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MONEY BOX LIVE`

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DUGGLEBY: Good afternoon and welcome to the new series of Money Box Live, taking your calls on all aspects of personal finance every Wednesday afternoon for the next 10 months. 03700 100 444 is the number to call if you want some advice on saving and investing, which is the subject for our first programme. Looking back to this time last year, we were on the verge of the biggest banking crisis in history. Base rate was 5%, the same as the inflation rate; building societies were happy to pay 6% or more on ISA's and fixed term deposits; the 100 share index was falling, but it was still around 5,600. Then the storm broke, the stock market plummeted to the March low of 3,500, interest rates were cut to half of 1%. Whereupon the market promptly took off and is now up 40%. Were you bold enough to buy? And, if not, did you tie your money up when 6% was on offer? Which was the better strategy? Well £5,000 on deposit last September would be worth about 20% more than the same amount in a tracker fund. That's £5,300 against £4,450. But if your timing was right, you could easily have reversed that position - but you might have preferred not to take the risk. So have you now missed the boat, bearing in mind that in the longer term many investors in shares and managed funds find themselves worse off than they were 10 years ago? So much for hindsight. What about the future? The economic consensus now seems to be the recession is ending, growth will pick up, but the recovery will be patchy. Unemployment will continue to rise, interest rates will stay low for at least another year, the Bank of England will continue to pump money into the economy. But worries about inflation are premature and not without foundation. Meanwhile, the ISA limit for the over-50s is set to rise next month. Where do you put the money?

Now's your chance to get some investment ideas from the panel: Julie Hedge from the financial management company Conforto; Ben Yearsley, Investment Manager at Hargreaves Lansdown; and Gavin Oldham from the retail stockbrokers The Share Centre. The number again: 03700 100 444. And first up - Lylla, I think it is, in Gillingham.

LYLLA: Yes, hello.

DUGGLEBY: Hello.

LYLLA: Yes, I have some building society investments, two of which are now due to be repaid; and instead of 5.75 gross and 6% gross, it's now 3.5% and an unknown amount because I haven't heard about the new rate for one investment. I don't quite know what is the best thing to do.

DUGGLEBY: Indeed. You were sharp enough in other words, as I said in my introduction, to grab those high rates when they were available this time last year.

LYLLA: Well it just happened really by luck because other investments in building societies were due to be repaid, and it just so happened I put them in following straight on ...

DUGGLEBY: Indeed.

LYLLA: ... from the one that was maturing.

DUGGLEBY: Well, as you probably know if you look at the newspaper adverts, Julie, the rates currently being advertised are something about 3%, 3.5, 4% depending on the time you're prepared to tie the money. A good deal or not?

LYLLA: That's right. This is what I'm wondering, you see.

DUGGLEBY: Indeed. Well Julie will take the first part of that.

HEDGE: Hello Lylla.

LYLLA: Hello.

HEDGE: Well the problem that you have obviously is that interest rates have fallen and you're just not going to find anywhere the levels of interest that you were lucky enough to get last year.

LYLLA: No.

HEDGE: 5.75, 6% is just not around. You are looking between 3 and 4%. If you want to tie the money up for longer - say 3 years - West Bromwich, for example, is doing a rate at 4.65% if you could tie the money up for 3 years. But you're just not going to get anywhere near the levels that you had. Shop around, but be prepared to take a hit.

LYLLA: I wondered whether it was a good idea to go into an investment with anyone - the banks or building societies - at 4.5 for a 3 year term?

DUGGLEBY: Well this is an interesting point. Gavin, I'll get you to comment on this. These rates are very, very tied to what your view is of the economic picture in 2 to 3 years time and critically of course what happens to inflation and interest rates.

OLDHAM: Well yes, I think that's right. I have to say that it's likely that interest rates will remain low for quite a long time now because as soon as the economy can take any tightening, the government is likely to take that up by taxing people more as opposed to letting the Bank of England increase interest rates. So I would feel that if you don't want to take any risk in your investment, that really you do need to shop around and get the best buy, as has been suggested.

