

Financial Talk

Chartered Financial Planner and Director of Derbyshire-based Midland Financial Solutions, Kevin Edwards, offers his advice on how to take a fresh look at your finances and get your New Year off to a great financial start!

Q I've always been risk averse when it comes to my financial management and, although I have managed to save a significant amount over the years, I just keep one bank account with all my savings. However, with interest rates so low I feel there must be other options to enable me to grow my money at a faster rate – can you help?

A Many people have kept their money in savings accounts over the years because not only are they not sure what else they should do with it but they believe that this is the safest investment option. The good news is that there are alternative low risk investments options to choose from.

Maximising your ISA allowances: There aren't many investments that have tax concessions! Remember tax year end is in April so make sure you've checked how much unused allowance you have well before then.

Consider National Savings and Investments: Their Fixed-Term Certificates and



Premium Bonds are Tax-Free. However, holding too much cash in savings accounts over the medium to long term is not tax efficient and your buying power is likely to be reduced over time as interest rates are not usually high enough to keep pace with inflation. So, what are the alternatives?

Repay and invest: Consider repaying some or all of your mortgage early (the cost of borrowing will rise, it's a matter of when), making additional pension contributions or saving for school/university fees. One of these, or a combination, might work best for you.

Investment: Investment into 'real' assets such as company shares, property

and commodities offers greater growth potential than deposit accounts and better protection against the effects of inflation over the longer term. These types of investment are also available within an ISA 'tax wrapper'. However, the value of these types of assets is not guaranteed and can fall as well as rise and therefore you need to be able to invest for at least five years.

Regularly review your financial plan: Review what you are doing regularly and look at your financial assets as a portfolio, not as individual elements in isolation. This will help ascertain if your investments are suitable for meeting your objectives and attitude to investment risk, if there is appropriate diversification to ensure that risk is spread and if all elements of your portfolio are tax efficient.

If you would still rather keep your cash solely in savings accounts then ideally you need to make sure that you have a combination of fixed and variable rates of interest, as well as holding these accounts at different institutions. ♦

WIN

ROYAL CROWN DERBY COMPETITION

Royal Crown Derby is offering readers an opportunity to win the Crested Tit paperweight



The Crested Tit Garden Bird design incorporates the distinctive outline and markings of one of Scotland's most charming birds, normally seen foraging in the trees of ancient Caledonian pine forests and Scots pine plantations. Designed by Louise Adams and modelled by Mark Delf, the elegant crested tit is one of the rarer birds in the set. The paperweight – presented in a gift box – is 6.5cm high and includes a gold stopper. It is made using a process that involves five firings in the kiln, with each stage finished by hand. The bird's beautiful plumage is enhanced with 22 carat gold detailing.

For your chance to win please answer the following question correctly:

WHICH JAMAICAN SINGER-SONGWRITER WROTE THE SONG 'THREE LITTLE BIRDS'?

Send your answer and full contact details to Derbyshire Life, Royal Crown Derby Competition January, 61 Friar Gate, Derby DE1 1DJ, or by email to competitions@derbyshirelife.co.uk quoting 'Jan17'. Competition closes on 20th January. T&Cs: See www.derbyshirelife.co.uk

