



# THE BENEFITS OF INVESTING

**Life, it's fair to say, can be expensive. And, while savings pots and pension contributions are important when planning for different life stages, exploring the option of investing can be an effective way to help you achieve your financial goals.**

## What does investing mean?

Whether you've got existing investments, or you're new to the world of investing we're here to help.

Investing – especially for the first time – can seem daunting and confusing. With interest rates on savings accounts being lower than the inflation rate, building up a diverse investment portfolio could offer much healthier returns and enable you to achieve your financial goals.

When you invest, your money is used to buy different types of assets. These assets are packaged together into funds and portfolios offered to investors by investment managers.

It's important to remember that investments are not risk-free and you could get back less money than you originally invested.

You should always feel happy with your investment choices in relation to what your current circumstances are and how you see things in the future.

## Why invest?

You may invest for a number of reasons:

- ▶ Saving for a specific purpose
- ▶ Building a pot of money for personal use at a later date
- ▶ To help offset the impact of inflation ensuring that you maintain a good standard of living

### Investment: at a glance



# 5.25%

The current Bank of England base rate, March 2024<sup>1</sup>.

Investing is recommended as a long-term commitment (typically 5-10 years or longer).

## Before you invest

Investing is for people with long-term financial goals in mind. This could range from hoping to grow their savings for a house deposit right through to investing with the aim of a more comfortable retirement.

Before you invest, we recommend that you address three key areas:

- ▶ You have settled any debt
- ▶ You have adequate emergency funds
- ▶ You have adequate financial protection to cover common risks such as being off work due to sickness or an accident

## Types of investment

There are many different ways to invest your money depending on how comfortable you are with risk. Other types of investments include:

- ▶ Shares in companies (also known as equities)
- ▶ Property
- ▶ Bonds and
- ▶ Cash

Returns from shares, property and bonds can be from changes to their capital value as well as from the income they produce. Returns from cash are from the interest income only.

Cash should always form part of your savings but long term is guaranteed to reduce purchasing power due to inflation.

Your financial adviser can explain these in more detail and help you choose the right mix of investments tailored to meet your financial circumstances and long-term objectives.

We believe the safest way to invest for the long term is with a well-diversified managed portfolio.

## Investment: at a glance



£687bn

At the end of 2020-21 the market value of Adult ISA holdings stood at £687bn<sup>2</sup>.



3.4%

The UK's 12 month inflation rate to February 2024 - lower than the official bank rate.<sup>3</sup>

## What should I invest in?

You may be thinking about choosing your own individual investments to make up your portfolio. However, while there's lots of investment advice in the market, it tends to be very general in nature.

Your financial adviser will help you understand what investing is, whether it's appropriate for you, the potential benefits and the risks involved. Most importantly, your adviser will consider how investing fits with your financial plans, your needs and your aspirations for the future.

## Accessing my money

If you've always saved your money in a bank account, it's only natural to feel apprehensive about being able to access the money in your investments should you need it. It's important to be clear about your requirements from the outset in terms of being able to withdraw your money at any time if your circumstances dictate. There are some types of investment available where your money is tied up for a fixed period of time, it's important that you feel comfortable with your investment choice.

Investments, such as shares in particular companies, can be volatile over shorter timeframes and checking the status of your investment on a daily basis is therefore counterproductive.

Finally, before you invest your money, it's wise to check the fees that are applicable. There may be annual management fees, setup fees or withdrawal charges included.

## We're here to help

Your financial planner's role is to understand what you want to achieve, to recommend a suitable portfolio to get you there, and to be by your side through every step of the journey. For more information on investing please contact your financial adviser.

The value of investments and the income they produce can fall as well as rise. You may get back less than you invested.

Approver Quilter Wealth Limited, Quilter Financial Limited, Quilter Financial Services Limited & Quilter Mortgage Planning Limited. March 2024

<sup>1</sup> <https://www.bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate> <sup>2</sup> <https://www.gov.uk/government/statistics/annual-savings-statistics-2022/commentary-for-annual-savings-statistics-june-2022>

<sup>3</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices>