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MONEY BOX LIVE

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DUGGLEBY: Good afternoon. With less than a month to the end of the financial year, advisers are busy telling their clients to make use of tax breaks on savings before it's too late. The problem is that those savings may pale into insignificance when set against crumbling stock markets and tumbling interest rates. This time last year, the big worry was inflation, but now it's deflation and possible economic depression. Conventional wisdom says that taking out an ISA always makes sense on a long-term view, but there's no dividend tax relief for basic rate taxpayers; and as for freedom from capital gains tax, what gains? The 100 share index is down 20% so far this year, 40% over three years, 43% over 10 years. And, remember, capital losses in an ISA cannot be offset against other gains. So the emphasis has switched to corporate bonds for income seekers, but these carry a risk of default where the loss of capital could outweigh the high yield. Of course with the benefit of hindsight you can always pick a handful of winning fund managers in bonds or equities, but they're few and far between. So with that caveat, Money Box Live is concentrating on ISAs and other forms of tax sufficient savings such as Child Trust Funds, but there are also Venture Capital Trusts for the adventurous and National Saving Certificates for the very cautious. And don't forget pension contributions because there the tax relief kicks in straightaway. This time last year, I suggested you might prefer to sit on the sidelines in cash; and had you done so, you'd have avoided an average loss on shares of 40%. This year, well there's been more than a whiff of panic in the air in the last few days and that could be a sign the market is nearing the bottom. 03700 100 444 is the number for your calls to Money Box Live. With me in the studio Mark Dampier, Head of Research at Hargreaves Lansdown; Adrian Lowcock, Senior Adviser with Bestinvest; and Michelle Slade from Moneyfacts. The first call: Janet in Newport Pagnell.

JANET: Yes, good afternoon.

DUGGLEBY: Good afternoon.

JANET: My question is about ISAs because in the past we were encouraged to invest in ISAs because they had a good rate of interest and they were tax free. And my husband and I both have cash ISAs, but now the end of the financial year is approaching we're reconsidering what to do and have looked into the various accounts that are available and found that we can get a higher rate of interest in an Instant Access Account. So really we're asking what's the point of ISAs when the interest in them is so low.

DUGGLEBY: Well a very good point. Michelle, why ISAs I mean if you can get a better product outside?

SLADE: There's not overly many better products outside and a lot of the ones that are offering better rates than cash ISAs at the moment usually come with some sort of a restriction. The best ISA at the moment is paying 3.55%. In comparison, the best sort of Instant Access with no restrictions is paying around 2.75%, so you are getting a slightly better rate and obviously the benefit of not having to pay tax.

DUGGLEBY: The other issue, Mark, is this lock-in question - whether you're going to sort of say well I'll take something on a fixed term rather than just make it instantly or variable rate as you go along.

DAMPIER: Well you're suggesting we should all go into a fixed term? Is that what you're saying?

DUGGLEBY: Well that's a possibility, of course. I mean I don't know whether that appeals to you. Do you want to tie your money up, Janet?

JANET: No, we don't.

DUGGLEBY: That's the issue, isn't it?

DAMPIER: I suppose what I would say is that it may be true there's one or two accounts that are giving you a bit more money outside at the moment, but that may well change because we're in such a changeable period at the moment. I tell you, there's a number of reasons why I would do an ISA. One is it costs you no extra; two, you don't have to put it in a tax return, which is great; three, the accumulation effect is quite big in terms of having a large amount in a tax free portfolio; and the fourth and the biggest reason is I don't trust politicians, and the one thing I know is they're going to want to raise more money over the next 10 years, whoever's in power, and a tax free portfolio I think could be pretty valuable.

DUGGLEBY: *(laughs)* I'm not sure we can add anything to that at all, so there's your answer Janet. So we'll move on swiftly to Yana in Oxford.

YANA: Good afternoon.

DUGGLEBY: Your call.

YANA: Hello, good afternoon.

DUGGLEBY: Yes, I'm hearing you.

YANA: Right. I also have a question about cash ISAs because at the moment we are getting quite a lot of mail shots and some of the deals appear to be quite good for the current economic climate, even though they may come with conditions. However when I compare results with other people, I find that sometimes these headline rates are not necessarily the best guide to making a choice. I can't work out who's provided a consistently good rate over a period of the last one or two years. I would like to know from your panel if they can supply this information and also why do some banks or building societies not accept transfers?

