

Saving Gateway - what it is and who qualifies

From July 2010, there will be a new government supported cash saving scheme called the 'Saving Gateway'. It's for people of working age who are on lower incomes, and aims to help kick-start a saving habit. The government will add 50 pence for each £1 saved into Saving Gateway accounts.

Who can get the new accounts?

You can open a Saving Gateway account if you get any of the following:

- Income Support
- Jobseeker's Allowance
- Incapacity Benefit
- Employment Support Allowance
- Severe Disablement Allowance
- Carer's Allowance - you must be getting the allowance not just have an entitlement
- tax credits - but only if the final award for the 2009-10 tax year was based on a household income of less than £16,040

You must also be 'ordinarily resident' in the United Kingdom (UK).

To be ordinarily resident in the UK means that you usually live in the UK or are any of the following:

- a citizen of another country in the European Economic Area (EEA) who works in the UK
- a Crown Servant - this includes members of the armed forces posted outside of the UK
- a partner of a Crown Servant who is posted outside of the UK
- in the UK because of your removal from another country

How can you get an account?

If you qualify for an account, HM Revenue and Customs (HMRC) will send you a letter confirming this, together with details of how and where you can get an account. You don't need to contact HMRC - the letter will be sent to you automatically.

Your letter will be sent together with details of where you can get an account. This includes details of the 'account providers' such as banks, building societies, credit unions and the Post Office. Once you get your letter you should contact one of these account providers to apply for an account.

Don't worry if you don't get your letter immediately. HMRC will send the letters to all people who qualify within around six months. You will still be sent a letter even if your circumstances have changed since Saving Gateway was launched.

How the account will work

Once you've opened your account, you can save as much as you like with your account provider, up to £25 a month. After your account has been open for two years, the government will add a reward of 50 pence for each £1 you've saved. This will be paid by your account provider, there's no need for you to apply to HMRC for the money.

Don't worry if £25 a month sounds too much - you can save as much or as little as you want, when you want. You can also take your money out if you need to, and you will still get a government reward on what you've saved.

You'll only be able to open one Saving Gateway account in your life, so make sure you open one at a time that's right for you.

What happens next?

Saving Gateway accounts will be available from July 2010, and HMRC will write to you if you qualify.

You don't need to do anything but it might be worth checking to see if you qualify for any of the benefits or tax credits mentioned above.