

Savings and Investments

You may worry about the security of your money in the current complex and often uncertain, financial climate. [The Financial Conduct Authority \(FCA\)](#) and many financial advisers suggest 'diversifying your portfolio' (or 'don't put all of your eggs in one basket') which means spreading your investments so that they are held in different places with varying levels of risk. You could also invest some of your money in a way that is easily converted to cash in case of emergencies.

Why should I save or invest my money?

If you have money to spare, you could save or invest it to hopefully increase your income. You may want to save some money for your retirement, in case of emergencies or to pass on to your loved ones.

If you save your money, you put it aside without risk; usually with the chance to earn interest.

If you invest your money, there is potential for your money to increase in value; however the returns aren't guaranteed. Investing is generally more suitable for the longer term.

Savings

Putting a little money away regularly is the best way of saving up for expensive things, like a holiday, furniture, or a special family occasion. Savings accounts are for times when you may need to withdraw your money quickly. They're different from investments, which are really for the longer term. We have explained some of the main types of savings products in this section.

[Help to Save](#) is a type of savings account. It allows [certain people](#) entitled to Working Tax Credit or receiving Universal Credit to get a bonus of 50p for every £1 they save over 4 years. It pays a 50% bonus on the amount saved, up to £1,200 over 4 years.

Visit [How to set a savings goal](#).

Bank and Building Society Accounts

With savings accounts you'll **always** get back at least the amount of money that you paid in, **plus** interest at the rate advertised. There's a wide range of accounts to choose from, with key differences being how quickly you can withdraw your money; the minimum amount required to keep the account open; and the type and rate of interest paid.

[Money Advice Service](#) have a series of helpful videos which cover the steps involved in [choosing](#), [opening](#), [setting up](#) and [managing](#) a bank account.

Cash ISA (Individual Savings Account)

Most banks and building societies offer tax-free savings and investment accounts called ISAs. You can't have more than one Cash ISA in the same financial year. See the section on ISAs in Investments further down the page.

Credit Unions

Credit unions are financial organisations which are owned and run by their members for their members who save with them. Once you've established a record as a reliable saver they will also lend you money, but only what they know you can afford to repay. For further information, see our section on [Credit unions](#).

Investments

There are different types of investments but, basically, you take a risk with your money by investing in assets that could rise or fall in value. There is no guarantee you will make a return on your investment, or even that you will get back the same amount that you invested in the first place. Investments are different from savings; they are typically designed for the longer term and involve different types of risk. Before investing it's usually a good idea to have sorted out any [debt](#) that you owe; made sure that you have [insurance](#) to protect yourself against unforeseen events; built up some savings; and arranged your [pension](#).

Shares

You can buy shares as part of a pooled investment or directly, when you buy through the stockmarket. Shares are also known as equities or stocks. When you buy shares in a company, you are buying a part of that company, and you become a shareholder, which usually means that you have the right to vote on certain issues. You can either buy new shares when the company starts up and sells them to raise money, or buy existing shares which are traded on the stockmarket. The aim is for the value of your shares to grow over time, as the value of the company increases in line with its profitability and growth.

In addition, you may also receive a dividend, which is an income paid out of the company's profits. Longer-established companies usually pay dividends, whilst growing companies tend to pay lower, or no, dividends. If you are investing in shares, you should expect the value of your investment to go down as well as to go up.

Bonds

Bonds are loans to companies, local authorities or the government. They usually pay a fixed rate of interest each year and aim to pay back the capital at the end of a stated period. Corporate and

government bonds are traded on the stockmarket, so their value can also rise and fall.

Corporate bonds are issued by companies as a way of raising money to invest in their business. They have a nominal value (usually £100), which is the amount that will be returned to the investor on a stated future date. They also pay a stated interest rate each year, which is usually fixed. Corporate bonds are bought and sold on the stock market and their price can go up or down.

Gilts (government bonds) are bonds issued by the government which pay a fixed rate of interest twice a year. They are generally considered safe investments, as the government is unlikely to go bust or to default on the interest payments. However, you are not guaranteed to get all of your capital back under all circumstances. Gilts, like corporate bonds, are bought and sold on the stock market where their price can go up or down.

Bond funds invest in several bonds (including corporate and government bonds) with different interest rates and different maturity dates. This reduces the risk to your capital. However, because of the mix of investments, bond funds can't promise a fixed return; instead they aim for a 'target return'.

Individual Savings Accounts (ISAs)

Individual Savings Accounts (ISAs) are savings and investment accounts in which you can save a certain amount each year and not pay tax on the income you receive from your investment.

Money saved in previous tax years – savers are able to transfer some or all of the money saved in previous tax years from a cash ISA to a stocks and shares ISA without this affecting their annual ISA investment allowance.

Money saved in the current tax year – savers are able to transfer money saved in the current tax year from a cash ISA to a stocks and shares ISA, but they must transfer the whole amount saved in that tax year in that cash ISA up to the day of the transfer. The money transferred is then treated as if it had been invested directly into the stocks and shares ISA in that tax year.

For further information about ISAs, including the current limits, visit www.moneyadvice.service.org.uk.

Help and Advice

When getting advice on your savings and investments it's important to know what type you're getting and to check that your adviser is authorised by the Financial Conduct Authority (FCA). To check whether your adviser is registered, visit [The FSA Register website](#).

To find an Independent Financial Adviser (IFA) in your area, visit [Unbiased](#) and enter your postcode for details of an IFA near you.

Help available if you manage an account for someone else

If you manage someone else's finances you may also find the Information Now article on [Power of Attorney](#) useful.

Other Useful Information

- [Money Advice Service](#) have a series of helpful videos which cover the steps involved in: [choosing](#), [opening](#), [setting up](#) and [managing](#) a bank account.
- [Money and Legal guides](#) – Age UK's guide
- [LifeBook](#) – Age UK free resource. It can be easy to mislay important documents and information. Record your details from, who insures your car, to where you put the TV licence. The LifeBook can help you to be more organised and could be invaluable to a family member or a friend if they need to locate important information about you in an emergency. Follow the step-by-step instructions and fill in the sections with your details, contacts and locations of important documents. Complete it online or order one.
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The information on this website is for general guidance and is not financial advice. If you need more information or personal advice, please contact an Independent Financial Adviser. For more information please read [Getting Advice About Your Finances](#)

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Useful Organisations

Financial Conduct Authority (FCA)

Email: consumer.queries@fca.org.uk

Website: www.fca.org.uk

Telephone: 0800 111 6768

Address: 25 The North Colonnade, E14 5HS

Moneywise Credit Union Ltd

Email: admin@moneywise.org.uk

Website: www.moneywise.org.uk

Telephone: 0330 165 5337

Address: 187-189 Shields Road, NE6 1DP

Society of Later Life Advisers (SOLLA)

Email: admin@societyoflaterlifeadvisers.co.uk

Website: www.societyoflaterlifeadvisers.co.uk

Telephone: 0333 2020 454

Address: PO Box 590, ME10 9EW

Money Helper

Email: pensions.enquiries@moneyhelper.org.uk

Website: <https://www.moneyhelper.org.uk/en>

Telephone: 0333 2020 454

Address: Holborn Centre, EC1N 2TD

Unbiased

Email: contact@unbiased.co.uk

Website: www.unbiased.co.uk

Telephone: 0800 023 6868

NEFirst Credit Union

Email: info@nefirstcu.co.uk

Website: <http://www.nefirstcu.co.uk/>

Telephone: 03300553666

Address: Unit 12 Jackson House, NE8 1ED

Related Articles

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[Credit Unions](#)

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