

## 1. What is Ireland State Savings<sup>TM</sup>?

*Ireland State Savings<sup>TM</sup>* is the brand name used by the National Treasury Management Agency (NTMA) to describe the range of savings products offered by the State to personal savers.

## 2. What is the National Treasury Management Agency?

The National Treasury Management Agency (NTMA) is the State agency established under the National Treasury Management Agency Act 1990 to borrow money for Ireland and to manage the national debt of Ireland.

## 3. What is the range of State Savings<sup>TM</sup> products?

*State Savings<sup>TM</sup>* offers a range of products from variable rate weekly deposit accounts to 10 year fixed term deposits and Prize Bonds.

Actual BEFORE TAX		NTMA State Savings <sup>TM</sup> Products	Actual AFTER Tax	
Total Return	Gross AER <sup>1</sup>		Net AER <sup>1</sup>	Total Return
10%	3.23%	3 year Savings Bonds <sup>2</sup>	3.23%	10.00%
15%	3.56%	4 year National Solidarity Bonds <sup>3</sup>	3.29%	13.80%
21%	3.53%	5½ year Savings Certificates <sup>2</sup>	3.53%	21.00%
20%	3.37%	6 year Instalment Savings <sup>2,4</sup> (ALSO FOR CHILD BENEFIT)	3.37%	20.00%
50%	4.14%	10 year National Solidarity Bonds <sup>3</sup>	3.93%	47.00%
	3.00%	Deposit Account Plus (30 DAY NOTICE) <sup>5</sup>	2.10%	
	1.00%	Ordinary Deposit Account (DEMAND) <sup>5</sup>	0.70%	
		Prize Bonds <sup>6</sup>		

<sup>1</sup> AER = "Annual Equivalent Rate"

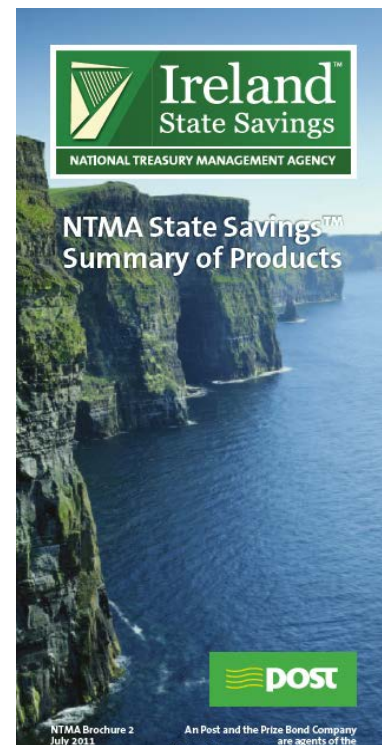
<sup>2</sup> Tax Free – Not subject to tax in Ireland.

<sup>3</sup> Partial Tax – Annual interest of 1% is subject to DIRT (30% Jan 2012) – bonus is tax free.

<sup>4</sup> Save in 12 monthly instalments (Max. €1,000 per month) and leave for 5 years.

<sup>5</sup> Subject to DIRT = Deposit Interest Retention Tax (30% from 1 January 2012).

<sup>6</sup> Prize Bonds - Prize Fund is 3% pa. One €1 MILLION prize awarded each month, around 7,800 other weekly cash prizes (tax free in Ireland) including one for €20,000.



Read the Brochure at [www.StateSavings.ie](http://www.StateSavings.ie) or pick one up at any post office.

## 4. What are the interest rates on *State Savings*<sup>TM</sup> products?

### Ireland State Savings <sup>TM</sup> - Total Return

TABLE 1 Actual rate before tax				
At End Year	National Solidarity Bond 10 year	Savings Certificate 5 ½ year	National Solidarity Bond 4 year	Savings Bond 3 year
1	1.00%	2.10%	1.00%	2.20%
2	2.00%	4.60%	2.00%	5.20%
3	3.00%	8.00%	3.00%	10.00%
4	4.00%	12.20%	15.00%	
5	15.00%	17.50%		
5 ½		21.00%		
6	16.00%			
7	29.00%			
8	30.00%			
9	31.00%			
10	50.00%			

TABLE 2 Net after tax return				
At End Year	National Solidarity Bond 10 year	Savings Certificate 5 ½ year	National Solidarity Bond 4 year	Savings Bond 3 year
1	0.70%	2.10%	0.70%	2.20%
2	1.40%	4.60%	1.40%	5.20%
3	2.10%	8.00%	2.10%	10.00%
4	2.80%	12.20%	13.80%	
5	13.50%	17.50%		
5 ½		21.00%		
6	14.20%			
7	26.90%			
8	27.60%			
9	28.30%			
10	47.00%			

