Savings Bonds

A Safe Way to Save More

Gayle is securing her financial future with Savings Bonds

"By their very nature, savings bonds are a low risk investment," Linel Franklin, Senior Operations Officer at the Central Bank of Barbados, reveals.

"Savings bonds are sold to investors at a discount: for example, if you pay $76.24 per $100 nominal value, you'll get the full amount after the savings bonds mature.

This means, you as an investor can be confident that your $762.40 will become $1,000 at the end of five years. You know what your return will be from the time of purchase."

This certainty appeals to Gayle, 35, who describes herself as risk averse. She decided to invest in savings bonds after reading an article about a woman who had retired in her 50's and credited them as one of the reasons she had the financial security to do so. That led Gayle, who also has fixed deposits, shares and mutual funds, to purchase her first set of savings bonds.

"It seemed like a good way to diversify my investments." She pauses and laughs, "That sounds more impressive than it really is."

Serious once again, Gayle explains why she feels savings bonds are right for her. "As a consultant working on contract, I have to look after my own financial future. To my mind, savings bonds are not as risky as other investments that are dependent on market forces. They are safe, have better interest and I trust where they are held." It was for that reason that when the $1,000 she purchased in 2007 matured in 2012, she reinvested the money, using it toward the purchase of $5,000 in savings bonds.

The practice of bondholders rolling over their savings bonds – reinvesting the yield from matured savings bonds in a new issue – is quite common, says Franklin. "It's a prudent approach for new investors to take. Start with whatever you can afford - $50, $100, $500 – and keep rolling it over every time the issue matures. It adds up."

Visit **www.centralbank.org.bb**,
email **savingsbonds@centralbank.org.bb** or call **436-6870**
to find out why savings bonds are right for you.