DUGGLEBY: I mean in principle, Ben, if you get 3.5% today and in a year's time we look at the inflation rate and it's say been, well it's negative at the moment, but let's say it's 2% - you won't have done badly relative to the prices you're having to pay for goods.

YEARSLEY: Well exactly, you'll have made money. I'm not sure I would tie it for more than a couple of years. I think 4% over 2 years is a reasonable rate to actually get at the moment. But I think within 18 months, you will see interest rates rising and, therefore, you probably will see some better longer rate deals coming about probably 18 months, 2 years down the line. So I'd look at 2 years, probably not anymore than that, for tying it up. And you can get 4%, which actually isn't bad when base rates are zero or just above zero and inflation's low.

DUGGLEBY: (*over*) So are we saying that you know you've just got to wipe out of your mind that you've had 6% for the last year against negative inflation?

YEARSLEY: That was last year. It's just lucky, it's a different world.

DUGGLEBY: Different world. So there you are, Lylla - shop around, but don't expect to get more than about 4%. And the panel's view is don't certainly go too far out. We've had several calls, incidentally - or at least emails - saying you know do you favour in general the risk of going to 5 years, and I suspect the answer will be ...

YEARSLEY: No, personally.

DUGGLEBY: No?

HEDGE: No.

OLDHAM: I think that's right.

DUGGLEBY: No enthusiasm for that. Mainly because of the uncertainty. I mean

there's a complete electoral cycle apart from anything else.

OLDHAM: There is indeed.

DUGGLEBY: Right, okay, let's see what Gillian has for us in Bournemouth. Gillian?

GILLIAN: Oh good afternoon. I have some 8% Treasury stock, which is maturing on 25th of this month, and I'm just wondering whether to reinvest it in more gilts or whether to do something else with the cash?

DUGGLEBY: Because you've enjoyed a remarkably high interest rate, depending on when you bought it, which ...

GILLIAN: 1990.

DUGGLEBY: Oh, my goodness - 8% ... Gavin, what a good deal that was.

GILLIAN: Yes.

OLDHAM: Yes, that's right. I mean Treasury stocks show their coupon, as they say, on the name of the stock. They're issued at a pound, and if they pay 8% that's what the government was originally paying. But what you want to look at is the redemption yield on a gilt because that's what matters in the market today, and the fact is at the moment redemption yields are very low indeed on gilts. It's largely because the Bank of England is putting a huge amount of money through quantitative easing into buying government stock and, therefore, it's sort of a bit of an artificial purchaser in the market. And as long as that goes on - and it probably will go on quite a long time yet - basically I wouldn't expect to see very good yields out of gilts, and so really I'm not sure about switching it back into the gilts at these sort of levels.

DUGGLEBY: So, Ben, when you look at the newspaper and you see these two columns, one appears to show a very high return and one a very low return.

YEARSLEY: Yeah. Basically the interest yield and the redemption yield, as Gavin's already mentioned - the redemption yield takes into account the income you receive and any capital gain or capital loss. Now most gilts at the moment trade over par, so you are guaranteed a capital loss. So redemption in most cases will be a lot lower than the interest yield.

DUGGLEBY: So, Julie, I mean if we look at the gilts market - I mean the best you can get, was it 2.5% sort of running up to about 7 or 8 years, and that doesn't seem very attractive against other products which we were talking ...

GILLIAN: No, I've got a 4.75 one.

DUGGLEBY: Yeah, but a 4.75 what? Is that the nominal level of interest or is that a you know is that 4.25% a bond? Is that a gilt with 4.25% in the title?

GILLIAN: Yes.

DUGGLEBY: Ah, yeah, but we just explained that that's not what you get.

GILLIAN: Oh I see. Yes, I'm with you, yes.

YEARSLEY: Gillian, you can actually get 4% redemption yield at the moment, but you need to go out kind of 15 years. 20, 25 bonds have a redemption yield of 4%. And actually if you go out a bit longer than that, you can get 4.25, but you are going 15, 20 years out.

GILLIAN: Yes, I think it's too long.