All these tables (1 to 4) take account of the new DIRT rate of 30% as set in Budget 2012. The new rate takes effect on 1 January 2012

The 30 day notice Deposit Account Plus	3.00%
The "on demand" Ordinary Deposit Account	1.00%

The 30 day notice Deposit Account Plus	2.10%
The "on demand" Ordinary Deposit Account	0.70%

**PRIZE BONDS** - prize fund is 3% per annum. The top prize is €1 Million in the last weekly draw each month and €20,000 in all other weekly draws. Almost 7,800 cash prizes each week - all are paid TAX FREE in Ireland.

### Ireland State Savings <sup>TM</sup> - AER (Annual Equivalent Rate)

TABLE 3 Actual rate before tax				
At End Year	National Solidarity Bond 10 year	Savings Certificate 5 ½ year	National Solidarity Bond 4 year	Savings Bond 3 year
1	1.00%	2.10%	1.00%	2.20%
2	1.00%	2.27%	1.00%	2.57%
3	1.00%	2.60%	1.00%	3.23%
4	1.00%	2.92%	3.56%	
5	2.84%	3.28%		
5 ½		3.53%		
6	2.51%			
7	3.71%			
8	3.33%			
9	3.05%			
10	4.14%			

TABLE 4 Net after tax return				
At End Year	National Solidarity Bond 10 year	Savings Certificate 5 ½ year	National Solidarity Bond 4 year	Savings Bond 3 year
1	0.70%	2.10%	0.70%	2.20%
2	0.70%	2.27%	0.70%	2.57%
3	0.70%	2.60%	0.70%	3.23%
4	0.70%	2.92%	3.29%	
5	2.57%	3.28%		
5 ½		3.53%		
6	2.24%			
7	3.46%			
8	3.09%			
9	2.81%			
10	3.93%			

Interest on Savings Bonds (10%), Savings Certificates (21%) and on the final bonus payment on the National Solidarity Bond (11% on 4 yr & 40% on 10 yr) is **tax free**. DIRT 30% (Deposit Interest Retention Tax) is applied to annual payments on the Ordinary Deposit Account (pays 1%) and Deposit Account Plus (pays 3%) and on the annual interest payments (of 1%) on the National Solidarity Bond.



## 5. Is *State Savings*<sup>TM</sup> part of the national / sovereign debt?

Yes, *State Savings*<sup>TM</sup> is a component of the Irish national / sovereign debt.

## 6. When I place my money in the *State Savings*<sup>TM</sup> product range is my money secure?

- When you place your money in *State Savings*<sup>TM</sup> you are placing your money directly with the Irish Government.
- The repayment of all *State Savings*<sup>TM</sup> money is a direct, unconditional obligation of the Government of Ireland.
- Because your money is placed directly with the Irish Government
  - there is no upper limit on the amount of your money that the Government protects.
  - and
  - the Irish Government's obligation to repay you does not have any expiry date.

Repayment of your money includes principal, interest and bonus payments if due, and in respect of Prize Bonds, cash prizes.

## 7. If I need my money back early can I get access to it?

Irrespective of the original term of any of your *State Savings*<sup>TM</sup> products\*, at any time (subject to a 7 day notice period) you can, without penalty, request full or partial payment of your original amount (principal). This will be paid to you without penalty and will include any interest or bonus payments that are due to you.

The longer you leave your money the higher your rate of return.

\* Prize Bonds cannot be encashed until 3 months after purchase and the Deposit Account Plus is subject to a 30 day notice period before withdrawal.

## 8. Is there a risk of the Irish Government not being able to repay its borrowings?

On Tuesday 12 April 2011 the Minister for Finance responded to a Parliamentary Question (PQ) from Deputy Catherine Murphy with regard to a sovereign default.

The PQ and the response were as follows –

**Deputy Catherine Murphy** asked the **Minister for Finance** if a risk assessment has been carried out since September 2008 in relation to a sovereign default; if so, what are the contingency arrangements; and if he will make a statement on the matter.

**Minister for Finance (Deputy Michael Noonan):**

*In relation to the issue of sovereign default, let me be clear: Ireland has never contemplated the possibility of defaulting on its sovereign debt and this position has been restated on several occasions.*

*The Government, without any question, will fully honour all its legal obligations to its creditors and has no intention whatsoever of allowing a default.*

It is important to also recognise the wider context of our current difficulties – according to the IMF; the problems that face Ireland are not just an Irish problem but are a shared European problem which requires a solution from Europe. Most observers share this view.

