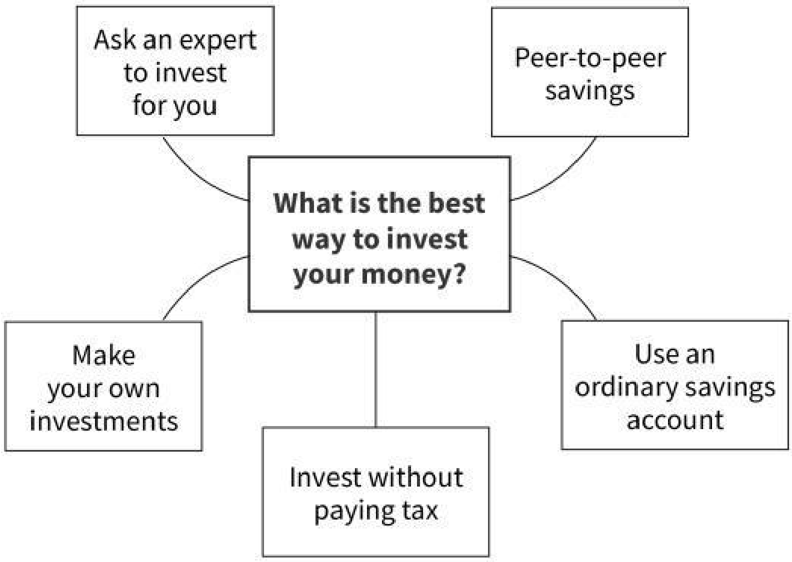
2 Reading practice – Level 1

1 **Read the website advice. Summarize the text by adding a–h under the headings in the mind map.**

a choose safe or riskier investments
b fund managers add your cash to others to make a fund
c go online and start buying and selling like a financial expert
d invest in a tax-free savings account
e lend money to borrowers for a fixed period
f not much interest but low risk
g stock market shares are not guaranteed
h withdraw money whenever you like



2 **Read about four potential investors. Then read the website advice again and choose the best way of investing (A–E) for each person.**

1 Leslie, 17, is worried about losing her money if she invests it. She wants to buy a motorbike and couldn't stand to see her savings start to drop! If it takes a long time to save up, so be it. ....

2 Mark, 22, has just completed his degree in business and finance and is hoping to work on the New York stock exchange. He has inherited a little money from his grandmother, but he doesn't really mind if he loses it all. ....

3 Adam, 18, has saved money from selling his record collection, and is prepared to risk it all in the hope of making as much money as possible before starting college. The problem is that he is ethically opposed to buying stock market shares, and would like to find a different way of getting rich quickly. ....

4 Susie, 16, has $1,000 which she got for her birthday from various relatives. She wants to make the money work for her, but isn't too worried about losing some. She also wants to be able to withdraw the money if she needs it to buy something. ....

Reflect

3 **Answer the questions. You can use your own ideas, the ideas below, or information from the website.**

- Buy shares in the stock market
- Put it all in a savings account
- Get a fund manager to manage the money
- Put it in a tax-free savings account

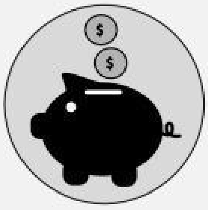
1 Imagine you got $1,000 from various relatives for your birthday. How will you invest it? Why?

....

2 Imagine you inherited $15,000. How will you choose to invest it? Why?

....

What is the Best Way to Invest Your Money?



If you suddenly had a large amount of money, how would you invest it? Read our advice and find the solution that would work best for you.

A Make Your Own Investments

It is easy to go online these days and start buying and selling shares on the stock market. If you buy shares in a company, you are investing in the hope that the company will be successful and its shares will go up in value. If you buy the right shares, you will find that their value will have risen by a large amount in a short space of time. The worry, of course, is that such an investment is not guaranteed. Share prices can fall as well as rise, and you could end up losing all your money. Only buy shares yourself if you understand the risks and know how stock markets work.

B Ask an Expert to Invest for You

Many people ask a professional expert, called a fund manager, to manage their investment. The fund manager will add your money to that of other investors in order to create a fund, which they then invest in the shares of different companies. You can choose to make "safe" investments in reliable companies, or you can make "riskier" investments in companies which may do badly, but which will make much bigger profits for you if they do well. The problem is that fund managers charge fees, and although you are less likely to lose money than if you invested on your own, it is still possible that the stock market could fall, and you could lose your money.

C Invest Without Paying Tax

Many countries allow citizens to invest some of their money each year in a tax-free savings account. If you buy shares and make money, the government will tax your profits. However, if you put money in these special accounts, you don't pay tax on the profits. It is an easy and safe way of saving money, and it is usually easy to take your money out of these accounts, which is another advantage. Of course, you won't get rich by investing in this way, and it is possible to lose money. However, it is definitely more profitable than putting the money in your regular bank account.

D Peer-To-Peer Savings

If you don't mind taking a chance with your money, there are other possibilities, some of which offer very high profits. Peer-to-peer savings is a way of lending your money to people who want to borrow it for a fixed period of time. At the end of this period, the borrowers repay the money to you with a good, high interest. You make money, but you also help people who need to borrow money quickly. The disadvantage is that you may not get your money back if borrowers have a problem repaying their loans.

E Use an Ordinary Savings Account

Putting money in a current account is not a good idea because you will make little or no profit from the low interest. However, if you don't want to take any risk, an ordinary savings account may be a good choice. You won't earn much interest, of course, but you will get some, and you won't have to worry about losing your money.