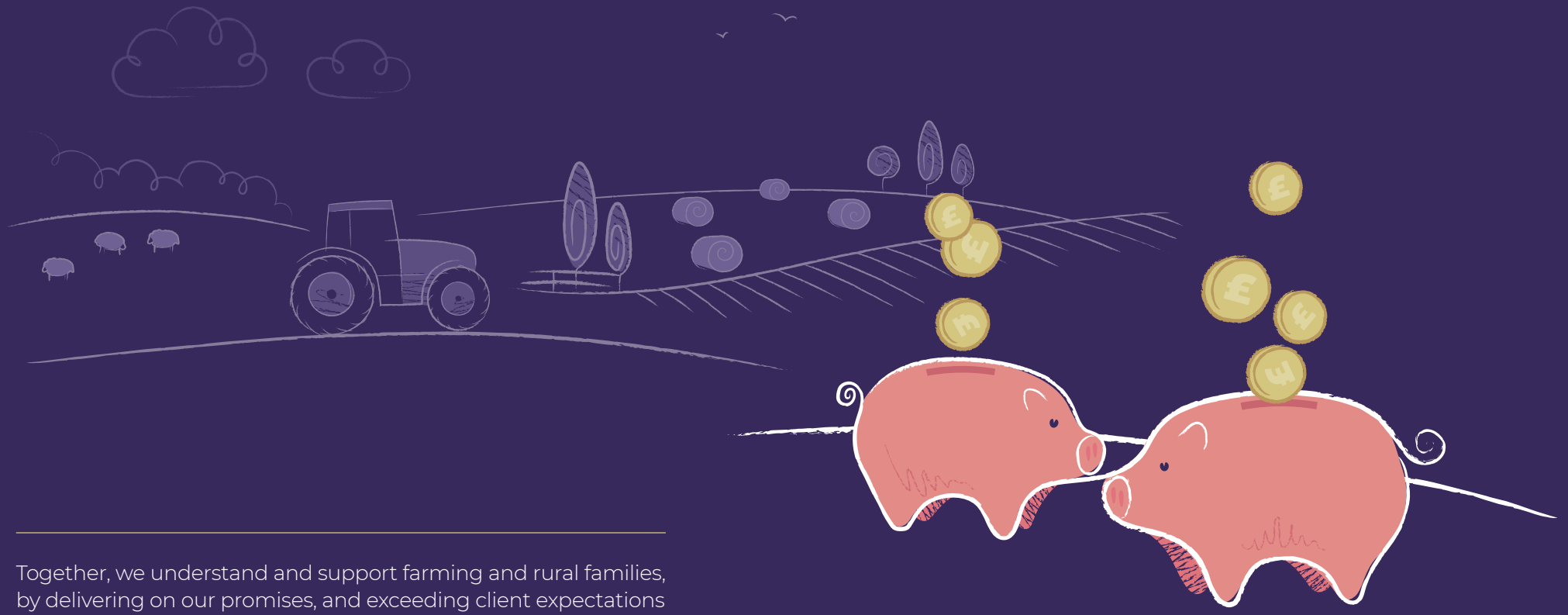
ACCESSION

Beyond the Piggy Bank

WHEN TO SAVE AND WHEN TO INVEST



Together, we understand and support farming and rural families, by delivering on our promises, and exceeding client expectations

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Saving and investing are both ways of trying to make your money work harder, but there are important differences between them. It is worth spending some time exploring these differences and gaining a clear understanding of which approach best suits your individual circumstances. By understanding the advantages and disadvantages of both cash savings and investments, you will be better placed to make an informed decision about what is most suitable for you.

Why the Government wants Britons to invest – not just save

The Government is urging people to invest more of their money rather than leaving it sitting in cash, arguing that Britain's strong saving culture has quietly become a drag on both personal wealth and the wider economy. The UK stands out among major economies for how little households invest. Britons invest just 8% of their non-pension wealth, the lowest share in the G7. In the United States, the figure is around 33%, meaning American households are far more likely to put their money into shares, funds and other growth assets.

Source: Clicking a link will open a new window. Any external sites are not endorsed by St. James's Place.

The Government argues this matters because cash savings, while safe, do little to build long-term wealth. They have stressed that investing does not mean reckless risk-taking. Pensions, ISAs and diversified funds allow people to spread risk while helping to benefit from long-term growth. Saving still has an important role, particularly for emergencies and short-term needs, but their message is that cash alone is not enough. If individuals want their money to grow, and if Britain wants a stronger economy, more of it needs to be invested rather than left idle.

Different Money, Different Jobs

Not all money has the same job. Some money needs to be safe and ready at a moment's notice — that's what cash is for. But money you don't need for several years plays by different rules, and investing is where it could work harder for you.

Investing for longer may provide greater opportunities for growth than holding money in cash or cash-like investments, but it also involves risk. Investment returns are not guaranteed, and the value of investments can go down as well as up, so you could get back less than you invested. Money held in cash can lose value in real terms over time if inflation rises faster than interest earned.

