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MONEY BOX LIVE

Presenter: VINCENT DUGGLEBY

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DUGGLEBY: Good afternoon from Money Box Live, talking about investment in the light of what has been a remarkably strong start to the year, measured by a rise of more than 5% in the 100 Share Index and also in the Dow Jones in the United States. This against a background of continued turmoil over Greek debt and to a lesser extent problems in Spain and Portugal, low growth. But all this doesn’t seem to have damaged stock market confidence. Although there’s a risk, investors seem to think shares are a better bet than the capital security of say 10 year government bonds paying little more than 2%. With base rate at half of 1% for the past 3 years, gilts have certainly had a remarkable run; while the UK stock market overall is at the same level as it was as far back as 1999, albeit with plenty of opportunities to buy on setbacks. At this time of the year, there’s always a drive by fund managers to persuade you to use your annual ISA allowance, which this year is £10,680 - half of which can be held in cash or all of it in shares or bonds if you wish. Has your ISA grown in the past few years? And if not, are there better opportunities elsewhere? And which fund managers have the best record? Plenty for my guests to mull over in response to your questions. Carolyn Black is an investment manager at stockbrokers Redmayne-Bentley; Gavin Oldham is the Chief Executive of the Share Centre; and Adrian Lowcock is with the independent advisers Bestinvest. The number to call - 03700 100 444. And Edward in Sidmouth, you have the first question.

EDWARD: Oh good afternoon to you.

DUGGLEBY: Good afternoon.

EDWARD: There's something that's always puzzled me and I wonder if you could answer it, please. It's that most investment experts suggest that investing in the stock market should be medium or long-term, meaning I think about 5 years. However, I've always found I mean shares can vary considerably. They can rise in value in say a year and, conversely, they can be worth less than you paid for them after 5 years. Therefore, I don't really see the logic in this advice.

DUGGLEBY: Do you know, Edward, I completely agree with you and I'm going to put the panel straight on the spot, starting with you Gavin. Why this obsession with 5 years if you've made a perfectly good profit after one?

OLDHAM: Well I don't think this is really a reflection on the potential about how much you can, you know, do in a share within a couple of weeks. As Vincent's already said, the market has risen by 5% so far this year. The issue is when are you likely to need the money because the stock market is a volatile place, prices do fall as well as rise, and actually it's quite difficult to predict that. And so, you know, if you need the money let's say in, oh I don't know, 6 months or a year's time, and actually we have an appalling market over the next period - I don't think we will, but you know if we did – then, you know, you'd actually want to know more where you were going to be in a year's time. So I think it's more about your own situation and how soon you need the money than the potential gain you can make in the shares.

DUGGLEBY: Carolyn, it's a good point, isn't it? We may find you know people are paid 5% in a month. I don't know what your forecast was for the index for this year, but some people weren't giving it more than 5% for the year, so why not just pack up and go home and say right, I've got my 5%, out?

BLACK: Well Redmayne-Bentley's forecast was actually 5850, so thank you very much, we're there and we're …

DUGGLEBY: You're already there, okay?

BLACK: Yeah, we're quite fine.

DUGGLEBY: So take a long holiday.

BLACK: Yes, that would be lovely. No, I mean we're pretty cautious, to be honest with you. Long-term at one point for us was 15 years, and now I think - you know as Gavin quite rightly said - long-term now, you've got to take a very individual view rather than being 0 to 5, 5 to 10, 5 to 15 because I think the markets are moving such that you just can't do that anymore.

DUGGLEBY: Your comment now, Adrian, from the fund … Again you're mainly concerned with funds, of course, which are diluting risk but there good and bad funds.

LOWCOCK: I think the key point here is, from the investor's point of view, what are their objectives for investing? And usually your objective is a long-term plan, and that could be much longer than 5, 10 years. It could be planning for retirement, so it could be 20 or 30 years time. It could be planning for a wedding or something else which is a bit closer, a deposit for a home, so maybe that'd be 5 years. So before you invest, you decide what your objectives are. Then you need to structure your investments to actually meet those objectives realistically. The key point though is if you make a profit over one year, it sort of emphasises that whilst your objectives might be 5 years, you really need to be reviewing your investments frequently and regularly - rebalancing them, taking a profit if you have it. I mean there's nothing worse than having a profit and then losing it, so if you do have a gain realise some of that gain and reallocate that money into a different asset class that may have not performed as well.

DUGGLEBY: And don't forget, of course, that everyone has a capital gains tax free allowance and a tax free gain is a tax free gain and it pays to take it if it's there because you can't carry your allowance forward, Gavin.

