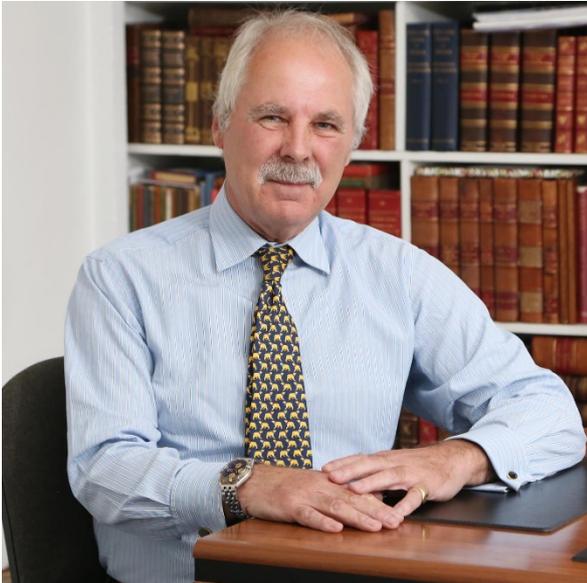


Maths Skill: "Use of simple or compound interest"

Used in the workplace at Baker Hudson:
Independent Financial Advisers in Dursley



Nick Pilkington, Independent Financial Adviser & Owner, Baker Hudson

"It's essential to understand the difference between simple and compound interest, so that I can advise my clients effectively. I often encourage clients to invest as early as possible, for example in a pension, as compound interest produces a much greater return over a long period of time. By showing them the calculations, they can see how their investment will grow year-on-year, as interest is paid on the interest.

I also need to understand the interest terms for borrowing, as this can have a big impact on the amount that needs to be repaid. It's part of my job to secure the best interest rates and repayment terms for my client. So, when we advise on mortgage products for example, we produce an illustration that shows how their capital repayments increase and interest repayments decrease over the years. If we didn't understand interest rates and the impact on borrowing and lending, I wouldn't be in business."

About Baker Hudson

Baker Hudson offer a fully comprehensive financial advice service for private clients and small businesses in Gloucestershire. They aim to help with all short, medium and long-term financial planning requirements, including services and products such as pensions planning, investment advice, mortgages, insurance, corporate and tax planning.

Who do Baker Hudson Employ?

In Dursley there are 2 Independent Financial Advisers, an Office Manager and a Support Adviser. In Minchinhampton there are a team of 12 working in the specialist area of Medical Insurance.

Range of Salaries: Salaries vary widely depending on the size of firm, location and the amount of business generated. Paraplanners earn around £20k-£40k a year. Experienced and successful Independent Financial Advisers can earn in excess of £80,000 per year.

Skills Shortages: There is a shortage of young people coming into financial advising, and a growth in demand for services. As well as requiring the knowledge and financial skills, advisers also need excellent communication skills and to show empathy when working with customers.

Useful Links

<https://bakerhudson.com>

www.cii.co.uk

www.prospects.ac.uk/job-profiles/financial-adviser



See the accompanying film production for more on the use of this skill

Video summary: Financial Advisers need to understand and use simple or compound interest so that...

- They can show clients the effect that compound interest has on savings and investments, and encourage clients to save as early as possible
- They can understand how interest is applied to loans and mortgages and are able to explain to clients what this means for their repayments
- Advisers can secure the best interest rates and repayment terms for their clients.