DUGGLEBY: Okay, well let's take the first part of your call and that is this question of consistency. I have a good deal of sympathy with this problem because you know there's a lot of chopping and changing, and if you just follow base rate, for example, sometimes they follow it, sometimes they don't; sometimes they up it. And more important, I think, is we've got increasingly, Michelle, this business of quoting one interest rate - maybe 1.5/2% - and then putting a kind of premium on top of it or a bonus which lasts for three months, six months, nine months, and then when it disappears it's a useless account.

SLADE: Yeah, I mean that's the thing a lot of people are saying about… A lot of the top ISAs that were best buys last year actually have seen some of the biggest cuts this year, and one of the things that we've noticed and started doing ourselves is we actually do a consistency survey. We update it every single quarter, so people can find what have been the most consistent ISAs and other savings products over 18 and 36 months. So if you go to our website, Moneyfacts.co.uk, click on the "consistency" bit under "savings", you will find what has been the most consistent over 18 and 36 months.

DUGGLEBY: What at the moment are the "best buys"? I mean I know it's difficult to say that, but what is coming favourably out of your list?

SLADE: Well previously Yorkshire Building Society have had a consistent ISA and Principality BS on their cash ISA has been quite consistent as well. The best buy last year was Barclays Building Society, but that doesn't feature in the top six of the most consistent over the year.

DUGGLEBY: Yes, I mean is that the sort of answer you were expecting, Yana?

YANA: Yes, that is, although obviously what was good for the last two years may not necessarily be good for the next two years. But it does help you to try and judge a company by its long-term performance rather than just the short-term because it's just too much of a bother to have to change every few months.

DUGGLEBY: I'll just bring in an e-mail now, which is a similar sort of subject. David in Tunbridge Wells has written to us and said he's got his £3,600 into a cash ISA this year, but he's got another £3,600. And he says: "In order to get a reasonable guaranteed rate, how much risk do I have to take?" Which of course raises the question here of corporate bonds, Adrian.

LOWCOCK: Yeah, I mean the corporate bonds, they're not necessarily a guaranteed rate because there can be defaults on them. So the interest rates we're getting at the moment, maybe 5.5% for a quality bond.

DUGGLEBY: Very tempting.

LOWCOCK: Very tempting. But there is a risk that that will fall and people need to be aware of that when they're investing in that, so don't just chase the rates although corporate bonds look attractive at the moment.

DUGGLEBY: How much money do you think is actually moving across, Mark? What's your experience?

DAMPIER: I would say from our point of view we're seeing a three-fold increase. I mean we…

DUGGLEBY: Money coming out of cash, which of course it can do?

DAMPIER: Coming out of cash, coming out of cash.

DUGGLEBY: This is not just new cash going in?

DAMPIER: No, no, no. This is transfer money coming from cash ISAs into things like corporate bonds and even equities.

DUGGLEBY: Bad idea?

DAMPIER: Well it completely depends on the individual circumstances. But, look, there's a number of things to remember. One is you can't transfer it back - and I know cash is very poor now and who knows where it may be in two or three years time - and, as Adrian said, corporate bonds and equities are a completely different asset class to cash and, as you said at the beginning of the programme, they've hardly fared well, particularly equities, over the last few years, even over the last 10 years. So it's not a like for like. But you know dividends on funds at the moment are running at around 5% net and that's what's attracting people.

DUGGLEBY: Indeed. So really I mean it's caveat emptor very much on this.

DAMPIER: Absolutely.

DUGGLEBY: You must understand the product. And there are various different grades of bonds. That's the other thing. We're not just talking about one single corporate bond, are we, Adrian? We're talking about Triple-A, Double-A, junk, all sorts of labels they attach to them.

LOWCOCK: Absolutely. I mean there's a whole range of different quality companies out there.

DUGGLEBY: How do you know what the fund manager's doing?

LOWCOCK: Well researching the fund manager. The funds have a sort of set criteria. They're allowed to invest 80% into corporate bonds and 20% elsewhere, or they can 100% across the whole market going into the higher risk.

