60, Tax Return, Tax Assessment Form or a PAYE Notice of Tax Credits.

A charity, partnership, club, society, incorporated body or friendly society must provide a Revenue Registration Number.

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### **Can I hold more than one National Solidarity Bond?**

Yes, but subject to an overall limit of €250,000 per individual or €500,000 from 2 Joint Applicants or €750,000 from 3 Joint Applicants, provided always that each holder shall not exceed the maximum personal investment of €250,000.

Each bond can have a different start date and different investment amount.

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### **Do you facilitate Employer Group Savings Schemes?**

Yes we do – you must ask your employer whether they provide employees with the facility to make regular deductions directly from your salary. Terms and conditions apply – available from your employer.

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### **After investing, can I request my money back early without penalty?**

Yes, while the bond is attractively priced to encourage you to invest for 10 years, you may withdraw your cash at any time and you will always get back the full amount that you originally invested.

## If I do request my money back early what happens my interest & bonus?

**Annual Interest** - if you encash your bond before your next annual interest payment date you will not get any of the 1% annual interest for that last partial year.

For example if you encash your bond after 4 years and 11 months you will not receive any of the 5<sup>th</sup> year's 1% interest as your money was not invested for the full 12 months of year 5.

You will however already have been paid the annual 1% interest at the end of years 1,2,3 and 4.

### **Once off tax free Bonus**

If you encash your National Solidarity Bond before the end of the 5<sup>th</sup> year you will not qualify for any bonus.

### **Tax Free Bonus**

- **10% at the end of 5 years (or in years 6 or 7) or**
- **22% at the end of 7 years (or in years 8 or 9 or 10) or**
- **40% at the end of 10 years**

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## Can I make a partial encashment and still avail of the interest & bonus?

Yes. The amount encashed will qualify for interest & bonus as shown above.

The remaining investment amount will continue to earn annual interest of 1% and will also continue to qualify for the tax free encashment bonus.

## What is the purpose of the linked State Savings™ Account?

Upon receipt of your completed National Solidarity Bond application form and valid obligatory supporting documentation, An Post will automatically open an interest bearing State Savings™ Account in your name.

Your State Savings™ Account will be used for two purposes -

- If relevant to you, this account will facilitate periodic / regular savings so that you can accumulate enough money to meet the minimum investment amount of €500. Your minimum lodgement to your State Savings™ Account is €25.
- Receive payments (whether of annual interest, capital on maturity or early encashment amounts) in respect of the National Solidarity Bond. Alternatively, if you prefer, you may request that payments be made directly to you by post or by any other means agreed with An Post.

## What is the interest rate on the State Savings™ Account?

The variable interest rate is currently 1% per annum (subject to DIRT). It is subject to change as determined by the NTMA. Current interest rates are available on the State Savings™ website [www.StateSavings.ie](http://www.StateSavings.ie) or at any local Post Office.

The interest is calculated on a daily basis on the balance in the account including any interest paid from your National Solidarity Bond and is credited to your account on 31 December each year.

## If I do not have €500 to invest now, can I use regular savings over a period of time to accumulate to the minimum investment amount of €500?

Yes, you can do so either by regular savings or periodic lodgements into your State Savings™ Account

**1. Regular Savings** - you decide how much and how often you want to save.

Complete a Direct Debit mandate form for that amount (on your personal Irish bank account) and post it to State Savings, GPO, Dublin 1 or bring it into any post office. This mandate form provides us with authority to make regular monthly deductions (of the agreed amount) from your bank account.

If the monthly deduction is €500 or more it will be immediately invested in a National Solidarity Bond in your name.

If less than the minimum €500 then your money will be placed in your State Savings™ Account. The balance in your State Savings™ Account will grow as you make additional lodgements and will earn a variable interest rate – currently 1% per annum.

**2. Periodic lodgements** into your State Savings™ Account

- (a) pay cash, cheque or use a debit card at any post office using your personalised National Solidarity Bond card.
- (b) place a cheque in the post and quote your National Solidarity Bond reference number.
- (c) Pay at [www.mybill.ie](http://www.mybill.ie) and make lodgements to your State Savings™ account at your convenience.

We will check the balance on your account daily and when your lodgements into your State Savings™ Account reach €500 or more we will automatically invest it in a National Solidarity Bond in your name.

## How are payments made to me?

All payments (whether of annual interest, capital on maturity or early encashment amounts) in respect of the National Solidarity Bond are automatically paid into your interest bearing State Savings™ Account which will be opened for you as part of your National Solidarity Bond application. You may seek repayment of any sum in your State Savings™ Account on seven days notice from State Savings, GPO, Dublin 1. Alternatively, if you prefer, you may request payments directly to you by post or by any other means agreed with An Post.

## Can I get a statement of my investments at any time?

Statements will automatically be issued to you in January and July each year.

If you need a statement at other times then contact Customer Service on 1850 30 50 60, quoting your National Solidarity Bond reference number and we will post a statement to you.

## What happens to my investment if I die?

In the event of your death, investments in your sole name will form part of your estate. Your investment continues and we will accept instructions from your personal representatives, executors or the administrators of your estate. Investments held from Joint Applicants will pass to the remaining people named on the Joint Application.

## First time investor - How do I invest in the National Solidarity Bond?

- 1. Post Office** - Provide cash, lodge a cheque or use your debit card at a Post Office along with a completed application form and necessary proof of name, address and tax identification number (PPSN).
- 2. Directly by post** - send a personal cheque / Bank Draft (drawn on your Irish bank account) made payable to "An Post" and post it to us at State Savings, GPO, Dublin 1 along with a completed National Solidarity Bond application form and necessary proof of name, address and tax identification number (PPSN).

**You will be issued with a National Solidarity Bond Card to facilitate further investment. It is not necessary to complete a new application form for each subsequent investment.**

## What is my National Solidarity Bond reference number?

When we receive and validate your signed National Solidarity Bond application form and supporting documentation we issue you with your unique National Solidarity Bond Card which contains a reference number.

This card should be used when making subsequent investments.

This unique number links all your National Solidarity Bond transactions together – your investments, interest payments and withdrawals and all transactions on your linked State Savings™ Account.



## Where can I get more information on all the State Savings™ products?

- Web - [www.StateSavings.ie](http://www.StateSavings.ie)
- Telephone - 1850 30 50 60
- Visit - any post office
- Email - [Service@StateSavings.ie](mailto:Service@StateSavings.ie)
- Post - State Savings, GPO, Dublin 1



An Post administer and sell State Savings™ products on behalf of the  
**National Treasury Management Agency**  
**Treasury Building**  
**Grand Canal Street**  
**Dublin 2**

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