Are you saving without investing?

With Skipton, you could do both.

SKIPTON
BUILDING SOCIETY
Since 1853

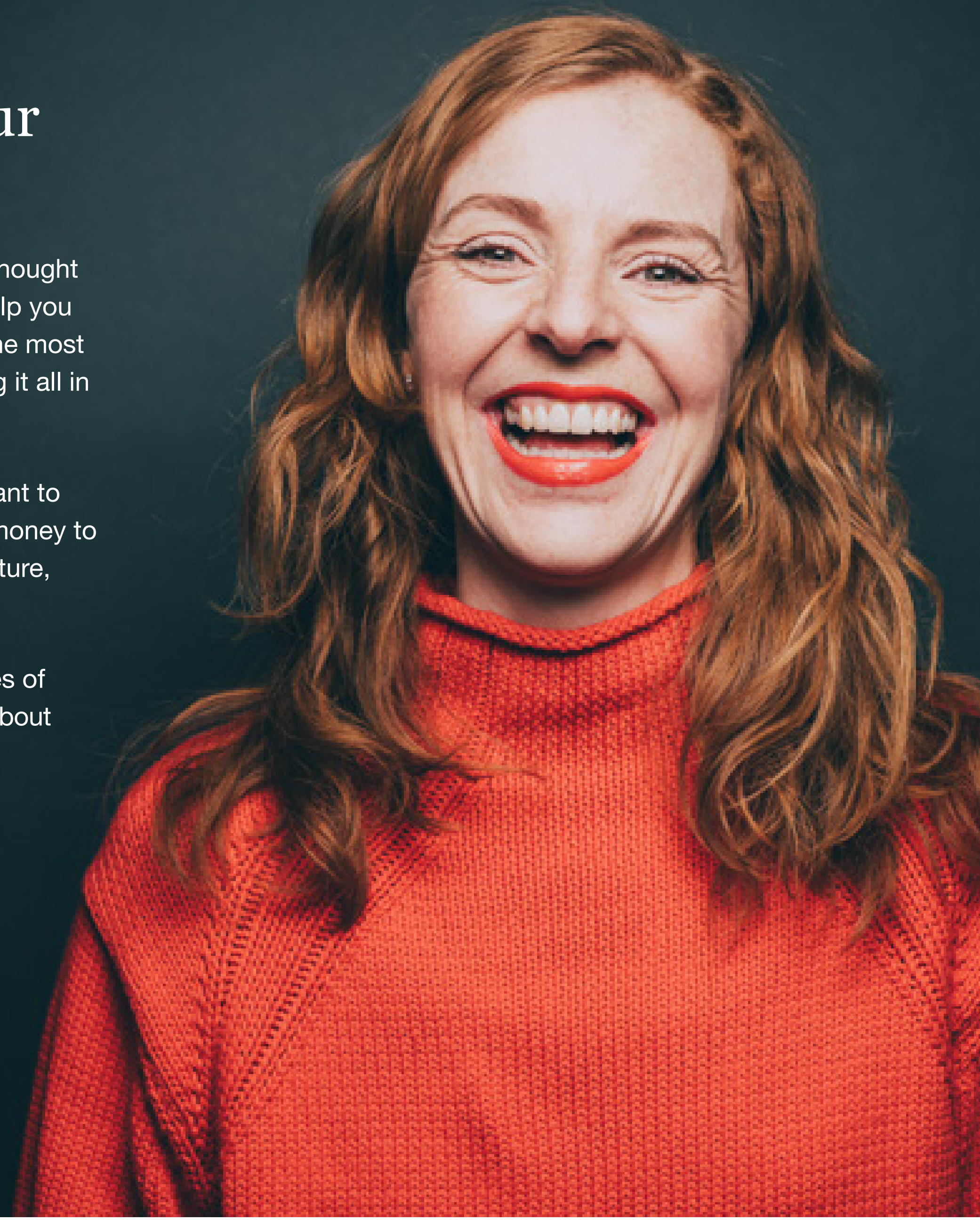
Where are you on your savings journey?

Do you have a little or a lot in savings? Ever thought about investing? This guide is designed to help you make informed decisions. Because making the most of your money isn't necessarily about keeping it all in one place.

When you're planning your finances, you'll want to consider a few things – what you need your money to do now, what you'd like it to achieve in the future, and how to plan for those bits in between.