DAMPIER: The problem…

DUGGLEBY: And do you really know what they're in though?

DAMPIER: Well not entirely. And the problem is that investment grade bonds have not been good and they're supposed to be the safer ones over the last year, and some of these funds have gone down 20 to 30%. So you've got to do your homework very carefully.

DUGGLEBY: Okay. Geoffrey in Manchester, your call now.

GEOFFREY: Oh hello. My question has some relevance to the previous one about what to do with the other £3,600. I also invested £3,600 in a cash ISA and I'm wondering whether to invest the other £3,600 in my Self Select Equity ISA, which I have with NatWest bank as the provider.

DUGGLEBY: Well you realise that if you don't do it, you lose it by April 6th?

GEOFFREY: That's right. But my concern is that in the present climate, if the worst came to the worst and say Royal Bank of Scotland, which owns NatWest bank - if it collapsed, what would happen to my ISA? How safe is my equity ISA?

DUGGLEBY: Well since it's owned by the government, I imagine they'd pay it up, but technically I don't think it's covered by that particular frame of the Financial Services Act.

LOWCOCK: Well it comes under the Investors Compensation Scheme…

DUGGLEBY: Yeah, the Investors Compensation Scheme.

LOWCOCK: … so up to £48,000 and you're okay.

DUGGLEBY: Yes, it's not the £50,000 that you would apply to a bank?

LOWCOCK: No, separate thing.

DUGGLEBY: If that's what you're asking us, Geoffrey.

GEOFFREY: Well yes. Yes, I believe that the shares which I've selected are held in a nominee account by NatWest bank…

DUGGLEBY: Indeed.

GEOFFREY: … and how safe is that nominee account?

DUGGLEBY: Well it's governed by the rules on holding investments. That's the point. It's not deposits in a bank. I think your confusion may be that because it's in a bank, you think it's covered by the bank rules that cover deposits. Well it isn't, it's a different bit. And the question is how much have you got in overall in this investment? How much have you got in your ISA in total?

GEOFFREY: Well it's probably… I've been investing now for many years and it probably is more than £48,000.

DUGGLEBY: Okay, well I think, to be honest with you, I can't actually see a nationalised bank default on that.

DAMPIER: I find it very hard to believe a nationalised bank actually defaulting on it.

DUGGLEBY: So I think to that extent you're safe. I mean I'd be more worried if you were in a very, very small stockbroker, say a two-man stock broking firm or something like that, with a nominee account. There are probably a few nasty stories to come out of the woodwork somewhere on that somewhere along the line. Okay, we will take Tim now in Bristol. Tim?

TIM: Yes, good afternoon. I'm saving for my retirement using stocks and shares ISAs in addition to a personal pension, and I think the current or the most recent situation with the losses on the stock market has just raised a question for me, which is I don't understand why with ISAs I can't protect the value of the funds I've accumulated by switching into cash. If I think the market is going to drop for some time or when I get closer to retirement the revenues rules are quite complicated and I can put it into cash temporarily, but the assumption is that I'm then going to invest in something else, which might be also equally volatile. Switching into less volatile investments the closer you get to retirement is obviously a very sensible thing to do.

DUGGLEBY: Yeah, let's just get this quite straight. You're in a stocks and shares ISA. Fine. It doesn't preclude you from going into cash. The actual law is that you can't go back into a cash ISA and there is a difference between cash and a cash ISA. Now, Mark, pick it up from there.

DAMPIER: That's beautifully confusing, isn't it, I know?

DUGGLEBY: *(laughs)* It is.

DAMPIER: Basically if you've got stocks and shares - and you're doing exactly the same as I am at the moment - there's nothing precluding you from selling all your investments and leaving that money in cash for quite some time. You can hold cash in an ISA but you won't get gross interest; it'll be net interest. So you can do what you want to do actually. It does provide you to do that. You can put it into cash, you can put it into gilts. You know you could put it into other types of investment. So you can actually de-risk the portfolio, which is what I think you were basically asking.

TIM: Yes. But given that I've got more than 10 years to go to retirement, if I've been able to anticipate the credit crunch and the stock market falls, then with my personal pension, I can put it into a cash type fund and then go back into the market.

