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| 4.2% Inflation Eats into Savings Rates |

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| *"Financial advice given simply by Professionals"* |
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| **4.2% INFLATION EATS INTO SAVINGS RATES**The Covid Pandemic caused world economies to go into high speed reverse, now with the recovery, economies are going full speed forward.  Oil, gas and electricity prices going up.  Supplies of goods are being seriously affected with shortage of containers and delivery drivers. Shortage of microchips for industry, shortage of staff and products.   When there is a shortage of anything, prices go up.  And they are going up fast.  The Consumer Price Index for September 3.1%, October 4.2% and December expected to be above 5%.  This will have a serious effect on the value of cash savings such as bank deposits and cash ISAs.  Here are todays best rates:- |
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| Source:  [www.moneyfacts.co.uk](https://moneyfacts.co.uk/savings-accounts/)**The Problem**With today’s best deposit rate standing at only 0.67% and inflation currently at 4.2% and rising, the value of savings in a bank is being quickly eaten away.  Even investing into a Cash ISA is not much better at only 1.2%. The longer the savings are maintained the worse it will become, particularly as the inflation rate is rising.  Cash Deposits and Cash ISAs are now seriously at risk of losing their value.   Cash savings are important and they should be set to work and earn their keep for the future.  But if their value is being seriously eroded by high inflation, then a change in direction is required without necessarily compromising the security.   **So what’s to be done**To combat the rate of inflation, the Cash Deposits or Cash ISAs need to be invested in a savings vehicle which can hopefully give a return higher than the rate of inflation.  This will require taking on a small degree of investment risk.  The cash savings are already at risk of losing their value due to inflation, but what is now required is to consider positive risk management to overcome the devaluation of the savings. **Cash ISAs** can easily be transferred to Investment ISAs and still retain their tax free benefits without forfeiting the annual allowance of investing up to £20,000 per year into an ISA.  This can be either the whole Cash ISA or just a part of the Cash ISA.  Savings can be invested in a wide selection of funds based on attitude to investment risk.  Low risk funds can be recommended which have given a historical performance of far more than the rate of inflation.  Medium to high risk funds can be recommended for those who wish to have a much higher rate of growth to beat the rate of inflation. **Cash Deposits** can be invested into Investment ISAs either by a lump sum or on a regular monthly savings plan.  The maximum investment remains the same at up to £20,000 per person per financial year, and the funds remain completely liquid for immediate withdrawal either as lump sums or as tax free income.  The whole of the ISA savings amount is maintained in the investments depending on your personal risk profile, free of income or capital gains tax. |
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| If you have Cash Deposits or Cash ISAs and are concerned that inflation is going to quickly reduce their value, then please give us a call on 0800 169 1066 or email us on info@angloifa.co.uk and we would be very happy to explain the best course of action. Take care, keep safe.It’s still very much out there. Ray Jenkins |

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