In this guide, you'll discover the different types of cash savings accounts on offer and find out about our approach to investing.

Whatever your goals, we could help.



We've been helping people make plans for their money since 1853 and we'd like to help you too.

What are your goals?

Before you start saving or investing, it's important to think about what you'd like your money to do.

Immediate goals

Within the next two years.

Things like holidays, home repairs, hobbies and unexpected emergencies.

Easy access accounts

Easy access accounts could be good for your immediate goals because they let you withdraw your money at short notice.

Short-term goals

Between two and five years away.

Things like weddings, new cars and university fees.

Fixed rate accounts

Fixed-rate savings accounts like, Bonds or ISAs, usually offer a higher interest rate than easy access accounts. Typically, you won't be able to access your money for the length of the fixed term, or you might have limited access.

Medium to longer-term goals

Five or more years away.

Things like retirement income, care costs for when you're older, financial support for your grandchildren or even a new holiday home.

Investments

These goals usually involve planning ahead and considering stock market-based investments, which could potentially produce stronger returns than a savings account. But you'll need to accept some level of risk to your money and commit it for at least five years. You could get back less than you invested. So, it's worth considering financial advice for these goals.

For more information and insight about your life goals and money, visit **skipton.co.uk/life-and-money**.

Which savings account is right for you?

You wouldn't choose a fixed-rate bond to save for this year's summer holiday, or an easy access account to save for something a long way in the future. So which accounts would you choose?

Easy access

These let you withdraw your money when you need it, but the interest rate tends to be variable so can go up or down.

Online Cash Lifetime ISA

This account is designed for 18 to 39 year-olds saving to buy their first home or towards retirement. You can save up to £4,000 tax-free each year before your 50th birthday. The government pays a 25% bonus on your contributions, up to £1,000 a year. Unless it's to buy your first home at least 12 months after your first payment in, a 25% government withdrawal charge applies for withdrawals before the age of 60, meaning you'd get back less than you paid in.

Fixed term

Once you put your money in a fixed-term account, you usually can't continue to pay in or access until the term ends. Terms usually last between one and five years and the interest rate stays the same throughout the duration.

ISAs (tax-free saving)

ISA stands for Individual Savings Account. You don't pay tax on the interest you earn in any type of ISA. There's a limit on how much you can save in an ISA each tax year – your annual ISA allowance.

It's a good idea to make use of your full ISA allowance each tax year to take advantage of the tax-free benefits it offers.

Notice account

You'll need to give notice to withdraw money. The length of notice depends on the agreement you have with your provider.

Community saver

These accounts let you save on behalf of a club, charity or other body. Typically, you can withdraw money without giving any notice.

Children's accounts

You might want to put money away for a child to access in the future or teach them to save from an early age.

If you'd like to find out more about our savings accounts, visit **skipton.co.uk/savings** or call **0345 850 1722**.

Know your PSA from your ISA?

It's possible to save money without paying tax on the interest you earn, so it's worth making the most of these tax-free allowances.

Personal Savings Allowance (PSA)

When you're a basic rate taxpayer, you don't pay tax on the first £1,000 interest you earn on your savings. This is your Personal Savings Allowance (PSA). If you're a higher rate taxpayer, your allowance is £500. Unfortunately, if you're an additional rate taxpayer you won't be able to benefit from this. For most of us, once we've reached our PSA limit, we'll pay tax on interest in line with our income tax status.

ISA allowance

Each tax year (6 April to 5 April), the government sets a maximum amount of money you can contribute into in an ISA. This is called your annual ISA allowance. Find out what the current ISA allowance is at gov.uk/individual-savings-accounts.

PSA or ISA?

Is it still worthwhile saving into an ISA when you can save £1,000 tax-free with your PSA? Actually, you could do both.

- An ISA offers a tax-efficient way of saving because you don't pay any income tax on the interest you earn. But if your money isn't in an ISA and you go above your PSA, you might pay tax.
- If interest rates go up or you have more money to save later on, you might exceed your PSA.
- If you're an additional rate taxpayer and not eligible for a PSA, you can still save tax-free in an ISA.
- Your ISA allowance can be passed on to your spouse or civil partner after you die as an additional tax-free allowance.

It's a good idea to make the most of your ISA allowance. Plus, if you already have money in ISAs that's built up over time, you're likely to benefit from leaving it where it is because the interest earned remains exempt from income tax.