DAMPIER: Yeah, but you can with an ISA as well.

TIM: So I can convert it entirely into cash?

DAMPIER: You can put the whole lot into cash if you want to. The only difference between your pension and your ISA is the pension still allows you to have tax free cash but the ISA doesn't, so you'll be taxed on the interest rate you'll get. But it's doing what you want it to, which is to get yourself out of the stock market for a while.

TIM: But with that cash, can I then re-invest it back?

DAMPIER: Yes, you can.

DUGGLEBY: Yes.

TIM: In an ISA wrapper?

DAMPIER: It stays in… No, hang on, it stays in the ISA wrapper. You're not moving it outside the ISA wrapper. You are just moving it from stocks and shares into cash within the ISA wrapper.

TIM: And then I can move it back into stocks and shares again?

DAMPIER: You can indeed. Absolutely.

DUGGLEBY: What you're confusing, Tim, is you're confusing the cash ISA, which pays interest completely free of tax. If you get 3% in a cash ISA, it is 3%. If you get 3% on the cash that you invest within a stocks and shares ISA, and that would be a fairly generous rate, then it's 3% less tax and I think it's deducted at source before it's even credited.

DAMPIER: Yeah, it is indeed.

DUGGLEBY: So, therefore, it's not reclaimable or anything.

DAMPIER: No.

DUGGLEBY: And if you think that that's a small price to pay - and with interest rates so low, I guess it is a fairly small price to pay and you're concerned about the market - nothing to stop you. And I think again here it's probably, Mark, something to do with the fact that people are muddling up the old PEP rules where the interest was taxable.

DAMPIER: Yeah, indeed. Under the PEP rules, of course, you could have gross interest. And the idea was not to let people have gross interest effectively, so they wanted you to reinvest the money.

DUGGLEBY: So essentially, I mean yes by all means keep saying you have every intention of investing the money, but that's not been defined anywhere as far as I know.

DAMPIER: No.

DUGGLEBY: Okay, let's take a few of our e-mails. Let's try this one. Oh, this is a good one. This is Mr Patel in Harrow and he says, "Does the panel think it's the right time to invest in stocks and shares with the markets quite low?" Adrian?

LOWCOCK: Historically it would look quite good, but I think the problem with markets low at the moment and the uncertainty that's out there is that it could easily look lower in a week or two's time. But if you're looking to invest in the medium to longer term, then you know there's no harm in starting to look to drip money in, slowly but surely perhaps, but perhaps not both feet first and all in one go.

DUGGLEBY: Okay. Now we've got Alan. He doesn't say where he's from, but he says, "Last year I invested £7,000 in a share ISA, which is now worth £5,900. When do you think the value of that portfolio will bounce back?" Mark?

DAMPIER: I thought that would come to me *(laughter)*… because the honest answer is nobody knows. It's similar to the previous question really. We just don't know. I mean if I want to really depress everyone, if we follow the Great Depression then the FTSE will bottom out around about 1500, but I mean the answer is I don't know whether that'll happen or whether we'll get a bounce some time later in the year. As Adrian said, really the best way to do it is just to drip some money in on the bad days in the stock market. And bearing in mind that there are now articles appearing in the press saying that there's the death of equities and everything looks awful, that's sort of the time… When things become unfashionable and unwanted and unloved, that's the time to start to be thinking about investing.

DUGGLEBY: Because, Michelle, this is all outside the cash bit and I suppose the worry expressed to us by most investors is not that they've not get safety and everything else; it's just the interest rates are getting so bad. And there's a lot of questions, incidentally, about transfers - saying that so many companies won't accept transfers where the rates are manifestly better and they're very concerned about this.

SLADE: Exactly, yeah. I mean a lot of the best deals that are out there at the moment that are coming out you know in the last few weeks aren't accepting transfers in. The latest ones, the best deals that have come out from Barclays, NatWest and RBS are topping the best buys, but, yeah, they don't accept transfers in. So unfortunately you know you're having to take a lower rate if you do want to transfer previous years' allowances in.

