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SAVERS RISKING LOWER RETURNS THROUGH NOT SEEKING EXPERT HELP WITH INVESTMENT DECISIONS

'Lack of trust and lowest base rate mean one in five will stash their cash'

North East savers are risking getting lower returns on their investments by not utilising the financial information and support that is freely available to them on the market.

That's the warning from Newcastle Building Society, whose new research amongst more than 750 savers reveals that, despite the impact that the record low base rate has had on the savings market, only one in five people are more likely to look for help when reviewing their investment options - with the same number saying they are now less likely to do so.

Almost one in three people (30%) say the current economic climate makes them less likely to trust their savings providers' opinions than they were before the credit crunch began, with a similar percentage (31%) expecting to shy away from stocks and shares-based savings products.

But, with 30% of survey respondents also saying they are more likely to choose ISAs ahead of other products now that the ISA savings limits are increased, the Newcastle is highlighting the importance of savers using every available resource when making savings decisions to make sure they get the products which suit their individual needs.

Steve Urwin, Senior Sales and Marketing Executive at Newcastle Building Society says: "The financial marketplace is almost unrecognisable compared to little more than a year ago, so it's no wonder that trust is a big issue for the consumer, and it's something that all institutions are working hard to address.

"With the base rate so low, savers may be tempted to think that they are better off holding onto their cash, rather than investing it in a building society or bank, but with the recent increase in tax free ISA allowance and a range of good products

still available across the market despite the tough financial climate, doing so will see them miss out on getting the returns that they could otherwise secure.

“It’s not all about the best rate, and savers should seek help from their provider to ensure they fully understand the terms and conditions of the account - in the current economic climate, for example, it may not be the best time to lock your money away for years with no access to it, and if you rely on the income from your savings, the level of risk on your return is going to be important.

“Your financial services provider is in the best position to show you on what’s available, and to help you weigh up the range of options to find the best products for your individual circumstances. The Newcastle is the biggest building society to be based in the north east and we’ve been around for nearly 150 years, so we’re experienced in providing this sort of help, which we offer via our subsidiary, Newcastle Financial Service Limited.”

Newcastle Building Society is highlighting five key points for consideration by people unsure of how to make the most of their savings:

1. Identify the term you wish to save over, and whether or not you require access to your money.
2. Decide on the level of risk - there are many capital guaranteed products which will protect an initial investment regardless of market movements.
3. Ensure you use your ISA allowance to benefit from saving tax free.
4. Decide on whether you require monthly or annual interest - often the interest rate can differ significantly.
5. Seek expert advice from your provider before taking out a savings/investment product.

-ENDS-

Notes to editors:

* Results based on 757 responses research conducted by Core Insight on behalf of Newcastle Building Society.