Important information: the tax treatment of your investments depends on your individual circumstances and prevailing legislation, both of which may change in the future. *Office of National Statistics November 2022.

Is saving enough on its own?

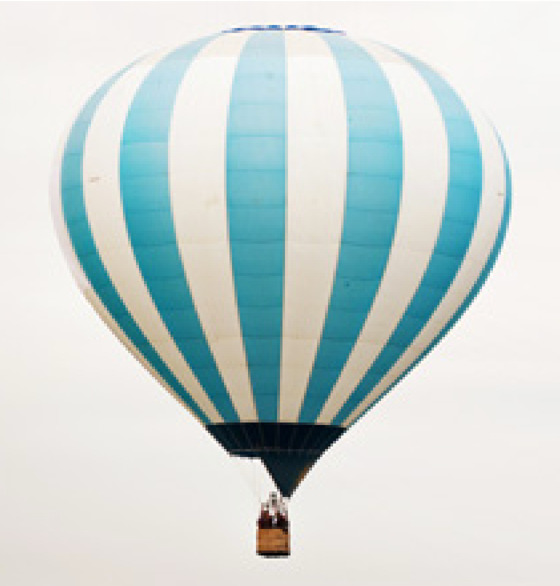
The importance of saving money for the future cannot be overstated. It can offer you a safety net for emergencies and help you achieve your financial goals without the need to borrow.

It could well be worth looking at your savings options because low savings rates can make it harder to grow your money in real terms.

If saving is the bread, investing is the butter.

Savings accounts are a fundamental part of any financial portfolio. You should always have a pot of money readily available for short-term needs. But when it comes to saving over the long term, investing could be a good option. That's because, while there's some risk involved, it could offer you more chance to make money in the long run.

Inflation is the rate at which the cost of living rises. It's why the average cost of a loaf of bread was only 50p back in 1990 and £1.36 by November 2022*.



Want to read the latest savings hints and tips? Visit **skipton.co.uk/life-and-money**.

What is investing?

Put simply, investing is placing your money into various asset classes, with the aim of them growing in value over time.

R & R – Risk and Reward

Investing gives you more opportunity to make money over time. But all investments involve some form of risk because the value of your investment can go up and down, and there's a chance you could get back less than you originally invested.

Different investment products involve different levels of risk, so before choosing, you'll need to establish how you feel about the risk, combined with the returns you could potentially achieve. You should be comfortable with the risks involved, before investing.

A financial adviser can help you understand your risk appetite and recommend investments that match.

Know your asset classes?

Many investors prefer to put their money into a range of asset classes, which creates a more balanced overall approach. Here are the main types.

Stocks and shares

This means either investing directly into company shares, or funds that invest into a range of stocks and shares on your behalf. But values can go up and down.

Fixed interest

This involves putting money into government or corporate bonds. You basically loan your money to a government or organisation and, in return, receive a pre-set rate of interest on top of the money you originally invested at the end of the term.

Commodities

Commodities can include things like gold, oil and gas. The returns you achieve will depend on the ongoing value of each commodity. Commodity holdings are generally considered high risk and more suited to experienced investors.

Property

This can mean either investing directly into property ventures or pooled funds that invest in commercial property. You can benefit if your property portfolio increases in value over time and from rental income too. The risks are that a property could lose value, not generate rental income for long periods of time or be difficult to sell. There's no guarantee you'll make a profit if you sell the property, either.

Cash

A balanced investment portfolio might feature cash assets to provide some capital protection. But the risk level is much lower than other types, so the returns might be lower too.

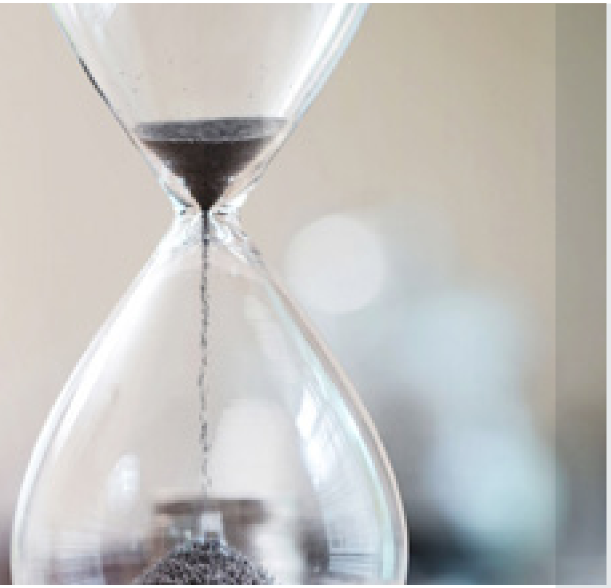
Get investment insights at your fingertips – sign up to our free Life & Money email updates, visit **skipton.co.uk/sign-up**.