Intense work is underway to achieve a solution to the overall debt crisis in Europe.

## 9. What will happen if Ireland leaves the euro zone?

Ireland has no intention of leaving the euro zone.



## 10. Are State Savings™ products subject to tax?

(a) Prize Bonds – the cash prizes are tax free in Ireland.

(b) All final lump sum repayments made on maturity are tax free in Ireland and this applies to

- 10% paid on Savings Bonds after 3 years
- 11% paid on the National Solidarity Bond after 4 years
- 20% paid on Instalment Savings after 6 years  
- or Childcare Plus
- 21% paid on Savings Certificate after 5 ½ years
- 40% paid on the National Solidarity Bonds after 10 years

(c) Annual interest payments are subject to DIRT at 30% (Budget 2012) and this applies to

- |  |                    |                       |
|--|--------------------|-----------------------|
| • The National Solidarity Bond 4 year  | - 1% pa before tax | / 0.70% NET after tax |
| • The National Solidarity Bond 10 year | - 1% pa before tax | / 0.70% NET after tax |
| • Deposit A/c Plus (30 day notice)     | - 3% pa before tax | / 2.10% NET after tax |
| • Ordinary Deposit Account (demand)    | - 1% pa before tax | / 0.70% NET after tax |
| - or Childcare Save                    |                    |                       |
| - or Pension Save                      |                    |                       |

## 11. Is there a limit on the amount of money that I can save?

There is **no limit** on the amount that you may place in Prize Bonds, Ordinary Deposit Account\* or Deposit Account Plus\*

The following limits apply to the other products -

	<b><u>Maximum Individual Holding</u></b>
3 year Savings Bonds (12 <sup>th</sup> Issue)	€120,000
4 year National Solidarity Bonds (Series 1)	€250,000
5½ year Savings Certificates (17 <sup>th</sup> Issue)	€120,000
10 year National Solidarity Bonds (Series 1)	<b><u>€250,000</u></b>
	<b>Total €740,000</b>

When individuals are saving jointly each will always remain subject to their maximum limit per product.

\*These are subject to DIRT (30% from 1 January 2012)



## 12. What is the *State Savings*<sup>TM</sup> percentage share of the Irish savings market?

At end September 2011 *State Savings*<sup>TM</sup> accounted for 13.8% of the Irish savings market. The total value of the savings market was €100,398 million of which State Savings under the management of the NTMA amounted to €13,875 million or 13.8%. The remaining €86,5230\* million are deposits from Irish private households (individuals acting in a personal capacity) on the balance sheet of all Irish resident credit institutions.

You will find this figure in Table A.18 – Total Deposits (Column P) on the Central Bank website: <http://www.centralbank.ie/polstats/stats/cmab/pages/householdcredit.aspx>

\*This figure covers all Irish resident credit institutions – that is, not just Irish-owned banks, but also includes branches of institutions that have their head office outside of Ireland. However, this figure excludes money that individuals are saving directly with the State in the *Ireland State Savings*<sup>TM</sup> product range.

## 13. How many individuals have money in the *State Savings*<sup>TM</sup> products?

Over 2 million individuals hold one or more of the *State Savings*<sup>TM</sup> products.

## 14. How much money is in each of the *State Savings*<sup>TM</sup> products?

The amount of money in each *State Savings*<sup>TM</sup> product is as follows -

### Outstandings as at end month

	<u>Dec 2010</u>	<u>June 2011</u>	<u>Sept 2011</u>	<u>Per Cent</u>
	€ million	€ million	€ million	Of total
3 year Savings Bonds	€ 4,239	€ 4,657	€ 4,725	34%
5½ year Savings Certificates	€ 3,957	€ 4,171	€ 4,198	30%
6 year Instalment Savings	€ 468	€ 468	€ 470	3%
4 -10 year National Solidarity Bond*	€ 342	€ 490	€ 541	4%
Deposit Accounts (incl.Savings Stamps)	€ 2,344	€ 2,500	€ 2,510	18%
Prize Bonds	<u>€ 1,330</u>	<u>€ 1,409</u>	<u>€ 1,431</u>	10%
<b>TOTAL</b>	<b>€12,680</b>	<b>€13,695</b>	<b>€13,875</b>	

\* The 10 year National Solidarity Bond was launched in May 2010 and the 4 year was launched in February 2011

## 15. What proportion of the national debt is accounted for by *State Savings*<sup>TM</sup>?

At end September 2011 *State Savings*<sup>TM</sup> amounted to €13,875 million representing 12.1% of the national debt of €114,712 million.

