

You have worked hard to grow your savings and you want your money to work hard for you. Here are some tips from the IOMFSA and IOMOFT to help you make smart investment decisions and avoid the pitfalls in which you could end up losing your hard-earned cash.

Prior to making any investment you should ensure that any protection needs such as life assurance are addressed and that you have enough money put aside with easy access to cover emergency situations.

Understand your financial objectives and make sure any recommended product meets your needs. Look at your financial situation in full and consider your short and long term needs such as education costs, travel plans and retirement needs. This will help you to decide how much you should invest, which products match your needs and even whether you should be investing at all.

Can you afford to tie up your savings for a long period? Be clear about whether you can access the funds and whether any charges or penalties will apply to withdrawals.

Every time you invest, you run some risk. Each person has a different attitude to risk. Your age may impact on your tolerance of risk, as the older you are, the less opportunity there is to recover from poor investment choices, so make sure you understand the risks associated with your investment.

Be sure that any investment you are considering fits with your long term financial goals. Don't be pressurised or rushed into a decision. Read the documentation thoroughly and don't be afraid to ask questions if you are unsure. Be confident that you are making the right choices and not risking money you cannot afford to lose.

HOW DO YOU MINIMISE THE RISK OF INVESTING?

- Cash deposits can be safer and may be covered by the Depositors Compensation Scheme, but remember, higher interest often means higher risk and low interest might not keep up with inflation.
- Investing in savings products, collective investment schemes or unit trusts can produce higher returns, but the value of your investment will fluctuate and you may incur penalties for early withdrawal and charges will be applied by the fund managers.
- Shares provide an opportunity for capital growth, but also a greater risk of capital loss.
- Property investment may offer a good return, but comes with ongoing costs of maintenance, may be difficult to sell, and can also go down in value.
- Don't invest in collective investment schemes for experienced investors unless you really are experienced.



Always limit your risk by diversifying your investments. Consider spreading the purchase of shares over a period of time which can average out the overall cost. Never put all of your eggs in one basket and remember that if something looks too good to be true – it probably is.

QUESTIONS YOU MIGHT BE ASKED ABOUT YOUR PERSONAL CIRCUMSTANCES

- Your employment status.
- Your income and savings.
- Your borrowings and debt.
- Your investment aims.
- How long you want to invest.
- What investments you already have.
- What level of risk you are prepared to take.

The adviser will consider your circumstances and prepare a "Reasons Why" letter or report. This letter or report will make recommendations to meet your needs and include details of products for your information. Read this letter and its enclosures carefully to ensure that you understand what is being recommended and **ask questions if you do not.**

Once you have made your investment, keep an eye on it or have your adviser do so to make sure that you are on track to achieve your goals. This should be done at least once a year.



FIND OUT MORE

The Isle of Man Financial Services Authority has a number of "Frequently Asked Questions" on its website which may provide further assistance or further information may be obtained from:

Isle of Man Financial Services Authority
www.iomfsa.im
+44 (0)1624 689300

Isle of Man Office of Fair Trading
www.gov.im/oft
+44 (0)1624 686500

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