OLDHAM: That's absolutely true.

DUGGLEBY: Okay. And I think we've got a lady in Manchester now who I've been told you've got just a one year perspective, have you?

QUALY: Hello.

DUGGLEBY: Hello, Qualy, yes.

QUALY: Yes basically I'm looking for the best option for investing £70,000 in one year. I've just sold my house and I want to invest the fund for one year before I buy a new house and I'm totally ignorant about investment. I've been to my local bank for advice and I was more confused.

DUGGLEBY: Okay, well I think you've almost given us the answer because this is house money. House money is not to be risked. You don't want to lose it, do you?

QUALY: No, but I want to invest it wisely.

DUGGLEBY: Ah!

QUALY: I'm willing to take a risk.

DUGGLEBY: Are you sure? Are you absolutely sure?

QUALY: Yes, yes.

DUGGLEBY: I say this and I'll ask Carolyn first. Carolyn, faced with this, what caveats are you going to have to put in because people may say they'd take a risk, but they might be mightily upset if you gave them too much risk?

BLACK: Yeah. I mean in this case, were I speaking to a Redmayne-Bentley client, I would be saying I think you're safer going back to the bank and finding a reasonable interest rate account at the moment. You know the markets are so volatile. You could put £70,000 into what you would consider a very low risk portfolio and you could come back in 12 months time and it could be worth £60,000, could be worth £68,000, could be worth £50,000. The markets and the instruments within the markets, none of them are risk free. So if you know you've got a very short time period such as a year and you've got an end goal such as a house deposit, I wouldn't be risking that on the UK stock market.

DUGGLEBY: And unfortunately, Gavin, the one thing that might have done this a few years ago, which is a very short dated gilt, that's just pretty well a waste of time now, isn't it, because there's no return on it at all, is there?

OLDHAM: Well I think gilts are very exposed now because the yields you get on them are so low and that means that the prices are so high that really there's not a lot of upside in them now.

DUGGLEBY: It's got a certainty of course for paying the capital back, but that's it.

OLDHAM: Yeah well only if you hold them until they mature, of course.

DUGGLEBY: I mean you could take a 2 year gilt.

OLDHAM: You could do, but you'd get practically no interest at all on that.

DUGGLEBY: Practically no interest. No, right.

OLDHAM: Yeah, I mean I think I would support putting the great majority of it into a good, safe home. And you do have to be quite careful about what is a good, safe home these days because you know, as Vincent said, gilts are very tricky. The banking environment has also been you know very difficult over the last short while. Just chasing for the highest rate is not a very wise thing to do.

DUGGLEBY: Fortunately though, of course, the compensation fund kicks in at up to

85, so with 70 you're okay on that one.

OLDHAM: Yeah, that's right.

DUGGLEBY: So you can put it all in one bank.

OLDHAM: Yeah, the only thing I would say is that if she does feel you know some degree of interest in the market might be interesting, then even if it were a little smidgeon, a little slice off the side, £5,000 or something like that …

DUGGLEBY: Just for a little bit of excitement.

OLDHAM: For a little bit of excitement, it might be worth it. But first of all go and use a practice account, which you can find on most retail stock brokers' websites, and you can experience it there and see what it's like and, you know, some relatively high yielding equities could be an interesting proposition.

DUGGLEBY: Okay, our tuppenny worth, Adrian?

LOWCOCK: I think you would actually just shop around. Don't assume that your high street bank offers the best rate. And putting it in the stock market's very risky; nobody knows what's going to happen with the Greece situation. That could just knock markets sideways very quickly and you could easily lose a lot of money doing that. So just compare rates and …

DUGGLEBY: You can get about 3% actually at the moment on instant access. Gavin's thrown in the possibility of a little tiny sliver. I'll put in my little tuppenny worth and say put a few thousand into premium bonds because that's safe and, who knows, you never know, you might find yourself with £700,000 to spend on your next house. And they're easy enough to buy and sell, so you could possibly put some money in there. But the right thing is to keep it safe. Okay Paula in Greenford, your call now.

PAULA: Yes.

DUGGLEBY: Hello Paula, you're on the air.

PAULA: Yes. I've got £150,000 approximately coming to me in a few weeks time as part of an inheritance, and at the moment I just can't think what to do. I'm certainly not going to Greece. And apart from spending it, what gives?

DUGGLEBY: Right, Paula, you've told us you're 70. Is that right?

PAULA: I'm over 70 actually.