Have you checked your 3 pots?



Pot 1

There's no doubt that saving is vital. A robust emergency fund, typically three to six months' worth of expenses, should be held in accessible accounts, providing peace of mind when unexpected costs arise.



Pot 2

Short-term savings — typically money you may need to use in the next five years for planned expenses (such as holidays or deposits) — also belong in low-risk, liquid accounts. Depending on when this money is needed, a fixed-rate cash savings account may be suitable.



Pot 3

Pot 3 is for funds you won't need in the short term, typically money you can leave untouched for five years or more. This pot is designed for growth rather than immediate access, helping to give your money the chance to work harder through investing. The goal is to help your wealth outpace inflation. While investing comes with short-term ups and downs, over time it offers the potential for significantly higher returns compared to cash.

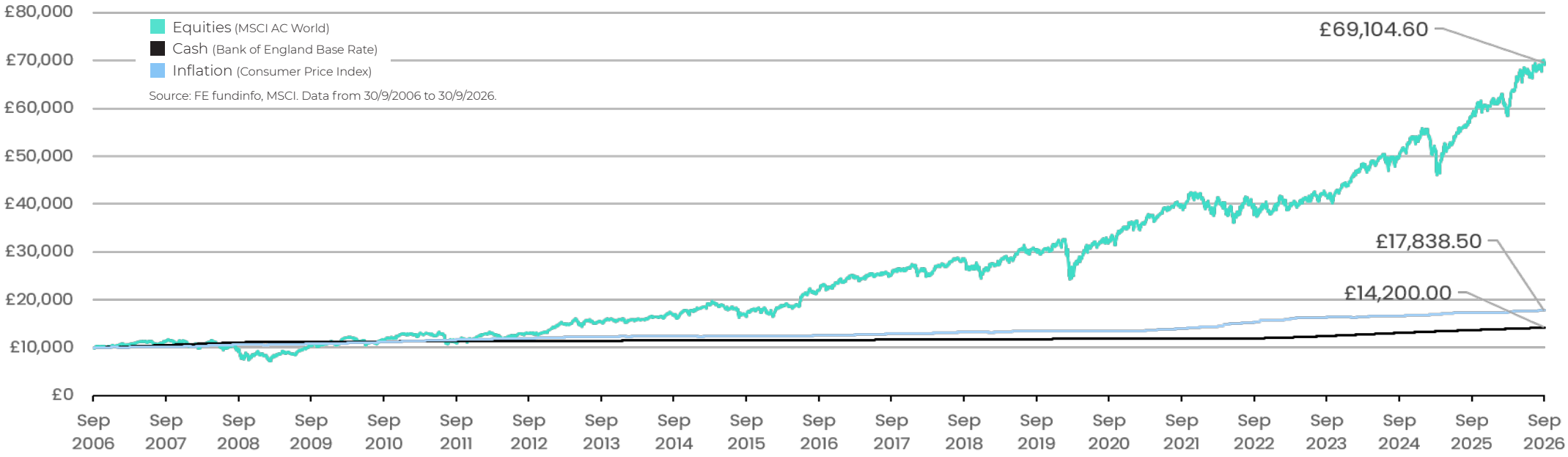
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The graph below shows how investment returns have performed against cash and inflation over the last 20 years. As you can see, over this period equities (MSCI AC World) grew to £69,104.60 from an initial investment of £10,000. In comparison, cash (Bank of England Base Rate) would have grown to just £14,200.00. The graph also highlights the impact of inflation: over the 20-year period shown, inflation would have outstripped cash savings by £3,638.50.

Keeping your money in cash might feel safe, but it's like trying to fill a bucket with a slow leak. Inflation is that leak - gradually draining the real value of your savings, even if the number stays the same.

Investing isn't without risk, but history shows it has the potential to keep your bucket topped up and could even overflow.

The below graph shows how investment returns have performed against cash and inflation over the last 20 years.



Source: FE fundinfo, MSCI. Data from 30/9/2006 to 30/9/2026.

Past performance is not indicative of future performance. Please note it is not possible to invest directly into the MSCI ACWI Index and the figures shown do not take into account any charges applicable to the appropriate investment wrapper or any relevant tax charges.

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An investment in equities and shares will not provide the security of capital associated with a deposit account with a bank or building society. However, please bear in mind that over the long-term inflation will erode the purchasing power of your capital.

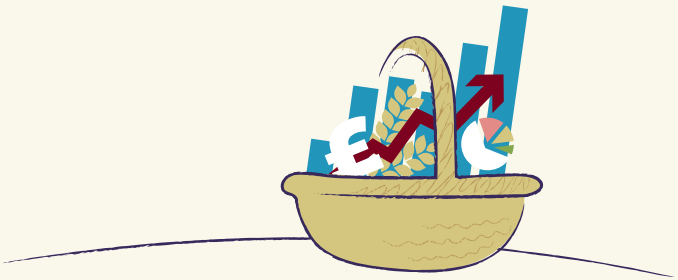
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The impact of inflation

Putting money into a cash savings account feels safe — and in one sense, it is. Your balance won't fall, and you won't wake up to market swings. For short-term goals or emergency funds, that stability is valuable. However, there is a quieter risk that many savers overlook: inflation.

