



I have been sitting on about €140,000 in my current account for the past year. It's what was left over when I sold a property. I keep reading about inflation and how banks are paying no interest and might start paying negative interest, and so on.

I'm starting to panic this money will drop in value if I leave it, but I don't know what to do with it. I don't need the money for anything in particular now. I'm not married, have no children or mortgage, and have what I think is a decent pension through work. I will go to an adviser but I prefer to have some ideas myself about what I should do with it before going in. I would appreciate some ideas of where to put this money and how much to keep back in my account.

GS, Co Tipperary

Your question is one that is on the lips of thousands of people in Ireland. Even in times of normal inflation the purchasing power of money reduces quickly. Current high rates of inflation are a big problem for savers.

Many people who have contributed to a pension all their working lives have a — not unreasonable — expectation that they will have adequate income in retirement, but this is not always the case. The rise in life expectancies means a substantial fund is required to provide an income for a typical retirement, which could now be as long as 25-30 years, or more.

Even if you are one of the few who retain a defined benefit-type pension, the percentage of income it promises, your length of service and whether it is integrated with the state pension can all affect its adequacy. I would strongly urge you to have this reviewed by a fee-based adviser before making your investment. Ultimately it's a personal decision but the level of emergency fund that should be held back is generally between three and six months' income.

In terms of what to allocate your investment to, this is something that can be determined only in the context of a full assessment of your attitude to risk, your capacity for risk and your risk tolerance, plus the investment return required to achieve your investment objectives.

Successful investing isn't about trying to forecast which fund will outperform, as few do for extended periods. A well-diversified portfolio increases in value over the long term.

When investing for shorter periods, the risk of loss will be greater. Taking a level of risk that is appropriate to your circumstances, having an investment strategy, and sticking to it during times of volatility, will serve you better than any amount of crystal ball gazing.

Rather than investing only to beat inflation, I recommend that you broaden the conversation to one about defining your financial and life objectives, and devising a strategy to fund them. If the figures indicate that you have more than you need to achieve your objectives, this will open up possibilities.

Live your best life. As someone once said, the last cheque you write should be to your undertaker, and you want it to bounce.