BUILDING STRONG FINANCIAL FOUNDATIONS

LAYING THE GROUNDWORK FOR A SECURE AND PROSPEROUS FUTURE

RAYMOND JAMES

At Raymond James, we have decades of experience in helping our clients grow and manage their wealth across all of life's major events.

IN THIS GUIDE

YOUR WEALTH. YOUR JOURNEY.

No two financial journeys are ever the same, and they tend to evolve through life as new priorities and commitments factor in. The tax traps and challenges that come with higher incomes and higher levels of overall wealth demand well-thought-out strategies.

You don't have to sail blind. In this series of high-net-worth (HNW) guides, you'll hear from our expert Raymond James Wealth Managers and Financial Planners on how to navigate the twists and turns of your financial life. The series draws on the experience of our people, findings from our research and real conversations with our clients.

GUIDE 1: Building strong foundations
(for people aged 25-35)

GUIDE 2: Growing wealth
(for people aged 35-50)

GUIDE 3: At retirement
(for people aged 50-60)

GUIDE 4: Leaving a lasting legacy
(for people aged 60+)

We hope you find our guides valuable and can use the insights as a basis for your discussions with a financial professional.

Carving out a rainy-day fund will mean the setbacks don't really set you back.

You don't want to have to sell investments or, even worse, borrow money in the event of an emergency such as an urgent car or home repair. That's when having an emergency fund to cover life's unexpected twists and turns can really come in handy.

How much should I save for emergencies?

Raymond James response:

How much you need to keep aside really depends on your situation. Think about how secure your income is, whether you're employed or self-employed, and what your regular costs look like each month. What could realistically go wrong?

As a rule of thumb, you should keep enough to pay your essential expenses for three-to-six months. That means the basics are covered, like energy, travel, food, mortgage or rent. If the unexpected happens, your emergency fund should give you breathing space.

Where should I keep it?

Raymond James response:

With an emergency fund, you'll need to make sure the money is easy to access. You can earn good rates of interest on the balance in a savings account by shopping around. The key is to balance returns with access. Don't be tempted by accounts with long notice periods just because they have a good headline rate. A great rate isn't worth much if the money is locked away when you actually need it.

Should couples and families share one emergency fund?

Raymond James response:

This depends on how you manage your money together. Many couples prefer a joint account for shared expenses (things like rent, bills and childcare) while also keeping smaller personal accounts for themselves. There's no single right answer. What matters most is that you can access money quickly and easily when needed, without having to negotiate or work out who's paying to cover a crisis.

Having the right cover gives you the peace of mind that you and your family's quality of life can continue if something were to happen.

Why get protections?

None of us know what's around the corner. Once you build up assets, and potentially start a family, it's worth thinking about how it's protected. Taking out the right financial protection helps make sure your family and finances are secure should something unexpected happen.

If you're employed, you may have some policies provided as part of your employer's benefits package. These often include life insurance and critical illness cover. It's worth checking the details of each policy you have, and the level of cover provided, to make sure it would be enough in your circumstances.

If you don't get these protections through work, paying for these insurance policies yourself might seem like a monthly expense you could do without. But providing you're fit and well, they can often be very cost effective and give you peace of mind.

It's worth checking the details of each policy you have, and the level of cover provided, to make sure it would be enough in your circumstances

What policies do I need?

The right policies for you depend on your circumstances, such as whether you have a mortgage or if you rent, and whether you have a partner or children. The main types of protection to consider are life insurance, family income benefit, critical illness cover and income protection.

Life insurance pays out a lump sum if you pass away. This can be a fixed amount, one that reduces over time in-line with your outstanding mortgage balance, or one that is index-linked and increases.

- **Family income benefit also pays out on death. But instead of a lump sum, it provides a steady tax-free income until the end of the policy. The aim is to provide an income to cover costs that would otherwise become unaffordable due to the loss of a spouse's earnings.**
- **Critical illness cover provides a lump sum if you're diagnosed with one of the critical illnesses listed by the policy. If you face a long recovery and ever need to make changes to your home, this insurance payout can be very useful.**
- **Income protection pays out a regular income for a fixed period if you're unable to work because of illness or injury. If you're self-employed or your employer only provides statutory sick pay, income protection could be particularly valuable.**

Our wealth managers will take the time to understand your personal circumstances, assess whether you have any protection needs or gaps, and recommend suitable solutions to ensure you and your family are appropriately protected.

THE PROTECTIONS TO-DO LIST

- ✓ Determine the type and amount of cover that suits your needs.
- ✓ Find out what insurance benefits your employer already provides.
- ✓ Choose a policy based on suitability, not just price.
- ✓ Read the terms and conditions carefully to understand what's included and, more importantly, what's excluded.
- ✓ Update your protection plan whenever your life circumstances change.

Your money should always have a purpose.