## 16. How is the money that I save with the Government, used?

All *State Savings*<sup>TM</sup> money is lodged to the Exchequer where it forms part of the Central Fund, co-mingled with other borrowings, tax and other revenues.

Any money that you place in *State Savings*<sup>TM</sup> products (and all your tax contributions) is used for purposes as approved by the Government, in line with Government policy.

## 17. Where can I get statistics on *State Savings*<sup>TM</sup>?

For more details please see Annual Report and Accounts of the National Treasury Management Agency - (link to the pdf and go to page 11 of 123).

[http://www.ntma.ie/Publications/2011/NTMA Annual Report 2010 English.pdf](http://www.ntma.ie/Publications/2011/NTMA%20Annual%20Report%202010%20English.pdf)



## 18. Where can I get application forms for the *State Savings™* product range?

Visit <http://www.statesavings.ie/Pages/Forms.aspx> **or** any post office.

Completed forms can be handed in at any post office or mailed without a stamp

**FREEPOST Ireland State Savings, GPO, Dublin 1**

## 19. What is the relationship between the National Treasury Management Agency and (i) An Post (ii) The Prize Bond Company?

An Post and the Prize Bond Company are agents of the National Treasury Management Agency (NTMA) in respect of the *Ireland State Savings™* product range.

Neither An Post nor the Prize Bond Company has ever retained or managed any *Ireland State Savings™* money.

All *Ireland State Savings™* money is placed directly with the Government under the management of the National Treasury Management Agency (NTMA).

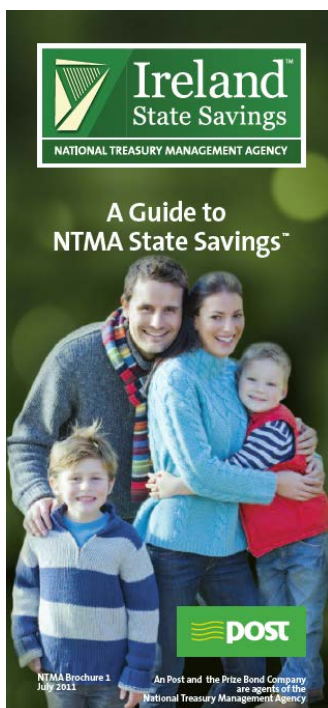
This has always been the situation and no change has taken place – both An Post and the Prize Bond Company are conduits that collect savings money and pass it directly to the Government.

The obligation to repay State Savings™ money is an unconditional obligation of the Irish Government and not an obligation of our agents (An Post and the Prize Bond Company).

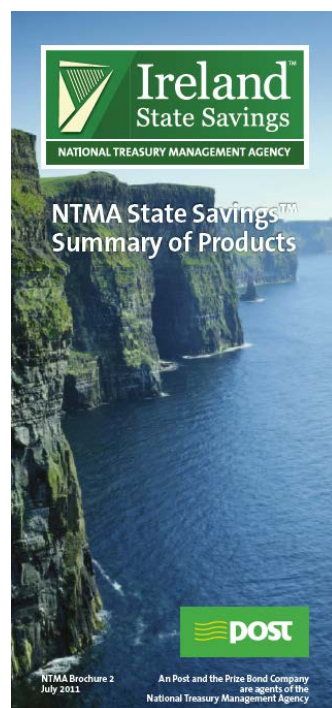


## 20. Where can I get more information on *State Savings*<sup>TM</sup> products?

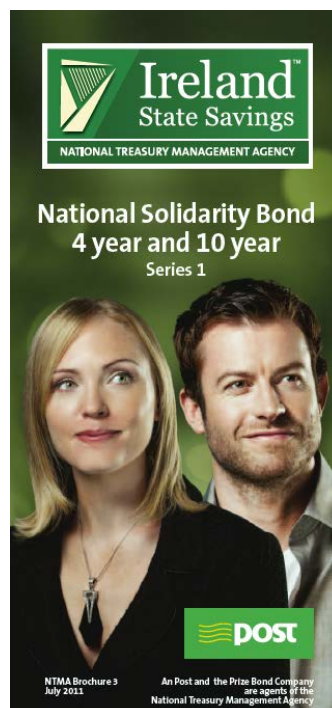
Visit any post office or our website [www.StateSavings.ie](http://www.StateSavings.ie) where you can view and print four additional brochures and all the application forms.



NTMA Brochure 1



NTMA Brochure 2



NTMA Brochure 3



NTMA Brochure 4

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