A balanced approach

'Don't put all your eggs in one basket' is a term often used in investing. Generally, it's better to spread your money over a range of asset classes rather than just one or two because it can help you reduce the level of risk your money is exposed to. For example, if one asset isn't performing well, another could be doing well and balance it out.

Top tip: focus on the long term

The up-and-down nature of markets means you're bound to encounter a few bumps on your investment journey. This is normal. So when the going gets tough, it's important to try and keep a rational mindset and remember that investing is a long-term commitment. Here are a few reasons why.



1. The good and the bad

If your investments fall in value, withdrawing your money will make those losses real. By cashing-in your investment, you're depriving yourself of the chance to benefit from potential long-term gains when markets eventually recover.

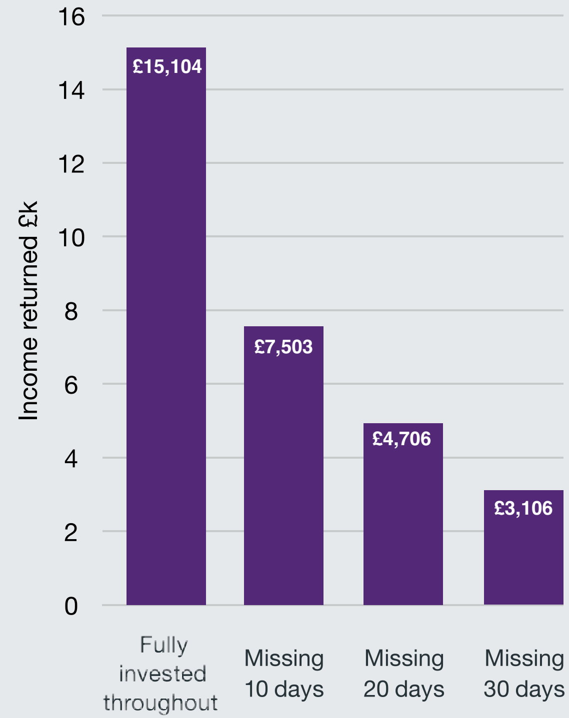
2022 saw its share of market volatility in the wake of Russia's invasion of Ukraine, resulting in increased inflation and interest rate rises. The drop in share prices at the beginning of the pandemic in 2020 and the strong recovery since is another key example.

2. Time, not timing

When stock markets are having a rough time, you might be tempted to withdraw your investments and reinvest when markets rise. Unfortunately, no one can predict the peaks and troughs of a financial market and it's not a good idea to try. Imagine if you'd invested for the last 34 years, but missed out on the best days for market growth because your money wasn't invested on those crucial days.

The following table is based on the FTSE™ 100 All Share and shows the difference that missing out on the best 10, 20 or 30 days would have had.

FTSE™ 100 All-Share: effect of missing best days



Source: Schroders. Values shown are total returns excluding any charges, which includes dividends and share prices between 4 January 1988 and 30 June 2022.