SMART goal setting

Before deciding to save or invest, take a step back and picture your ideal future. What are you working towards? It could be getting the keys to your own home, starting a business or a family. The clearer your goals, the easier it is to decide how to get there. At Raymond James, we specialise in helping wealthy individuals preserve, protect and grow their wealth across generations. Contact us to find out how we can help secure a brighter financial future for you and your family.

SAVING

Specific
I want £30,000 for a house deposit.

Measurable
I'll save £500 per month.

Achievable
That's 20% of my income.

Relevant
It gets me closer to owning a home.

Timely
I'll achieve it in 5 years.

INVESTING

Specific
I want to build a £100k college fund.

Measurable
I'll invest £650 per month.

Achievable
That's 20% of my income.

Relevant
It supports my children's future.

Timely
I'll aim to achieve it in 10 years.

TOP TIP

50/30/20 rule50%30%20%

SAVING

For goals with a short-term deadline (less than five years), saving is usually the most sensible route to make sure the money is there when it's needed. For example, regardless of wealth, everyone needs a layer of emergency savings. And being able to put a deposit on a home shouldn't rely on the ups and downs of the stock market. Regardless of wealth, everyone needs a layer of emergency savings at least. In 2026, UK savings rates are relatively attractive compared to last decade. This means your cash savings can earn a modest but steady return.

INVESTING

If your goal is medium-to-long term (five years plus), or can happen on its own schedule, investing might help you get there faster. You can afford to ride out short-term market dips, knowing that over longer periods, you should trend upwards. Investing in productive assets like shares and bonds, allows your money to grow and compound over the years. Unless interest rates are unusually high, stock market returns will normally be expected to outperform bonds and savings, but at a cost of less predictable returns. Please note, past performance isn't a guide to the future.

Over a third (32%)

Don't fully understand the savings allowance.[1]

Almost half (49%)

Don't fully understand the capital gains tax or dividend allowance.[2]

The "eighth wonder of the world", the more you put towards the compound growth of your assets, the more you'll be rewarded in later life.

How compounding works

Compound interest is one of the most powerful ideas in finance, and one of the simplest. It's the process of earning returns on your returns, so your money grows faster over time. In fact, your returns can grow exponentially over the longer term, which is why getting started with even small sums is important to start the snowball effect as soon as possible.

AGE	AMOUNT	REGULAR CONTRIBUTION (PER MONTH)	ANNUAL GROWTH RATE	CUMULATIVE GROWTH
25	£20,000	£500	5%	£1,161
26	£27.161	£500	5%	£2,680
27	£34,680	£500	5%	£4,575

The early years can feel slow, but this is the beginning of something powerful…

The king, the jester and the grains of rice

There's an old story about a king who offered his jester any reward of his own choice for making him laugh. The jester asked for something that initially sounded very modest. He asked for one grain of rice on the first square of a chessboard, two grains on the second, four on the third, then eight – doubling each time until the last square on the board. The king laughed again at the jester and immediately agreed. But by the time they reached the 30th square, the number of grains on the chessboard had become huge. By the 64th and final square on the board, it was more than all the rice in the entire kingdom. The jester, with compound growth, went away laughing.

Let's fast forward a few decades, keeping the monthly deposit and growth rate unchanged.

AGE	AMOUNT	REGULAR CONTRIBUTION (PER MONTH)	ANNUAL GROWTH RATE	CUMULATIVE GROWTH
53	£438,237	£500	5%	£272,310
54	£466,310	£500	5%	£295,787
55	**£495,787**			

Figures are for illustrative purposes only.

Thinking in decades, not years

You can't control when markets rise or fall, but you can control when you start. Your 20s and 30s are the best time to let compounding do its work. You have time on your side, income to put towards your investments, and many years before you'll need to draw on the wealth you've built.

Every year you delay makes an important difference. As the example above shows, investing £500 a month from age 25 and earning 5% would build just under half a million pounds by age 55. But start just ten years later, at 35, and even if you double your contributions to £1,000 a month, you'd have less.

AGE	AMOUNT	REGULAR CONTRIBUTION (PER MONTH)	ANNUAL GROWTH RATE	CUMULATIVE GROWTH
35	£20,000	£1,000	5%	£1,322
36	£33,322	£1,000	5%	£3,311
37	£47,311	£1,000	5%	£5,999
	▼	▼	▼	▼
53	£394,795	£1,000	5%	£178,858
54	£426,858	£1,000	5%	£200,523
55	**£460,523**			

Figures are for illustrative purposes only.

1 in 5

HNWIs plan for the future and get more out of delayed gratification.[3]

Reinvestment and consistency

In practice, it's not realistic to achieve entirely positive, linear returns from the market. When things go south, too many investors either withdraw or stop making contributions, interrupting their own progress. It can go the other way, too. Boredom and the fear of missing out (FOMO) can lead even seasoned investors to start taking risks and engaging in irrational behaviour.