OLDHAM: And I mean if you're only going to 2012, you will not find it possible to find a gilt with a redemption yield of over 2% which matures in 2012 or less.

DUGGLEBY: And on the fixed rate bonds, of course, we can do a little better than

that.

HEDGE: Well that's right. What I would say to Gillian though is, just kind of thinking a bit outside the box, she's had gilts for a while but times have changed and we are in a different investment marketplace now. So it may really be worthwhile going back to see your financial adviser - either an independent or whoever it is that you've used in the past - just reviewing your strategy and finding out whether or not there might be an alternative to gilts that perhaps still suits you.

DUGGLEBY: Before we move onto some more general investment questions, I just want to pick up this email from Thomas in Swanley. And he wants to know whether we think ... he wants to know what the Bank of England's policy will be when the time comes to *increase* interest rates. He asks will they do this slowly or do you think they'll give us a shock hit? And, if so, when Gavin?

OLDHAM: Well I think it will be quite slowly actually. I think it'll be a gradual process. The Bank of England doesn't tend to move very fast now that it's independently governed. And anyway, as I was saying earlier, I think that the government will be keen to take up any sort of slack there is in the economy in terms of liquidity by applying higher taxes as opposed to allowing the Bank of England to just put up interest rates. So I think it will be a gradual process. First of all, we will get some more announcements about what they're going to do about the quantitative easing programme, which is effectively the Bank of England printing money, and the way that they're actually going to recover from the amount of excess money which is being pushed into the system through that means. And then further on down the track, we may start to hear about interest rates again.

DUGGLEBY: You're talking as far ahead as 2011, early 2011, aren't you?

OLDHAM: Well, yes, it could well be that far.

DUGGLEBY: Ben?

YEARSLEY: I think it'll be a sharp-ish shock - maybe 2, maybe 3% in one go.

DUGGLEBY: But not for a year or so?

YEARSLEY: At least the end of next year, maybe ... yeah, 2011 more likely. And then I think you'll see a gradual easing upwards by half a percent every kind of couple of months, that kind of thing. But I think initially a short, sharp shock.

DUGGLEBY: Are you a short, sharp shocker, Julie, or ... ?

HEDGE: Well I just think the discussions at the Bank of England will be similar to the one that we're having here: no-one will be able to agree.

DUGGLEBY: They're due to meet later this week, I think, to give us the rates for this month, but nobody forecasts any change for the foreseeable future.

OLDHAM: Yeah, I think the thing to bear in mind - the government's funding liability is absolutely colossal. The borrowing requirement is very, very large indeed and there's a major hill to climb, and I think that's why you got a bit of a coordinated announcement yesterday coming out about how a future government may be looking at cutting back on public expenditure.

DUGGLEBY: Right, let's take a much more rarefied and exciting and dangerous area of investment from James in Manchester. James?

JAMES: Yes. Now gold has soared recently and I'm wondering whether it would be interesting to go into gold as a metal of itself or in preference to other metals. And would you be going into metals in preference to other types of investment? And, lastly, if you're going into metals, who can you buy them from?

DUGGLEBY: Okay, physical metal versus the fund route. Gold of course, for those people who don't realise, has gone through a thousand dollars an ounce, which is

thought to be a kind of resistance point, but I mean I'm not sure that's true. Ben?

YEARSLEY: I think it will ... I think it'll stay around about the thousand dollar level. There seems to be enough demand for it. Whether it increases - there's a lot to talk about it increasing to \$1500 an ounce. I'm not sold on that idea completely.

DUGGLEBY: Physical versus funds?

YEARSLEY: Physical - it actually is pretty easy to buy now bizarrely. You can buy what's known as an exchange traded fund or an exchange traded commodity that directly owns gold and will actually track the gold price.

DUGGLEBY: I mean is it safe in the sense that nobody's going to run off with it?

YEARSLEY: *(over)* Yeah. No, no the ...

DUGGLEBY: It's properly regulated?