DUGGLEBY: John in Rugby is concerned about the procedure for where he can identify a better rate and where he actually thinks that they will allow… or they will allow a transfer, and he says "I'm concerned as to how long I can lock into this better rate because I go in and they've got it there, but I don't know how long it's going to take me". And he says - and this is again reflected in other e-mails we've got – "the transfer procedure is still terribly cumbersome".

SLADE: It is, yeah, and unfortunately it can take around a month; and obviously at busier times, end of a tax year, you know it can take even longer. So, unfortunately, this is one of the problems that people are having. But Barclays I know have recently said that people were having problems last year and they have promised that they've fixed their problems that they had last year and hopefully the process should be sort of more smooth running this year.

DUGGLEBY: There are some societies and some banks will take money in as long as you open a new product with them. In other words as long as you pay in the money for this year, they will then as it were reserve a slot for you at the same rates for any money you transfer. There are one or two who do that, which is a possible way round it.

SLADE: It is, yeah.

DUGGLEBY: Sometimes if you're just trying to transfer a lump of money and you haven't got any sort of new money which is going in as it were in a cheque or in cash, they won't take it; but they will, as I say, if you open an account. This is one for you, I think Mark, and this is Julian in Dorset. And he's given us a list of all the investments he's made since 1999. I won't list them, but he says "You know I've taken good advice, hopefully. I've been investing in good funds and good managers. The net result of my investments is that £27,000 invested has actually produced a total gain of about £1,000 in 10 years. How can you defend the fund managers who just don't perform?" and he lists Jupiter, Invesco, Aberdeen …

DAMPIER: He's going to hate the answer to this. Actually it hasn't done that badly over 10 years. The truth of the matter is that 10 years on an investment has been in the equity market incredibly poor. Just the same as if you talk to an estate agent on property over the next few years, it's the same thing however good the fund manager is.

DUGGLEBY: Adrian, how do you select what you regard as good fund managers? I mean do you just look at the past record, or do you look at what's going on at the moment, or do you look at fund… I mean some management groups do have a good record over time, but they can easily fall by the wayside.

LOWCOCK: I think one of the critical things you look at is the fund management group's resource in a particular area and the fund manager himself's track record. So you do have to look at their past performance, not just look at the performance of a fund in itself, because people change jobs and fund managers move around. Then perhaps meeting the fund manager to actually identify and question and sort of drill down into the processes and ways that the funds are invested and managed and run.

DUGGLEBY: I mean, for example, amongst his various investments, he lists Invesco, European Aberdeen Technology, Jupiter Ecology, Framlington Health. I mean none of them in themselves … I mean they've all had their ups and downs.

DAMPIER: They've all had their moments.

DUGGLEBY: Yeah, they've had their moments.

DAMPIER: They're quite specialised. Some of those are slightly more specialised funds, which means they do sort of go up and down. But the truth of the matter is if the fund manager's invested in equities and that's his remit, if the market goes down there's very little he can do. The only way that he could do is to go completely into cash, but then everyone would be moaning. If say the market bounced and he was still in cash, well then they'd be moaning because they're paying a 1.5% management fee for being in cash. And they're the sort of problems. I mean there are some newer funds coming out that try and do it on a more absolute basis, but that's no guarantee either unfortunately.

DUGGLEBY: Well I mean if you take something like income funds, which has been raised by some people, the real reason why those have done so badly is of course they were in bank shares, which looked very high yielding, and if you've got an overweighting in bank shares you know you're essentially stuffed.

DAMPIER: *(over)* Been hit incredibly badly.

DUGGLEBY: But there are one or two fund managers who are actually…

DAMPIER: Like Neil Woodford.

DUGGLEBY: Yeah, he did see it coming. And therefore, of course, is it right to say then his fund has outperformed?

DAMPIER: It has. In over 10 years you would have actually made money.

DUGGLEBY: For that very reason.

DAMPIER: Primarily for that reason, yeah.

LOWCOCK: And income funds… I've just got an interesting point because if you actually reinvested the dividends on them, then there are positive returns out there even despite what's happened in the equity markets over the last 10 years.

DAMPIER: That shows you there's not that many good… You know generally "star managers" is a badly used word actually, but there's only a very few very, very good people out there.

DUGGLEBY: Okay, back to the calls and Doreen in Crewe.

DOREEN: Hello.

DUGGLEBY: Hello Doreen.

