PRESS RELEASE

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For Immediate Release

Grandparents who stick with cash JISAs missing out on savings boost of up to 30% for their grandchildren

- Grandparents saving into a JISA since 2011 could have boosted their grandchild's savings pots by up to 30% by choosing stocks and shares over cash
- If grandparents had invested the maximum allowance, they could have made £450 profit

Grandparents setting aside money for their grandchildren could boost their pots by up to 30% if they chose to invest their money in the stock market, new figures from Scottish Friendly reveal.

The analysis conducted by the Centre for Economics and Business Research (Cebr) on behalf of Scottish Friendly shows that a grandparent saving the maximum amount into a cash Junior ISA each year since 2011, or £44,836 in total, would have made £2,241[1] in interest in the past nine years.

However, grandparents who instead invested that cash into a stocks and shares JISA containing a fund mirroring the FTSE All Share Index would have made £2,691[2] profit for their grandchildren in that time – a £450, or 20%, increase compared with the cash account.

The figures compiled by the Cebr also show grandparents could give their grandchildren's savings a big boost even if they don't max out their annual JISA contributions.

For example, a grandparent saving £1,200 into a cash JISA each year since 2011 would have made £705 in interest off their £12,000 of savings.

By comparison, someone who instead invested in a stocks and shares JISA would be sitting on £923 profit now – a £218, or 30% difference.

The figures demonstrate the stock market's potential to generate higher returns to cash over the long-term.

Separately, official data from the UK Household Longitudinal Survey shows grandparents are 36% more likely to have a cash ISA and 44% more likely to have a stocks and shares ISA than those without grandchildren.

[1] Calculated by the Cebr using average cash ISA savings rate of 1% over the past nine years
[2] Cebr analysis using average annual returns of 3.7% since 2011, assumes average annual account fee of 1.4%

At the same time, over-65s hold more than £770 billion of financial assets such as cash savings, bonds and shares, equating to £100,000 per household, and £4.7 trillion in assets in total, highlighting the vast sum of wealth that could potentially be passed between generations.

Kevin Brown, savings and investment specialist at Scottish Friendly, says: "Many of us want to be able to help out children and grandchildren to have the best start in life by saving or investing for their futures.

"But at the same time the research suggests that many of us are not making our money work as hard as it could because we are wedded to the idea of saving into a poor-paying cash savings account.

"Our research clearly shows that for those who want to maximise their grandchild's returns, investing gives them more potential for growth for that money rather than keeping it in a secure savings account that is paying little over 1% at best.

"However, we know that part of the reason some people tend not to invest is because they feel they don't know how or are afraid of losing money. That's completely understandable.

"Perhaps the best way to get over that is to start investing little and often until you are comfortable with it. You may be surprised by how quickly your money could grow."

"Of course, history doesn't provide us with certainty to make future decisions and you must remember that the value of investments can go down as well as up and you could get back less than you paid in."

** Tax treatment depends on individual circumstances which can change in the future.*

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Editors notes:

About Scottish Friendly
Scottish Friendly is a leading UK mutual life and investments organisation. It provides investors and their families with a wide range of investment and protection solutions and provides life and investment products and services to other financial organisations.

Scottish Friendly has roots stretching back to 1862. Established as the City of Glasgow Friendly Society, its name changed in October 1992 when it took over Scottish Friendly Assurance.

In recent years Scottish Friendly has significantly restructured its business. The Group has flourished through a three-part growth strategy of organic growth, mergers and acquisitions, and business process outsourcing.

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