Over more than a century, global markets have witnessed booms and busts, political upheaval, pandemics and even world wars – and they've still marched upwards. What feels dramatic up close should always be kept in perspective by zooming out and seeing the bigger picture. Staying invested through uncertainty has consistently rewarded our clients who give their money the time it needs to grow.

"Time in the market beats timing the market"

It's wise to stay invested through both the good years and the bad. The average returns from global markets, UK shares and US shares have historically been 7-10% over the long term. This should be more than enough to compound strongly if you regularly invest and re-invest.

This is also where working with a wealth manager can help. An investment team can completely relieve you of having to think about market movements or any of the re-investing admin. A sit down with an experienced professional can reassure you about balancing compound growth with other goals.

An investment team can completely relieve you of having to think about market movements yourself, or any of the re-investing admin.

Smart investing means staying focused on the long-term picture and blocking out the noise.

The distinction between investment and speculation is an important one to understand early on. Once you know where the line is, it becomes much easier to make decisions that support your long-term goals.

LONG-TERM INVESTMENT	SHORT-TERM SPECULATION
Long-term investmenteans backing companies you understand with a reasonable expectation of preserving your capital while earning a return.	Short-term speculation is a guessing game. Speculators try and predict the market's every movement. You'll win some, lose most.

TOP TIP

Be careful not to mix the two mindsets – believing you're investing when you're actually speculating.

The simplest safeguard is to work with a qualified wealth manager and avoid unregulated investments. However, throughout your investing life, you'll hear many stories of people taking risks and chasing gains. As soon as you're familiar with what speculation is, you'll be able to spot it quicker and steer clear.

88%

Almost 9 in 10 28–34 year olds say their wealth manager plays an important role in shaping their financial decisions.[4]

The role of asset management

During your life, it's likely that a wealth manager will play a part in looking after your assets. A financial planner sits down with you to map out your goals and create a plan around them, while an investment manager focuses on making sure your assets meet your goals and ambitions.

There's real value in having both your financial planner and investment manager within the same organisation. They share the same information, values and philosophy, and if there's ever anything you want to know about how your money is managed, an answer is never far away.

Why it pays to be smartly spread

Most of us know diversification reduces risk, but many high-net-worth individuals have complex wealth structures because of the other benefits of spreading out wealth.

Managing your risk

Diversification goes beyond your investment portfolio. Business interests, property, and pensions all form part of your broader financial picture. Diversification, at its simplest, is the principle of not relying on any single one of these sources of income or stores of wealth.

DID YOU KNOW?

Between 2000 and 2020, the leading global equity market rotated ten times from the US to emerging markets, Asia, Europe, and back again. The investor who stayed diversified earned steadier returns than the one constantly chasing the latest winner.

Asset classes

A diversified portfolio generally includes different asset classes such as shares, bonds, property and cash. And within those, different sub-classes: large and small companies, different industries, developed and emerging markets, and so on.

Currencies

Currency exposure adds another layer. Holding assets denominated in different currencies can protect your wealth from exchange rate movements.

Liquidity

How easily something can be sold also matters. Having the right mix makes sure you can access money when you need it without disturbing long-term objectives or being forced to take a loss to make a sale.

Diversifying asset power

Successful individuals aim to have a strategic mix of assets that provide a certain blend of advantages. You might, for example, want a portion of your wealth working for long-term growth, another portion generating income, and an emergency fund set aside in savings.

In isolation, each of these would be unbalanced – all in long-term growth, income or idle cash. But together, each works in an intentional way. You can have money in different places, ringfenced for different goals. That's why diversification can actually give you more license to take risk where it matters.

TOP TIP

Long-term compounding depends on smooth, sustainable returns – exactly what diversification helps to deliver.

Many investors are attracted to passive investing and the simplicity of index funds. But in an ever-changing and unpredictable world, active management could be more important than ever.

What is passive investing?

Passive investing is an approach where an investor aims to replicate the performance of a specific market by holding a tracker fund. In comparison, active portfolio management is where a professional manager attempts to target a deliberate risk-adjusted return by selecting what they believe to be the most suitable opportunities for a client or group of clients.

What are you really buying?

The value of an index is often weighted by company size, so a handful of the largest companies can make up a large part of your investment. Today, the top ten holdings in the S&P 500 make up more than a third of the entire index, including the big tech names like Nvidia, Apple and Microsoft. So in practice, investing via passive investments would lead to your portfolio becoming very concentrated in a small cohort of stocks – especially given the US exceptionalism and the tech-related boom we've witnessed in recent years.

At first glance, a tracker fund feels like the very definition of diversification – the S&P 500 index is home to over 500 of the biggest US-listed companies. But the reality is more nuanced.