YEARSLEY: Properly regulated. The ETC's, as they're more commonly known, actually ... well one of them holds their physical gold. They've got about \$10 billion dollars deposited in HSBC's vaults. So that is an easy way to actually track the gold price now. I probably would look at the actual funds - a natural resource fund or a commodity fund. I think lots of the gold mining companies are pretty relatively undervalued.

DUGGLEBY: But there are very few of those, aren't there?

YEARSLEY: There are probably half a dozen good funds out there you can buy.

DUGGLEBY: Such as?

YEARSLEY: You can invest in JPM Natural Resources, First State Global

Resources. Merrill Lynch have one as well that invest in commodity companies. Not just gold, but commodity. And as the gold price increase, their profits and the underlying companies increase dramatically.

DUGGLEBY: The other point of course to make about a physical metal - I mean if you go out and sort of buy, you can always buy gold coins if you wanted; but you've got to store them somewhere, you've got to insure them.

YEARSLEY: It's quite expensive. I looked at doing this a couple of years ago and it's actually pretty expensive to do it. If I wanted physical gold, I do actually own the ETF that I talked about. I bought the gold one.

DUGGLEBY: So you have the paper I.O.U. but not the actual physical stuff?

YEARSLEY: Yeah.

DUGGLEBY: Okay. Well there's your answer to that, James.

JAMES: Yes. Just one last point. So what about buying actual gold bars?

DUGGLEBY: Well we just said that. I mean you can do it, but you will actually pay a lot of heavy premium for it. There's trading costs on those things. And the consensus here is that if you really want to own gold, you don't actually need to own the physical gold unless you'd like to handle it.

JAMES: Oh, yes. And, lastly, who for shares, gold shares? Name one, please.

DUGGLEBY: What, you mean an actual mining share?

JAMES: Yes.

DUGGLEBY: Well alright.

JAMES: Well I know mining shares because it's doing very well. A gold share itself.

DUGGLEBY: Gavin will actually presumably ... you can run down one or two gold mining companies, can you Gavin?

OLDHAM: Well I mean it is the mining companies that one's thinking about - companies like Anglo American and things like that. But I mean I think that the point which is being made is that the gold price has been very resilient. I mean it's actually gone through for the third time \$1,000 now. And I think with, as I was saying, the amount of central bank money which is sloshing around in the system at the moment, it does push its way into commodities such as gold and it's part of the fact that it's actually you know keeping up so high. And with interest rates this low, I think it's likely to actually continue that way for a while. But I would agree ETF's, Exchange Traded Funds, Exchange Traded Commodities - they're the right way to buy.

DUGGLEBY: Available from brokers. You can buy them?

OLDHAM: Yes you can.

DUGGLEBY: Conversely to that, my producer's just said a caller has just rung in to say, "Hang on a minute, I want to sell. What price should I sell at?" So there you are. That's the other side.

YEARSLEY: Depends what price you bought at.

DUGGLEBY: Well, okay, but she's obviously looking for a profit, apparently. So I mean can you say well 1,000, it's still possibly likely to have some upside or ...?

YEARSLEY: There is some up... I think there's support at 1,000, as Gavin just said. I think there is some upside. Whether it ever gets to 1500, don't know. The other factor you need to bear in mind is currency. Gold, the price in dollars if you're a sterling investor - sterling versus the dollar has as much impact on your investment as

the gold price moving.

DUGGLEBY: Right. I'd like to take an email now from Hermione because she says she's had a portfolio which was set up by an IFA - she doesn't name them - which was worth about £36,000, which was designed to facilitate early retirement. But now she's in a quandary because she's lost ... well the fund's down to £30,000 and she says well you know I'm in a quandary. Do I crystallise the loss or do I hang on? And, if so, for how long? Ben?

YEARSLEY: Depends on many factors. When she bought it, for a start.

DUGGLEBY: Well obviously disappointed that the fund hasn't performed.

YEARSLEY: Clearly the market's gone down 20 odd percent over the last year, for a start - so whether it's the portfolio fund or the market, you'd have generally lost money. So it depends on various factors - when did she buy it, when does she want the money? If she wants the money in 10 years time, for example, I wouldn't sell now. I think the markets are ...

DUGGLEBY: She wants to put her daughter through university is one reason why she wants the money.

