



INFLATION

WHAT DOES IT MEAN FOR YOUR INVESTMENTS LONG-TERM?

WHEN INVESTING IN A REGULAR SAVINGS PLAN (RSP) FROM RL360, YOU ARE DOING SO WITH THE INTENTION THAT AT THE END OF PAYMENT TERM, ITS VALUE, AFTER ALLOWING FOR COSTS, IS WORTH MORE THAN YOU PAID IN.



Of course, you are relying upon investment growth to cover costs and accumulate wealth, but that is not the full story, especially if you are saving over the longer term.

Once a plan is established, plan owners tend to focus on investment performance whilst potentially ignoring the impact that inflation could be having longer term.

SO WHAT IS INFLATION?

In simple terms, inflation is a general increase in the price of goods and the fall in the purchasing value of money.

Most central bank's target inflation at about 2% suggesting that low inflation can have various

advantages to the economy however, prolonged periods of high inflation creates uncertainty and can wipe away the value of savings. Over the long term, this could have a significant impact on your future standard of living, as the value of money could be less than expected.

For example, the idea of having USD\$1 million in 25 years' is very appealing however, if inflation doubles over that time, the buying power of USD\$1 million in today's terms is going to be closer to USD\$500k regardless of how well your investments have performed.

Don't let inflation erode the value of your investments – regular top ups can help your savings keep pace with inflation.

“INFLATION IS WHEN YOU PAY FIFTEEN DOLLARS FOR THE TEN-DOLLAR HAIRCUT YOU USED TO GET FOR FIVE DOLLARS WHEN YOU HAD HAIR.”

- SAM EWING

SO WHAT CAN YOU DO ABOUT IT?

You and your financial adviser should review your savings plan at regular intervals throughout its lifetime. These reviews will allow you to take stock of where you are on your investment journey, and make sure you are still on track to reach your goals.

It is also a good time to “top up” your savings especially if you have received a bonus or salary increase since your last review. Even a modest increase each year could help offset the impact of inflation on your investments longer term.

Top ups start from just USD\$70 per month, but if you can afford to save more, you may also qualify for additional bonuses helping to boost your plans value even further. Alternatively, if you prefer to add a lump sum to your plan, you can do so at any time. The minimum lump sum amount is USD\$7,000.

MINIMUM TOP UP LEVELS - REGULAR AND LUMP SUM

Currency	Minimum increase (per month)	Minimum increase (per quarter)	Minimum increase (half yearly)	Minimum increase (yearly)	Minimum Lump sum
GBP	50	150	300	600	5,000
EUR	60	180	360	720	6,000
CHF	65	195	390	780	6,500
USD	70	210	420	840	7,000
AUD	90	270	540	1,080	9,000
HKD	500	1,500	3,000	6,000	50,000
JPY	7,750	23,250	46,500	93,000	775,000

Contact your financial adviser today to discuss how topping up your plan can help keep pace with inflation and on track to reach your financial goals.

REGULAR SAVINGS PLAN - REWARDING CLIENTS THROUGHOUT THEIR FINANCIAL JOURNEY

Simple and flexible, helping clients save for the future with confidence.

For more information visit:
www.rl360.com/rsp