

Growing your savings

By Trevor Illingworth



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Synopsis

This article gives a view of various types of savings vehicles and the implications of their structures and regulations. Factors such as risk assessment are considered and the relationship between risk and the term of the investment. A useful calculator is included in the module. This title uses United Kingdom data but some of the main principles are usable and appropriate in all countries.

How to ...

How to understand and assess different types of personal saving schemes.

How to understand and assess the risk and charges of these schemes.

How to estimate and calculate your savings requirements to meet future needs.

Trevor Illingworth

Trevor has been successfully helping people with their personal financial planning for many years, gaining his expertise with a number of major European names in life assurance. He is now based on the Isle of Man, United Kingdom and operates internationally, advising high net worth individuals.

Savings? Why bother?

The UK Government is concerned that the rate of savings has dropped by 50% over the past few years. Why has this occurred?

The same Government believes that it is because charges on savings products are too high and that a discerning public refuse to pay them.

However, the Government has for a number of years (a similar period to the timing of the drop off of savings rate, funnily enough!) been forcing a reduction in those charges.

The result has been the demise of direct sales forces traditionally employed by many Life Assurance companies. No longer do we find 'the Man from the Pru' or wherever sitting on our settees at 8 o'clock at night suggesting we should start a savings plan.

Also, as Independent Financial Advisers (IFAs) earn very little commission from regular savings plans, they are forced to charge fees for their advice, which hitherto was apparently 'free'. Most people are not prepared to, or cannot afford these fees.

The Life Assurance companies have focused their