YEARSLEY: I think over a 5 to 10 year period, I think from this point on you'll make money.

DUGGLEBY: Julie, your comment?

HEDGE: I think it's sad that she's lost the money, obviously lots of people have, but you know something going down from 36 to 30 is actually not too tricky in the current marketplace.

DUGGLEBY: It is for those people who you know have lost £6,000.

HEDGE: You know she's lost money, but in terms of the way the market's performed. I think she really needs to go back to a financial adviser to take a look at the portfolio, make sure that it matches her attitude to risk and see whether or not she's actually happy with the funds that she's chosen in there.

DUGGLEBY: See this is the dilemma, isn't it Gavin? You see with any sort of portfolio which is carrying this risk of the market, we sit here and we say you lost money over the last year but you made a fantastic amount in the last 6 months. This is very puzzling to people who are constantly told look at the long-term and they say well, yeah, but you know where do I jump in and out?

OLDHAM: Well you have to remember that a loss is not a loss until you sell it. I mean it's a book value position and that's what the valuation could look, that you've actually lost some money on it; but actually until you do sell out of it, then basically it may well recover. And I think it is a good idea to go back to the adviser, you know, and get some further thoughts on the strength of this particular investment going ahead. And you know I mean it has got those prospects for recovery. Stick with it.

DUGGLEBY: Are you in the right shares, the right funds now - not what you were told 2, 3 years ago. And I suppose people think well if you've recommended it 2 to 3 years ago, it must still be alright, but that's not necessarily so.

YEARSLEY: Too many people do actually cut their winners and hold their losers, so they get rid of a fund because it's gone down 20, 30% in a short space of time where actually they should hold it for long-term and think we'll I've lost 20%, I can't change that. And actually you know you need to look at these rationally and say right - as you said - is this the right fund for now? And even if you have lost money, it might not be, in which case look at it and look at changing to something that might well be the right thing for now.

DUGGLEBY: Okay. Peter, you've got an even longer term outlook for your son.

PETER: Yes, that's right. I'm looking to open a trust fund for my son who's

currently one and I've got a few weeks left before the deadline ... the government has very kindly given me some money to invest on his behalf and I've got a few weeks left before I absolutely have to make a decision.

DUGGLEBY: The Child Trust Fund, yes.

PETER: That's right, yeah.

DUGGLEBY: Okay, well a brief word from you, first of all, about the Child Trust Funds in general, Julie?

HEDGE: Child Trust Funds, you can do three things: you can go straight into stocks, you can go into mutual funds, or you can go into cash. If your kid's just born, you've got 18 years until you need to get any access to the money, so the wisdom seems to be that you go into the stock market because the longer term that you have the money for to grow, the more risk you should take. It just depends you know what your own personal attitude to risk is and what you foresee that you want to do with this money in 18 years time.

DUGGLEBY: There are funds which are dedicated to children, aren't there? Are they any better or worse than general funds, Ben?

YEARSLEY: No. Personally anything that's branded as a children's fund, I wouldn't touch. If something's good enough - and I do this for my nieces - if something's good enough for me, it's good enough for them. But if it's not good enough for me, I won't buy it for them. So I tend to ... my nieces - because I luckily don't have children, so I haven't got the expense - my nieces get emerging market funds because I think ... They're 4 and 2, and over the long-term Asia and emerging markets I think is the best growth and you can take the highest risk possible over a 10, 15 year period.

DUGGLEBY: If you did want cash, Julie, what sort of interest rate's available? Are they much in line with the market?

HEDGE: They're much in line with the market. I'm just having a look at the list here. The best one is from the Leeds Building Society. It's got an initial bonus of 1.15% to take it to a very exciting 3.3%.

DUGGLEBY: Yeah. I think the other point to remember, Peter, is that whatever the government gives you is only part of the choice that you have because you can top this up to, what is it, a maximum of £1200?

OLDHAM: It's £1200 a year.

DUGGLEBY: £1200 a year, which is quite substantial. That's where you can make the investment really kick in over a period of, say, 10 or 15 years.