DOREEN: My problem's a fairly immediate one. I have a lump sum invested in a fixed rate one year bond, which is due to mature on 1st April. I'm a non-pensioner and non… I am a pensioner and I am a non-taxpayer, I should say yes. And I find that when I'm trying to sort of compare rates, most of the companies seem to pay on an annual basis. I wonder if you could recommend… The best rate with my current building society I'm offered - being paid interest on a month by month basis, which is my problem…

DUGGLEBY: Okay well …

DOREEN: … is 2.45. I'm wondering you know if that could be bettered.

DUGGLEBY: That's what you've got at the moment on a fixed bond? No, you must have got better than…

DOREEN: No, that's what they're offering if I reinvest with them.

DUGGLEBY: As a matter of interest though, what did you get a year ago on that fixed bond?

DOREEN: It was a shade… Paying interest monthly, it was a shade under 5%.

DUGGLEBY: The reason I wanted you to say that was it because just does underline, Michelle, the huge difference between what you could get a year ago and what's available now.

SLADE: It does, yeah. I think people have to sort of reassess obviously a bit of what is out there compared to what there was. October last year, you could rates well over 7% and obviously they have fallen sharply. I mean the top rate we've got at the moment for a two year bond is 4.18%, but that one doesn't allow monthly interest. You can get some for around a high sort of 3% at the moment for monthly interest and…

DUGGLEBY: Such as?

SLADE: I'm just trying to think.

DOREEN: If you could name me a name, that would be marvellous.

SLADE: Yeah, I think the AA, I think theirs is 3.9. I think they do monthly interest, so they may be a good start.

DUGGLEBY: Moneyfacts of course publishes each month the full list of these things and you can usually find copies around in banks and….

SLADE: *(over)* You can. And also you can check the website. It will tell you on there as well whether they offer monthly interest.

DOREEN: I have an added problem. I'm a registered blind person…

DUGGLEBY: Oh right, okay.

DOREEN: … so you know your information is very valuable to me.

DUGGLEBY: Well the point is yes you can get better than… You've certainly given us a figure which you can better, but you will need to consult… These things change almost by the day, so you know what we say today may not necessarily be true tomorrow and there may be some more things coming up. But I take it you don't want to actually lock into a tax free bond, a tax free ISA, because obviously if you're not a taxpayer there's no point?

DOREEN: No, I want a one year fixed rate one.

DUGGLEBY: Exactly. Well I would suggest, to be honest with you, if you could get a friend to just look up some of the best rates and then make a suggestion to you, then you can check them out. They are available and if you can find somebody with an internet access, then Moneyfacts has got a website and that will help you. Okay, David we've kept you waiting but you're on air now.

DAVID: Hello. Thank you. Yes, I am a very happy person because I've just turned 60 and I've retired. I'm with the teacher's pension scheme and I've got my lovely tax free lump sum of £57,000.

DUGGLEBY: And an index linked pension as well.

DAVID: Indeed. Yes, I know I'm very fortunate. But I'm going to spend about £10,000 of my lump sum on a sensible, economical car, so I'm looking to invest…

DUGGLEBY: I'm sure the government will be very pleased to hear that, that you're spending some of it.

DAVID: Yes. So I'm looking to invest about £47,000. Now I'm feeling very cautious because last year I put some money into a stocks and shares ISA and it's well over 25% down on the initial value. And I've been in touch with the Teachers Assurance and they've got an investment bond, which they say has "some exposure to equities". They're trying to persuade me that this is a good time to go into the equity market because of the growth potential that it presents.

DUGGLEBY: Okay, well let me interrupt you there.

DAVID: I am actually interested in National Savings. I want to ask you about National Savings bonds. I'm inclined to put a lot of money into a National Savings bond.

DUGGLEBY: Well National Savings rates are extremely low at the moment; in fact are considerably lower than most rates in the market. Right, Michelle?

SLADE: They are, yeah. Unfortunately they're not very competitive with the rest of the market. They've seen some significant cuts recently as well and yeah there's a lot of better products out there, unfortunately, than National Savings and Investments.

DUGGLEBY: And they don't even reflect the last cut in base rates. We haven't had any changes, but usually National Savings announce the change in their rates towards the end of the month and some of those rates are going to virtually be below 1%, I suspect.