3. The five-year rule

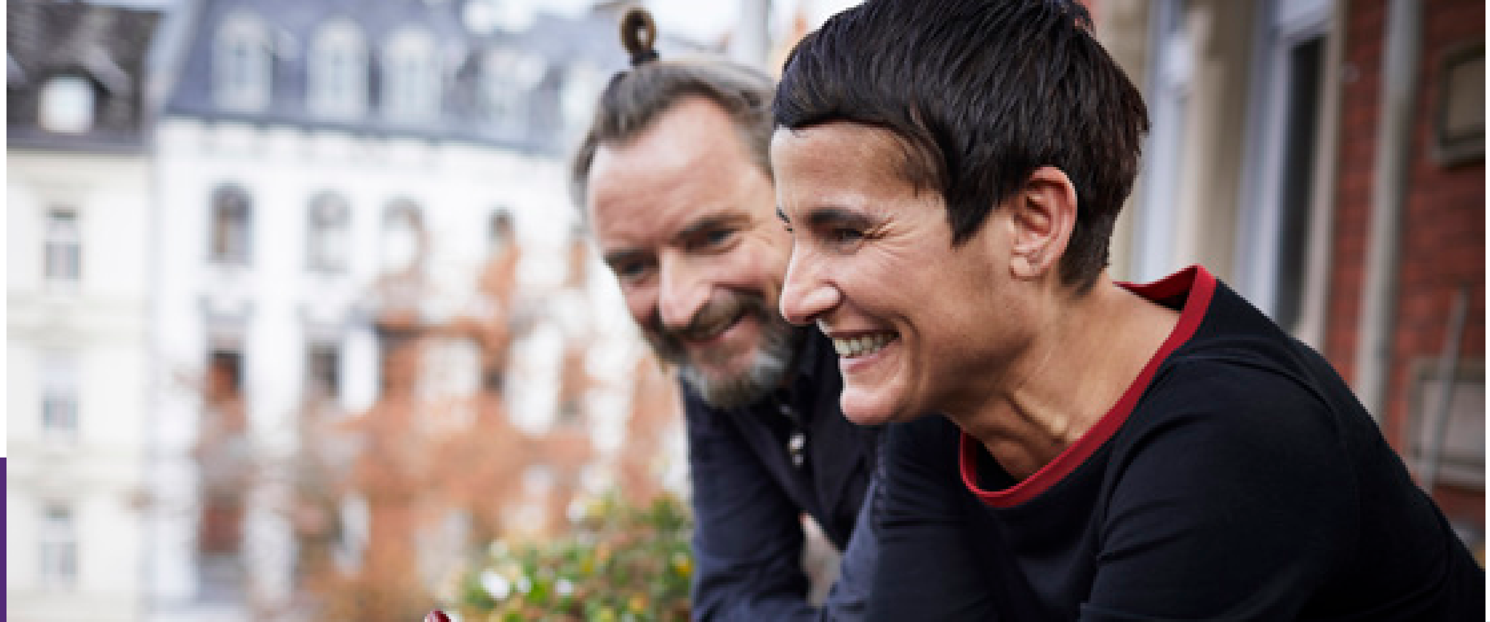
Investing isn't going to give you overnight success, and all our financial advisers will recommend that you invest for a minimum of five years. You might want to make some changes to your plans along the way, but we can help you with any difficult decisions you might face.

Past performance is not a guide to future returns. Economic and market conditions experienced in the past may not be repeated in the future. This information is not intended to provide financial or tax advice.

Get started today

Its free to find out if you could benefit from financial advice. Call us today.

Call **0345 600 6898**



Why Skipton

The personal touch

We'll take the time to really get to know you and what you'd like to achieve with your money. And any recommendations we make will be tailored to you.

In-house expertise

Our in-house research team produce a panel of funds, which we'll use to create tailored recommendations.

Appointments to suit you

Talk to us in-branch, by video link, or at your home.

Stay in-the-know

Sign up to our free Life & Money email updates and get regular financial news.

Visit **skipton.co.uk/sign-up**

Low investment starting point

If you've got £20,000 or more, or a regular amount of £500 to invest each month, we could help.

No pressure

Major financial decisions shouldn't be rushed. So take the time you need and, if you decide to do nothing, that's fine with us.

No upfront fee

You'll only need to pay for our advice if you go ahead with our recommendations and charges will be explained up front.

Talk to us about how we could help you try to grow your money.

Call **0345 600 6898**
Visit us in **branch**
Go to **skipton.co.uk**

Stock market based investments are not like Building Society accounts as your capital is at risk and you may get back less than you invested. The value of your investments and any income from them may fall as well as rise.

We won't pressure you into taking our products or services, or recommend anything that we don't think is right for you. That's a promise to you from everyone who works at Skipton Building Society.

NO PRESSURE *promise*

We're savings specialists and investment experts. Talk to us about how we can help you try to grow your money.

Call **0345 600 6898**
Visit us in **branch**
Go to **skipton.co.uk**

If you'd like this booklet in large print, braille or audio please ask in branch or call 0800 055 6898.

*To help maintain service and quality, some calls may be recorded and monitored. Calls are free from a BT landline, costs from other networks and mobiles may vary.