OLDHAM: I think it's really quite important in your position, because obviously it's just coming up to the one year, to consider what your choices are. I mean if you don't do anything - you're absolutely right, the government will open automatically a Child Trust Fund for your son ...

PETER: Yes.

OLDHAM: ... and that might be with an organisation that you don't particularly want it opened with. So it's better to make your own choice. And you will find that choice is between either getting a stakeholder CTF, which has to operate within certain fee levels but has very, very limited investment choices, and a non-stakeholder Child Trust Fund. And then there is also the one, which has already been mentioned, of cash. I would say that if you're planning to contribute in the future yourself - and, as has been said, you can contribute up to £1200 a year - it's generally better to shop around and find a good non-stakeholder Child Trust Fund where the percentage fee is really quite low and where you get a lot more choice as to which investment you can put it in. Because if you go into a stakeholder, that's more designed really for those who are not going to contribute very much and the investment will remain really pretty you know sort of grey. So have a good look around. Go onto the Child Trust Fund site and see the various things on offer.

YEARSLEY: Personally I would put the £250 or £500, whichever, it's free money, into the CTF - and, as Gavin says, you can make the most choice. But if you've got more money to invest, I personally wouldn't bother with a Child Trust Fund. Take the free money, thank you very much, put it in you know something reasonable.

DUGGELBY: You can just set up a simple trust anyway?

YEARSLEY: You can set up a simple trust. And to be honest with you, the benefits of the Child Trust Fund are minimal really over the long-term.

OLDHAM: Well I actually would disagree with that, I have to say. There certainly are children structures which will allow the fund to benefit from a child's taxation environment as opposed to the parent's one. But generally if you do things outside Child Trust Funds, you will find that your own taxation position is the one which is considered with the child situation. So I would say use the Child Trust Fund to the full. If you still want to put in more money, then look at some of the options available.

DUGGLEBY: Let's move onto a couple of emails. This one's from Richard in Newquay - one among many with money that's come in a lump sum, £50,000 in this case, from an inheritance - and he wants to know how to invest it. But what makes this one slightly more interesting is that he's 56 years old. He only has £5,000 in his personal pension and he wants to invest this with a view to increasing his pension pot. And although of course you know £50,000 is quite a lot to put into a pension in one go, it is technically speaking possible to get the whole lot in very quickly, isn't it?

YEARSLEY: It is. You can basically put in up to what you earn for most people each year and get up to 20% tax back on that. The more you earn, the higher the tax reclaim is.

DUGGLEBY: It's income substitution, isn't it? People think they put their income into a pension, but actually you can put any money as long as you've got income behind it.

YEARSLEY: He could put £25,000 in if that's what he's earning this year. Get a £5,000 tax rebate into the pension, so you've got £30,000 straightaway. Invest it. Obviously you are tying the money up and you generally have to then buy an annuity at some point before you're 75.

DUGGLEBY: But at 56, you could actually draw the annuity ...

YEARSLEY: Straightaway.

DUGGLEBY: Straightaway.

YEARSLEY: So you put the 25 grand in, make it up to 30, and buy an annuity immediately and get some income from it - if he wanted to. So it's very tax efficient.

DUGGLEBY: In terms of investment retirement, which does make up obviously quite a percentage of our calls, is that a strategy that you would follow? And ISA's possibly coming in as the first means of tax protection, Julie?

HEDGE: I think the straightforward answer is that he could do that if he wanted to. He could put all the money into a pension. But we'd really need to know more about this financial circumstances because it may be that he doesn't have liquid assets elsewhere and he might need access to capital when he retires. So the answer to the question is yes, but we would need more information to be able to back up any recommendation.

DUGGLEBY: But a mixture of ISA's, pension contributions is okay as long as there is sufficient cash available as ... well we always call it the emergency pot, but this depends on the individual circumstances. Some people prefer a larger pot than others.

HEDGE: Yeah, any retirement portfolio will be made up of a little bit of a lot of different things - so a little bit of pension, a little bit of ISA, a little bit of cash.

