

Money Box

You can save money in a jar or a box. This is enjoyable because you can see your savings grow and the box or jar get fuller as you add more coins. The downside of this is that you can also be tempted to take the money back out again – or someone else might try to take it without asking. Money saved like this doesn't make interest.

A money box is a good way to save up small amounts of money over a shorter length of time but if you want to save up for something bigger, such as a bicycle or a trip or a holiday, it might take a bit longer.

It might be better to make a savings plan and save money over a period of time.

Savings Account

This is when you ask a bank, building society or post office to set up a special arrangement where they keep your money safe for you. As well as keeping it safe for you they will also give you an amount of money, usually a percentage of the money in the account to add to your money. The more you save, the more they will give you. This payment is called interest. The reason they reward you for saving money with them is because they borrow your money while you are not using it to do deals and make more money. This is their business! As long as their business is going well, everybody wins and makes money and they pay you for you letting them borrow your savings. This is sometimes called "making your money work for you". However it is also possible for banks and building societies to do badly in their business and to lose money, your money. Although this doesn't happen very often and banks are usually pretty safe places to save, it can happen.

Savings accounts are good for saving up bigger amounts of money over time. Some people have a savings account that lasts their whole life but started with just £1 when they were a child!

Some accounts allow you to take the money back out whenever you wish, others will ask you to give them some warning first. There are different types of accounts, some offer more or less interest, some even offer 'freebies' to attract you to bring your savings to them. You need to look at all the options and choose the best account to suit your needs. See this useful site for more information.

www.moneysavingexpert.com/savings/child-savings-tax-free