DUGGLEBY: You're over 70. I think the first question I'll ask on behalf of the panel is without this £150,000, are your financial circumstances secure in terms of the capital that you have and the income that you currently have?

PAULA: Yes, they're are secure. I have a modest income per year, which sees me by. I have no debts, luckily. I would like as good an income as I can get.

DUGGLEBY: Right, okay, who's going to take this one first? Carolyn?

BLACK: I mean my first requir… I would first of all say let's do what we would do with any potential client where we know there's an inheritance coming - talk about risk profiles, talk about objectives. So you say you have a modest income. Would it be you would like to increase that income and, if so, that money could obviously be used very well to do that. If you say well actually no, I'm okay with my income, then you can look at investing it as a capital lump sum. And you know depending again - we've talked about the length of time, what's long-term, what's short-term - is there something on the horizon that perhaps in a few years this £150,000 could be used for; and, if so, well we could put some aside for that in cash and invest the rest. There's lots and lots of different routes down this and, therefore, the answers to the various questions will dictate what we do to invest going forward. But there's plenty of options, I would say.

DUGGLEBY: Adrian?

LOWCOCK: I think the key thing is if you're investing it, you need to sort of decide what you're investing it for. So if it's to supplement an income, then look to diversify that investment and so go into some equity funds, bond funds, look at overseas equities, perhaps a little bit of commercial property where yields can be very attractive and interest rates are particularly attractive in that area.

DUGGLEBY: For that of course you need advice on where the fund managers who've been successful in the last few years are operating.

LOWCOCK: Yes absolutely and specifically avoid the bad ones as well because there's a lot of dogs out there in that respect. The other key is to sort of make sure you mix up the investments in a way that you're not taking on too much risk. So you can sort of target a particular yield or a particular return, but really reduce the risk by diversifying your investments.

DUGGLEBY: By and large, is the current market thinking, Gavin, that you can construct a portfolio, however it's done, to yield something of the order of 5% without in your terms taking too much risk?

OLDHAM: Well I think in the way of income yield, that sounds a little bit harpy.

DUGGLEBY: Alright, 4. Well say 4 then.

OLDHAM: Yeah, something like 4%.

DUGGLEBY: Just to give Paula some idea of what income could be produced.

OLDHAM: Yeah and I think that's fair enough. But the thing is that my colleagues have suggested a few potential investment areas to go into, but I think I'd ask a couple of other questions - one of which: what's your own view towards inheritance? You know I mean have you got children or grandchildren that you want to make provision for?

PAULA: Well not primarily. I really want as good an income as I can get. And I've understood that if you're over 70, it's not wise to invest for any long-term, which equities would be, I understand. And in fact all the options you just listed sound to me to require too professional an expertise for me to handle. I want something simpler and more straightforward.

DUGGLEBY: Yeah, actually what Adrian was saying there was he's not recommending anything which you have to sort of monitor on a day by day basis because these are managed funds.

LOWCOCK: And for the sum of money you're talking about, you can get advice to help you structure the portfolio. In fact I think it's generally a good idea to do that because at least you're getting a second opinion on your own views and if you don't have the expertise you can get that advice to help structure a portfolio that produces a return and beats cash and inflation, which is what your objectives should be.

OLDHAM: Another dimension, which is worth bearing in mind, is that you did say earlier that your income at the moment is satisfactory, but of course you know as one gets older you know sometimes costs do increase and I'm just wondering whether it might make sense to actually hold back some of the income from this so it's available should you need it later on.

DUGGLEBY: I think, Paula, the answer is you need to go to a financial adviser and you can find out details of how to find one on our website. And then I think you ought to go and see an accountant because they will probably have a look at your estate overall because, after all, you might be liable to inheritance tax, and they'll also explain how you give money away and the rules for giving it away without hopefully incurring more tax than you need to. Okay we've got to move on now to Marjorie in

Southbourne. Marjorie?

MARJORIE: I have a cash ISA which I suspect has been there long enough to get practically nothing in any case, which I would like to transfer. And I've got some premium bonds which are winning nothing, which I'd like to put into an ISA with it. How do I do it? Do I draw out from each and put them into an account and transfer them, or can I transfer one ISA to another?

DUGGLEBY: Okay the answer to that is this, I take it, these are cash ISAs, are they?

MARJORIE: Yes.

DUGGLEBY: Okay, well the first point of course is that cash ISAs can be transferred into share ISAs, but not the other way round. That's the first general point to make. Merging ISAs and moving them around - yeah, panel, I mean who's going to … yes in theory you can do it, but in practice it may be a little bit more …

OLDHAM: Well it's fairly straightforward actually. If you choose the ISA provider you want to work with in future …

DUGGLEBY: And they'll take the money.