DUGGLEBY: And we should of course remind people that Richard is 56. And if you're 56 and you've got an ISA, I think you're entitled to put some more money in very soon, aren't you?

OLDMAN: That's right.

DUGGLEBY: October 6th, yes.

YEARSLEY: You can put an extra £3,000 in. And everybody from next April can put £10,200 in.

DUGGLEBY: That increases it to £10,000 a year, which is not a bad amount of money.

HEDGE: Very exciting.

YEARSLEY: I think most people should have a mix, if they've got the money, should have a mixture of both. And in this case, Richard's an ideal one to actually have ISA and pension investing. He's got this this lump sum. Make use of both. ISA's are more flexible. You haven't got the slightly as generous tax treatment, but you've got the flexibility. So a mixture of both.

DUGGLEBY: Okay, well I'm going to call now from Kareen in Winderbourne.

KAREEN: Yes, hi. I'm just about ... well we've got our property on the market that we've had rented out, which was my home before I married someone in the army. We're in army accommodation, so we're going to sell the flat we have in London now because we're not actually making any money out of it. We have an interest only mortgage and things keep cropping up. So we're going to sell and we'll probably have about, I don't know, about £170,000 cash once we sell, fingers crossed, and we don't want to buy anywhere else for probably at least 3 to 5 years, probably 5, and have no clue where to put the money. And what we would like, if possible, is to get a little bit

of money because I've about to have child number three in November and I'm on maternity leave without getting any income, so if possible to get a little bit of money from that.

DUGGLEBY: Okay, well I mean from the tax point of view, of course, the fact that you've got a personal allowance makes it quite useful to have tax free income rolling up in that thing - in that you know which is independent of your husband's earnings. I guess you don't want to take a risk though, do you?

KAREEN: *(little laugh)* We don't want to risk because we want to be able to go and buy in 5 years time - so, no, the risk is minimal.

DUGGLEBY: Alright. Well we're running out of time, but Ben, start us off.

YEARSLEY: First of all, I think nice position to be in. I think you generally have a mixture of different investments here You have cash, put some money into ISA's and maybe take some investment risk but only with a small portion of the money. Over a 5 year period, it's worth investing in something high risk in cash. But up to the level you're happy with, to be perfectly honest. Don't put £170,000 in one go into the stock market, but maybe £10,000 or £20,000 as a little something different to try and get you some different return. And structure it so you actually get income and make use, as you said, of your personal allowance and the fact you're not earning anything.

DUGGLEBY: Gavin?

OLDHAM: Well I think I would say bearing in mind that you want the money to go back into a house in about 5 years time, don't completely forget about the property market because the fact is that you'll be taking yourself out of the property market just at a period when house prices really are quite low. They're seeing quite a bit of appreciation this year, much against expectations. I think Vincent was particularly well spoken when he predicted this rise this year, and indeed we have seen some house price rises this year. So I would say do make sure you keep some of the money at least exposed to the property market.

DUGGLEBY: And your view, Julie?

HEDGE: My view is that it's a lot of money. You can't afford to make any mistakes. So the best thing you can do is find yourself a really good independent financial adviser who will tell you exactly what's the best thing.

DUGGELBY: I'm going to fire a quick question to each of you because I'm curious to know. We're nearly at 5,000 on the index. A prediction for the end of the year. Gavin?

OLDHAM: Well at the beginning of this year ...

DUGGLEBY: No, no, just quickly.

OLDHAM: I said 5,500 and I'm going to stay there.

DUGGLEBY: Okay, Ben?

YEARSLEY: 5,000.

DUGGLEBY: Julie?

HEDGE: I'm going to ... 5,000.

DUGGLEBY: Okay. Thanks very much Julie Hedge from Conforto; Ben Yearsley from Hargreaves Lansdown; Gavin Oldham from the Share Centre. More information on the points we've raised by ringing 0800 044 044, the website bbc.co.uk/moneybox. Paul Lewis will be here with the next edition of Money Box on Saturday. I'll be back with Money Box Live same time next Wednesday afternoon when we'll have advice for students trying to make ends meet on a limited budget.