The rise of passive investing means more money invested in tracker funds automatically flows into the biggest names, pushing their valuations higher still. Without someone actively managing that risk, you may end up with far more exposure to a small group of companies than you intended.

Suffering large drawdowns

Market swings are part and parcel of investing – but concentrated markets where valuations become stretched can lead to bigger falls. Big drawdowns are especially damaging to long-term wealth which can take a long time to recover from. Steady performance in a narrow range over the long term is often a lot more beneficial than volatile returns that are occasionally higher.

This is why the most successful investor of all time, Warren Buffett, famously says the first rule of investing is "not to lose money," and the second rule "*is not to forget the first rule!*"

The value of a steady hand

This is where professional investment management can make a meaningful difference. Tracker funds behave the same way for everyone, but a wealth manager can create a portfolio to work for you and your unique goals.

During periods of market stress, an expert wealth manager can position your portfolio professionally and make decisions based on a deep understanding of risk. They can then be a calming presence during the turbulence and keep you focused on your long-term goals and believing in your strategy.

Tracker funds can play a valuable role. But for many people, especially those with significant or complex assets, tailored, professional management offers something extra that you wouldn't get navigating alone.

STAYING IN CONTROL OF DEBT

We can't escape borrowing for some things, but how you manage debt determines whether it moves you closer to your goals, or further away from them.

Debt is often a word that comes with negative connotations. However, not all debt is equal. Borrowing money shouldn't always be seen as a bad thing; it's almost inevitable in today's world. That said, it's important to understand the difference between good debt and bad debt. The key difference lies in whether the debt contributes to your financial growth or undermines it.

GOOD DEBT

Good debt is typically an investment that can grow in value or generate long-term income because it helps build wealth. For example, investing in yourself by taking a course or learning a new skill might have an upfront cost, but it could pay dividends in the future if it leads to a pay rise or you start your own business.

BAD DEBT

Bad debt, on the other hand, usually involves borrowing for depreciating assets or non-essential spending. Examples include credit card debt for luxury items or payday loans which often come with high interest rates and no lasting value.

GOOD DEBT	BAD DEBT
Student loans	Credit card debt for non-essential purchases
Mortgages	Payday loans
Business loans	Store financing for electronics or fashion
Property investment loans	Emergency overdrafts

Over two-thirds (68%) of HNWIs don't have an up-to-date list of assets and liabilities.[5]

FIVE TIPS TO MANAGE YOUR DEBT

1

Tackle the high-interest debt first

Prioritising debts with the highest interest rates – like credit cards or payday loans – helps reduce the overall cost of borrowing that you live with. Paying these off first means less money lost to interest each month.

2

Set up a direct debit

Automating your repayments ensures you never miss a due date, helping you avoid late fees and maintain a healthy credit score. It's a simple and effective way to stay on top of your financial commitments.

3

Repaying debt on time can improve your credit rating

Consistent, timely repayments show lenders you're reliable. This can boost your credit score, making it easier to access better financial products in the future such as mortgages which could help you get onto the property ladder.

4

Early repayments on your student loan aren't usually worth it

Student loan repayments are based on your earnings and are deducted from your pay each month. In many cases, student loans are rarely paid off in full due the amount borrowed and the amount of interest charged. Depending on your repayment plan, some loans are written off after a certain time period, so you'll need to weigh whether paying off the debt in that time is likely or not.

5

If you can't afford it, don't buy it

Living within your means is key to avoiding unnecessary debt. If a purchase isn't essential and you don't have the funds, it's better to wait than to rely on credit.

THE BENEFITS OF PARTNERING WITH A WEALTH MANAGER

Entrust a dedicated Raymond James Wealth Manager to provide you with a holistic financial plan and a personalised investment strategy.

Our experts are

- **Experienced and knowledgeable** in helping clients secure a better financial future, no matter how complex their needs.
- **Flexible and accessible** advice tailored to you, available by phone, video, or in-person with local branches across the UK.

Our experts can help you

- **Plan ahead** – alleviate worries about potential future life events and how they might affect your finances.
- **Align your goals** – personalised recommendations tailored to your financial goals, stage of life, affordability, risk tolerance, and investment timeline.
- **Navigate complex regulations and tax rules** – advisers are experienced in tax-efficient wealth management. They'll provide personalised strategies to optimise your tax allowances.
- **Increase potential returns and manage risk** – advisers support you through the market ups and downs and manage risk by diversifying your wealth.
- **Gain peace of mind** – working with a financial professional offers confidence in decisions.

At Raymond James, we specialise in helping wealthy individuals preserve, protect and grow their wealth across generations. Contact us to find out how we can help secure a brighter financial future for you and your family.

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WITH INVESTING, YOUR CAPITAL IS AT RISK

1, 2, 3, 4 & 5 Source: Charles Stanley's high-net-worth survey, 2025.