



Securing your financial future

Investing for major life events requires comprehensive investment solutions

If you really want to give your money the potential to grow and you don't need immediate access to it, think about investing it rather than just saving. You might want to invest for major life events like retirement or paying your child's or grandchild's university fees.

Whatever the reason, investing has historically given higher returns than saving in a bank account, but be prepared – with the potential for higher reward comes more risk. Whatever you're putting money aside for, there's likely to be a role for Individual Saving Accounts (ISAs).

RIGHT OPTIONS

If you're looking to grow your money over many years, perhaps to fund a dream purchase or help you in retirement, cash might not be the right option – especially when the interest rates on Cash ISAs are near all-time lows.

Up to £85,000 of your money is secure in a bank or building society through the Financial Services Compensation Scheme, unlike stocks and shares or fixed interest investments which are less secure.

LEVEL OF RISK

If you are able to accept some level of risk, investing in the markets through a Stocks &

Shares ISA might offer you exposure to higher returns than cash alone can deliver.

Here are some reasons why you might consider investing some, or more, of your savings in a Stocks & Shares ISA, which could help you realise your long-term financial ambitions.

ENOUGH CASH

One of the appeals of cash savings is that you can access them when you want. Your interest is also generally fixed, so their value won't rise and fall like share prices can. It's sensible to keep enough cash to cover any short-term needs, but keeping too much of your savings in cash can carry a cost.

When the price of goods and services (or inflation) is rising faster than the rate of interest you receive on, say, your cash savings in a UK bank or building society, the 'real' value of the amount is eroded, which could leave you worse off. Between January 2011 and December 2016, retail prices outpaced average cash ISA rates by an average of 1.2 percentage points a year.

HIGHER RETURNS

By accepting some level of risk and investing your money in assets such as company shares, bonds and property, you could potentially achieve higher returns than cash alone can offer. Returns from investing can never be guaranteed, however, and you should remember that past performance is no guide to future performance.

Relying on any one asset could expose you to an unnecessary risk of losing money. The key to managing risk over the long run is holding the right blend of assets that can collectively perform in different circumstances.

DIVERSIFIED PORTFOLIO

A wide range of investments can be held in a Stocks & Shares ISA. As well as individual company shares and bonds – both government and corporate – you can invest in funds that package several assets. Some funds focus on one type of asset, and sometimes even one region, while others hold a mix of assets from around



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the world. A broad and diversified portfolio should help spread the risk of individual assets failing to deliver returns or falling in value.

TAX-EFFICIENCY

The beauty of investing through an ISA is that any income you receive, and any capital gains from a rise in value of your investments, will be free from personal taxation, irrespective of any other earnings you have.

It's important to remember that ISA tax rules may change in the future. The tax advantages of investing through an ISA will also depend on your personal circumstances.

MARKET CONDITIONS

Professional fund managers are constantly preparing for and reacting to changing market conditions, adjusting their portfolios accordingly. Your circumstances – and attitude towards investment risks – are also likely to evolve,

meaning different types of assets will become more or less appropriate over time.

For example, if you're close to retirement, you may want to reduce the level of risk in your portfolio or move towards income-generating assets. It's sensible to review your investments regularly – even as a long-term investor.

DIFFERENT APPROACHES

Investing in stocks and shares through an ISA could hardly be more straightforward. You can choose to invest a lump sum or set up a regular savings plan that fits your circumstances and your financial goals.

There are a lot of different approaches to investing, each with their own risk and return profiles. It's important that you only invest in products that are suitable and obtain professional financial advice to establish an investment approach that is right for you.

INVESTING FOR YOUR FUTURE

Within an ISA, you can reallocate your portfolio according to your outlook and needs at any time without losing any of the tax benefits. You can also move money from your Cash ISA to your Stocks & Shares ISA, or vice versa, as your short-term cash needs change. To explore how an ISA could help you invest for the future, please contact us.

FACTSHEET

