

Fed Up with Deposit Interest Rates?



WHAT YOU SHOULD DO NOW

Savers are currently getting little or no return on their savings or deposits, their return being typically less than 1%, depending on how long they are prepared to restrict access to their monies. Any modicum of return is currently subject to DIRT tax at 39% which makes for a most unappealing prospect.

If you want to access your money in the near term or, are completely risk averse, you have little or no option but to bite down on the banks offering. However, if you do not need ready access to some or all, of your funds, you do have some alternatives, such as:

- Buy a residential investment or commercial property. You will receive a regular rental income, and depending on the location of the property, this yield could be well in excess of interest rates after tax. You may also benefit from capital appreciation in the asset.
- Maximise your tax relievable pension contributions to ensure your retirement planning is on course
- Purchase shares in a real estate investment trust (REIT) or buy units in a commercial property fund

- Invest in the stock market, either directly or through exchange traded funds (ETF). Direct shares may deliver regular dividend payments in addition to the potential increase in the value of the shares.
- Invest in open-ended investment bonds where gains are permitted to roll up and are only taxed on exit or on every 8th anniversary
- Purchase government bonds. Low rates of return but typically secure investments
- Invest in “safe haven” assets such as gold bullion or buy a gold ETF
- Reduce your debt, starting with the most expensive first. Many people look at using excess cash to reduce their mortgage, but short-term debt, particularly credit cards, is far more expensive and should be dispensed with first

If you are looking for advice on how to maximise the performance of your savings, please talk to the team at MoneyCoach. Our needs analysis process will identify the most appropriate path to ensure your future financial well-being.