OLDHAM: … they will make the arrangements for you.

DUGGLEBY: If they'll take transfers in. It's the transfers in that's the problem.

OLDHAM: Yeah. But of course transferring the ISA is only part of it. You've also got premium bonds in there too and Vincent is the expert on premium bonds.

DUGGLEBY: Well premium bonds, I'm not sure whether I'd not leave them there. I know you haven't won any money, but then partly that's because the prize money has come down over the years. Adrian?

LOWCOCK: I think the important point on this is when you're transferring an ISA - a cash ISA, a previous year's ISA - it doesn't affect your current year's allowance. So whether or not you're transferring an ISA, that's a separate issue to what you want to do this year.

DUGGLEBY: Yeah. Marjorie, one of the …

MARJORIE: But if I wanted to transfer the ISA and then put the premium bonds in, one would have to be done before April 5th and the other one afterwards.

BLACK: Depending on the amounts.

OLDHAM: Well the transfer of the ISA could be done at any time, but your prem… I don't know what the value is in premium bonds. You might need to split that. But of course when you stay from an ISA into an ISA, you can transfer it you know exactly as you want to.

DUGGLEBY: *(over)* As much as you like. You've got an allowance, Marjorie for cash ISAs of £5,340, I think it is, and that's your annual allowance for this year. Have you used that up? Have you actually … This year.

MARJORIE: Well no, I haven't this year.

DUGGLEBY: Well that's the first thing you need to do. Go to …

MARJORIE: But if I transferred the ISA I've got into another one, that would cover the one year.

DUGGLEBY: No, let me stop you there. You've got an allowance for this year, right, and you haven't used it?

MARJORIE: No.

DUGGLEBY: So put new cash in. And forget about the transfers for a moment.

MARJORIE: I get you.

DUGGLEBY: As Gavin said, you can do that at any time.

OLDHAM: Well the thing is if the money's going to go into a stocks and shares ISA from a cash ISA, maybe it might make sense to do the transfer and then put the full allowance, £10,680, into the stocks and shares one.

DUGGLEBY: I think Marjorie, I don't know, I'll just take a second opinion from you, Carolyn. I think Marjorie's sticking with cash, as far as I understand it.

BLACK: If it's cash, I would do as Vincent suggested: get this year's ISA allowance over and done with and then deal with the transfer. The transfer can come any time as long as you're happy where the provider is, and you're not going to be charged for doing the transfer.

DUGGLEBY: But the key thing is that the ISA allowance runs out if you don't …

BLACK: *(over)* It runs out 5th April. And you can subscribe to a new ISA for next year as of the 6th, which I think is £5,640 cash, so it is that little bit more as well.

DUGGLEBY: That's inflation for you.

BLACK: It is.

DUGGLEBY: Because they're all linked to the RPI. Bill in Otterey, your call.

BILL: Good afternoon. When the ISAs first came out, I put my shares into self-selected ISAs through the Share Centre, and of course they had to sell them, so I lost money. Then you had to buy the same shares back, which caused me money again, and every year they charge management fees. Is there any way around of holding ISAs without paying a management fee?

DUGGLEBY: You know one of our guests is …

BILL: I know he is. Yes, that's why I said it. I know he's here, I know he's there.

DUGGLEBY: He knows you're here, Gavin. Anyway, I mean the point is let's just deal with the practicalities of shifting shares into an ISA. I mean unfortunately you can't just … You have to sell them, don't you?

OLDHAM: Well, yeah, you can't transfer shares directly into an ISA because they want you to put cash in, you know, to actually do the investment as it were.

DUGGLEBY: But then you crystallise a possible gain and that's where the government catches you, don't they? I mean if you crystallise a gain, there's no way round that.

OLDHAM: At the point you sell your shares, yes that's right. But of course, Bill, you're actually in the ISA at the moment, and I do understand that you know it's galling to pay management fees and you know I think all of us feel that. Certainly, speaking for the Share Centre - and as I do run it, then I'm able to do that - I think it would be worth your while talking with the customer services of the firm and ask what possibilities are open to you because if you're prepared to run your ISA through the internet, then we may have cheaper solutions for you on your management fee. But I don't know what your circumstances are, so you should talk to them directly.

DUGGLEBY: I think, Bill, that you probably don't perhaps follow that there are different ways of running share portfolios. And I'll let Adrian pick this up because of course there's execution only, which is very cheap.