SLADE: They are, yeah. Unfortunately they're going to be very, very low in comparison to others on the market.

DUGGLEBY: But of course absolutely safe. However my advice to you would be to go and see an adviser - a financial adviser, an independent adviser. We've got a couple of them here, so…

DAMPIER: Don't buy an investment bond.

DUGGLEBY: Alright, don't buy an investment bond.

DAMPIER: Almost definitely don't buy an investment bond. They're tax inefficient.

DUGGLEBY: But let's just look at that lump sum. It was about, what, about £47,000. David? £57,000, but he spent £10,000 on a car. So a little portfolio that would be reasonably secure. What do you think?

LOWCOCK: I think because there's very little risk that he wants to actually be taking with this investment if he's looking at National Savings, you probably want to have a look at some gilts, perhaps some medium to long-dated gilts, and they would pay in the region of 3%. So perhaps he could construct a portfolio of gilts to provide returns.

DUGGLEBY: But then again…

DAMPIER: *(over)* The problem is you don't get much from gilts. I mean the problem is that everything is, as Adrian knows, is such a low return at the moment. I mean gilts aren't risk free either, so if you want to sleep at night then maybe, I'm afraid, you stay in cash and accept the fact that rates at the moment are extremely low.

DUGGLEBY: Yes. I mean to be honest with you… How old are you David?

DAVID: I'm 60.

DUGGLEBY: Well you know the actuarial tables say you could easily live for 25 years. I'm afraid gilts, any form of fixed interest is going to look pretty sick in 25 years time.

DAMPIER: I would without a doubt say UK Equity Income Funds and people like Neil Woodford at Invesco Perpetual.

DUGGLEBY: Take a bit of risk with it.

DAMPIER: Get a 5% net yield at the moment and kind of shut your eyes on the capital in the short-term.

DUGGLEBY: Or else look around and say well what are the sort of products that I'm looking at on a day to day basis you know as I'm buying them and say well why don't I buy a few shares in them if I think they're going to be around? I mean you don't have to take a huge amount of risk. Obviously you've got to have the belief that they're going to be around in 10 or 15 years.

LOWCOCK: I think you'd mix that up with some corporate bonds as well, so you're not putting all your eggs in one basket and diversifying a portfolio.

DUGGLEBY: Indeed. Okay well thanks for that call. I've got one more e-mail which I'd like to get in and this is on cash ISAs again. Most of the calls seem to have been on cash ISAs, but this one says: "I'm looking to invest my allowance for next year, the £3,600. The best deals may not be available in April or May. Do the panel agree with that or should I wait till later in the tax year?" In other words, the competition tends to build up towards the end of the year. True or false, Michelle?

SLADE: It does, yeah. We usually get what we refer to as an ISA season at the end of the year. We're seeing it at this time as well, equally as fierce as before. Lots of different companies coming out, launching improved rates, trying to better each other, so at the end of the tax year they appear to be there. Next year they may disappear and you know they're not so competitive again after you know April's deadline.

DUGGLEBY: But, gentlemen, in the end it is yes to use your allowance of £7,200 rather than no?

DAMPIER: I absolutely think so, yeah.

DUGGLEBY: Store it up for the future.

DAMPIER: Store it up, yeah.

LOWCOCK: Absolutely. I mean there's no downside to using it really.

DUGGLEBY: And the great thing is do use your pension contributions. I mentioned it at the beginning of the programme.

DAMPIER: That's even better if you're in that position.

DUGGLEBY: Because you get the tax kick upfront. Mind you, pensions are a different type of programme and we'll be doing that in due course. But we've run out of time for this Money Box Live. Mark Dampier, Head of Research at Hargreaves Lansdown's been us, along with Adrian Lowcock, Senior Adviser with Bestinvest, and Michelle Slade from Moneyfacts. More information on the points we've raised during the programme by ringing 0800 044 044 or the website, bbc.co.uk/moneybox, where there are contacts and links to other financial websites. Paul Lewis will be here with Money Box on Saturday. I’ll be back with Money Box Live same time next Monday afternoon taking your calls about tax planning at the end of the present tax year. Bye for now.