Inflation erodes the spending power of your money over time. Even if the balance in your account stays the same, or earns a small amount of interest, its ability to buy goods and services can shrink. If inflation is 4% and your savings rate is 2%, you are effectively losing 2% in real terms. It's a loss you don't see on a statement, but you feel it in the future when your money doesn't stretch as far.

None of this means cash is bad. It simply means cash is best suited to short time horizons and safety cushions, not long-term wealth building. For goals five, ten or twenty years away, investing offers a way to outpace inflation and grow purchasing power, albeit with short-term ups and downs. The table below shows the impact inflation can have on money over various time periods.



Imagine hiding £10,000 under your mattress today and forgetting about it for 20 years.

When you finally dig it out, it'll still be £10,000, but thanks to inflation, it'll feel more like half of the amount.

That dream holiday? Downgraded.

That home renovation? Scaled back.

Inflation quietly chips away at the value of cash over time, whether you notice it or not.



This chart assumes a flat inflation rate of 3% over a 20-year period. Chart for illustrative purposes only. Values aren't guaranteed. Inflation rates rise and fall over time.

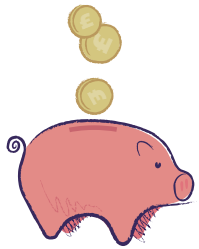
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Selecting the right fund for your investment

One of the biggest challenges in investing is overcoming the fear of losing money. This emotional barrier often causes people to delay investing or make reactive decisions when markets dip. The fear is understandable — no one likes to see the value of hard-earned savings fall — but it could also hold investors back from achieving long-term growth.

Successful investing often requires accepting short-term fluctuations in exchange for longer-term gains. Understanding your risk tolerance, choosing suitable investments and focusing on long-term goals can help reduce anxiety and prevent fear from driving your decisions.

Investing isn't about chasing the highest returns; it's about finding the right balance between risk and reward that aligns with your goals. Every fund sits somewhere on the risk spectrum, from cautious bond funds to higher-growth equity options. The key is understanding how much volatility you are comfortable with and how long you plan to invest. Higher-risk funds can deliver stronger returns, but they also fluctuate more, which may feel uncomfortable if you need access to your money in the short term. Lower-risk options offer greater stability but may grow more slowly.



A good starting point is to define your timeframe and financial objectives, then choose funds that align with both your risk tolerance and your capacity for potential losses. When the balance feels right, you are more likely to stay invested — and staying invested is often the biggest driver of long-term success.

Investing is often used for money that won't be needed for a number of years, and values can rise and fall over time. Over the long term, investments have historically provided higher returns than savings accounts, although this is not guaranteed and you might not get back everything you invest.

What should you do next?

- If you haven't already, review your current savings and calculate how much money you need in Pots 1, 2 and 3.
- If you have money sitting in Pot 3, it would be advisable to speak with us about the options available to you.
- We will explain the advantages and disadvantages of both saving and investing, answer any questions you have, work with you to understand your risk appetite, and make a recommendation based on what we believe is most appropriate for your individual circumstances.
- You will then be in an informed position to decide whether investing is right for you, or whether you still prefer to keep your money in cash.

About us

We work with farming families to provide clear, practical financial advice that supports long-term decision-making.

Our role is to help clients understand their options, model the financial implications, and coordinate with their other professional advisers to put robust plans in place. Whether you are thinking about investing for the first time, reviewing existing arrangements, or responding to recent changes in tax rules, professional financial advice can provide clarity and confidence. Every person's situation is different, and advice should always reflect individual needs, priorities, and circumstances. Taking the time to seek advice may help protect your savings and help them work harder.

If you would like to understand what is the best option for your own personal circumstances then please contact us on **01832 279170** or visit **accessionfp.co.uk**

OR **Scan the QR code** to arrange an appointment.

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If you decide to invest the value of an investment with St. James's Place will be directly linked to the performance of the funds selected and the value may fall as well as rise. You may get back less than the amount invested. The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances. Only cash deposited with a bank or building society can provide the security of the capital invested. Please be aware that past performance is not indicative of future performance.

Chart data as of 30/9/2026.

Please note it is not possible to invest on a total return basis which includes the reinvestment of income. Equities are represented by the MSCI AC World Index. Cash is represented by the Bank of England Base Rate. Inflation is measured by the Consumer Price Indirectly into an Index and the figures shown do not take into account any charges applicable to the appropriate investment or any relevant tax.

Source: Financial Express. Data from 30/09/2006 to 30/09/2026. All figures are calculated ex. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.



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