LOWCOCK: Yeah, I mean absolutely. If you're looking to buy, invest into a tracker or something that just follows the stock market, then you can get some very cheap trackers and there are funds that do this at charges of about .25% per annum. There are things called exchange traded funds, which may or may not be suitable, but they come with certain warnings, which probably come in at about .4, .45% per annum in charges. You don't pay anything on the wrapper or for the ISA and you don't pay any other sort of external fees, so you get a very flat price for those things. But as a tracker, it will only track the index. It won't outperform it.

DUGGLEBY: But the key thing, the message to get across I think is that you pay basically for the advice. You pay for the service you get. You can go very, very cheaply if you're prepared effectively just to say well I'll do all the work myself or make all the decisions myself and all I want you to do, Carolyn, is just buy and sell by the cheapest means possible, which is the internet.

BLACK: That's it, just provide the wrapper - and you know, as I said before, you either transact on the telephone, you transact over the internet, whichever is most suitable. One thing I have had with some clients is they find the investment management fee easier to swallow if it's coming out of income. So if you are ensuring you're generating enough income to cover fees, people find that the portfolio is sort of funding itself, so you're not having to write a separate cheque out every year or every 6 months. The portfolio is just financing itself and it sort of helps the cash flow of the portfolio as well.

OLDHAM: But I mean the thing is that it is worthwhile bearing in mind … I mean Vincent was talking about execution only you know use of ISAs, and I think it's worth noting that right across the board we're gradually seeing flat fees coming in. And certainly that big change started some years ago, but it's starting to work all the way through the industry now.

BLACK: Yes that's true, I agree.

OLDHAM: So do make inquiries and find out about this.

DUGGLEBY: Another ISA question. Johnny, you describe yourself as a young investor. What does that mean?

JOHNNY: Yes, I've considerably less money than everybody else who's rung up today. That's what that means.

DUGGLEBY: Don't you worry about that. *(Johnny laughs)* You've got more years ahead of you.

JOHNNY: Essentially I've got about eight grand in cash in an old building society account and some other bits and pieces, and I also live in a tied house with my graduate job, so I'm getting in £300 a month which I don't need to spend on rent. I've been to my bank manager and he says to look at putting it in a stocks and shares ISA, but when I'd sort of done the sums, after management fees and taking off, it doesn't seem to be quite as glamorous as it could be and it sort of has a rate comparable to a longer term cash ISA. So I don't really know what to do with my money now really. Should I go straight in on the stock market with it?

DUGGLEBY: Well there are tax considerations. I mean there's no doubt about it, the ISA saves you from higher rate tax and it saves you from capital gains tax; but of course if you don't pay capital gains tax and you're not a higher rate taxpayer, the benefits of an ISA are considerably reduced. Johnny, how old are you?

JOHNNY: I'm 23.

DUGGLEBY: Have you got a pension?

JOHNNY: No I don't have a pension, no.

DUGGLEBY: Alright. Well the reason I say this before I put it to the panel is I suspect we shall say by all means invest, but I think we might need to put a pension wrapper round it, Adrian?

LOWCOCK: I think the other question I'd ask you, Johnny, is are you looking for anything to invest for any objectives - so like a deposit for a home or a wedding or something like that?

JOHNNY: Yeah, in the longer term I would like to put a deposit down on a home and rent it out …

LOWCOCK: So I think the key there is you've got two potential roads to sort of go down. One is investing in the longer term for a pension and perhaps a small sum of money would help to do that. It's a good time to start early as well, so you could use part of that to do that.

DUGGLEBY: That's the regular savings he's potentially able to make?

LOWCOCK: Yeah, perhaps part of the regular savings in there. So you could actually split some of the capital in that way and some of the regular savings, and then perhaps put some money into an ISA. Now sometimes ISAs don't look attractive and they go through periods, particularly cash ISAs, not so attractive at the moment. But stocks and shares ISAs, I mean you can get yields of sort of 4 or 5% on an equity income investment, and if you're investing sort of for 5, 6 years or quite possibly longer, that can be reinvested and that can then be compounded into the investment, which will help grow your capital base over that period. And then obviously, depending on how your circumstances change, you might find some of that money stays in for a longer period than originally intended. So perhaps look for something like equity income and perhaps a little bit in growth, so perhaps in the sort of Far East and emerging markets where you can get perhaps a little bit of greater return, and that would work quite well in your pension which is you know 40 years plus away. So you could really look for the long-term growth strategy there.

