

FOCUS ON: INVESTING

The Basics of Investing

by



ASSESS YOUR FINANCIAL POSITION

Before you start investing, make sure your finances are in order! Prioritise paying off any short-term debt and build an emergency fund - refer to our Top Tips post for more info.

Investing is for the long term - ideally for 5 years or more.



WHY INVEST?

Investing your money in stocks & shares can offer greater returns and potential to grow in value compared to cash savings, whereby growth is limited. Additionally, some products allow for tax-efficient (or tax free!) investing which means individuals can potentially save on income tax or Capital Gains Tax!



CONSIDER THIS...

Any growth in value and performance of your investments can depend on the level of risk you choose to take with products and funds. Generally, taking a higher risk with investments can lead to higher reward. Think about whether you would prefer to invest on a monthly basis or as a simple lump sum.



WHERE TO START

Individual Savings Accounts (ISAs) are a great tax-efficient investment product! You have a £20,000 annual allowance and do not pay tax on any growth or withdrawals you make. Don't forget about pensions! Pensions are arguably the most tax-efficient investment product due to tax relief on contributions (refer to our Focus On: Pensions post to learn more).

REMEMBER: THE VALUE OF INVESTMENTS CAN GO DOWN AS WELL AS UP AND YOU MAY NOT GET BACK THE FULL AMOUNT YOU INVESTED.