DUGGLEBY: Johnny, don't just take one lot of advice from the bank manager. Do get a second opinion from an independent adviser. This is quite a long-term plan you've got to set up. I'm sure you'll agree with that, Rebecca. Sorry, Carolyn. It's something which you just shouldn't set up on the basis as one answer because there's more than one answer.

BLACK: No, I mean we've already touched on, we've mentioned mortgages, we've mentioned pensions. There's obviously the ISAs as well. If you're looking longer term - and as Adrian said it may be something that you need to dip in and out of over the next x number of years - there are some great global dividend funds out there at the moment and a lot of them are doing nil initial fees or initial commissions to start with to get investors like you into the market. So it might be worth having a look at some pretty good global dividend funds where you can get sort of 3.5, 4% yields, but then there's great potential for capital growth as well. And then you know adding to ISAs or adding to investments little by little every year, you will be able to diversify; and, as we've mentioned, it's all about the diversification as well. So I would say have a think about really what you're wanting these monies to work for and how you want to make them work for you and invest in that accordingly. But certainly I'd have a look at some of these global dividend funds.

DUGGLEBY: And just segment the money off - I mean a bit in cash, a bit in shares, a bit in pension. You know try and keep … It's balls in the air, isn't it Gavin?

OLDHAM: Well if I give you a slightly different perspective. At the age of 23, I would say …

LOWCOCK: *(over)* Enjoy yourself.

OLDHAM: … you know you've got your whole life in front of you and all sorts of potential opportunities will come up. It is a good idea to find out about stock market investing at some point, but not to use all this money you know for doing it. I mean they've given you some good advice in investments there. There's a couple of things you can do. First of all you can open a practice account with one of the retail stockbrokers, and the other thing you could do is club together with a few friends and form an investment club. And then you have the enjoyment of investing in the stock market, but you'll be able to spread the money.

DUGGLEBY: I think that's a bit ambitious for a 23 year old …

OLDHAM: *(over)* Well I don't know. Actually there's quite a few students who would be very interested in running investment clubs.

DUGGLEBY: Alright, we've got time for a couple more calls, similar sort of calls, if you make it quick, gentlemen. One is David in Wimborne. The other's Malcolm in Beckenham. David first, a quick call.

DAVID: Hello, yeah. I've got two daughters - the oldest has just turned 16 - and while I can find plenty of junior products for those up to 16 and there's obviously adult products, there seems to be an anomaly where there's very little for people who are actually aged 16 and 17. We're interested in stocks and shares ISAs, possibly self-select.

DUGGLEBY: Right, the gap there. And Malcolm quickly?

MALCOLM: Yes, I've invested in a Child Trust Fund, had it for about 2 years, about £2,400 in it. They're charging 1.5% interest … erm … 1.5% management fee, and it looks like I've only made about £12. Is it worth stopping with them or would you recommend trying to find something else. 1.5% you know …

DUGGLEBY: Panel, you've got twenty seconds each to discuss investment for teenagers. Adrian first.

LOWCOCK: Okay, so you can do a investment junior ISA at age 16 and Bestinvest offer a self-select one for that. And you can do an adult cash ISA for a 16 year old as well. So make sure you contact the right people for that because you can do them. Child Trust Funds, unfortunately if you're in it, there is no alternative to move out of it. You're stuck in that, so you have to look at what the investment choice is.

DUGGLEBY: Right, what are the choices for actually putting the money, Gavin?

OLDHAM: Well I wouldn't quite agree with that. Certainly that's right about the ISAs. You can actually have both those things which Adrian was referring to just now. With the Child Trust Fund, that 1.5% is the government standard rate on stakeholder Child Trust Funds. If you use a non-stakeholder Child Trust Fund, you can get very much cheaper rates to actually run your Child Trust Fund on. So have a look around the market and see what you can find and maybe switch.

BLACK: And I would just say on that one, make sure you are looking at some good quality investments which haven't got the charges associated. So a lot of Child Trust Funds will offer exchange traded funds as well within the wrapper, which obviously are a much cheaper alternative than some unit trusts.

DUGGLEBY: Carolyn, I've got to cut you off there. Carolyn Black from Redmayne-Bentley, thank you very much; Gavin Oldham from the Share Centre; Adrian Lowcock from Bestinvest. Our website, bbc.co.uk/moneybox, for everything else you need to know about - where the contacts are and so on. Paul Lewis will be here on Saturday with Money Box with the latest personal finance news. I'll be back same time next Wednesday afternoon taking your calls about insurance on Money Box Live.