

# A lump-sum investment checklist before the fund shortlist

Prepared October 2026 | General information, not personal advice

**A lump-sum investment review should first separate commitments, reserves and longer-term goals. Assess capacity for loss, underlying diversification and total costs before choosing funds or managers. A portfolio illustration is not a return promise. The amount available to invest must be confirmed after debts, tax and near-term spending are considered.**

## Important risks

Where money is invested, its value and income can fall as well as rise and you may get back less than you invest. No return or retirement outcome is guaranteed.

**Tax treatment depends on individual circumstances and may change in the future. A general example does not establish your relief, allowance or tax liability.**

General information only, not personalised financial, tax or legal advice. Suitability and available relief depend on your circumstances. Obtain appropriate advice before acting on a product, transfer or legal arrangement.

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## Before you begin

Do not start with market forecasts. Record why the money exists, what must be spent and what would happen if the invested portion fell. Multiple funds may share substantial exposures, so look through names to holdings. Include the household's business and property where relevant. Establish an ongoing review process that distinguishes maintaining suitability from reacting to headlines or recent performance.

## Terms in plain English

### Capacity for loss

The financial ability to absorb losses without undermining essential spending or the purpose of the money. It differs from willingness to take risk.

### Should I invest a £100,000 lump sum?

Divide the money by purpose before selecting products: imminent spending, contingency reserves and genuinely longer-term objectives. Identify whether the sum follows an inheritance or sale with tax obligations still unsettled. Compare investing at once with staged investment as a risk-management preference, not a guaranteed market-timing advantage. Document how losses would affect the goal.

Decision boundary: Money needed soon may have to be withdrawn after an investment fall. Ask the adviser: Which part can stay invested through losses without compromising essential plans?

Sources: F02, F03, M09

### Should I invest before building an emergency reserve?

List foreseeable emergencies such as urgent home repairs and income interruptions. Check how quickly savings can be accessed and whether another household income would continue. Compare debt costs and available support before enlarging an investment portfolio. A cash reserve can have an opportunity cost, but being forced to sell investments at the wrong time is also a risk.

Decision boundary: An investment portfolio can fall when an emergency requires cash. Ask the adviser: How would I cover essential costs without selling investments after a market fall?

Sources: M09, F02

### Am I diversified if I hold several investment funds?

Look through fund names to underlying exposures and asset types. Check whether the same large companies dominate several holdings. Include property, employer shares and business ownership when considering household concentration, not just the investment account. A change in holdings should consider costs and tax as well as the proposed reduction in overlap.

Decision boundary: Apparently different funds may fall together because their underlying exposures overlap. Ask the adviser: Where are the largest overlapping exposures across my investments and other assets?

Sources: F03, F02

## How is capacity for loss different from willingness to take investment risk?

Translate possible losses into their effect on the actual goal: delayed retirement, reduced spending or inability to meet a planned payment. Consider dependants and reliable income rather than relying only on a risk questionnaire. Capacity can change when employment stops or withdrawals begin. A portfolio that felt tolerable during saving may need review when it funds necessities.

Decision boundary: A comfortable attitude to risk does not make essential expenditure resilient to losses. Ask the adviser: What would a substantial fall mean for the spending this money must support?

Sources: F02, M03

## How do I compare the total cost of investments and advice?

Request a consolidated cost illustration showing initial and recurring charges without double-counting bundled fees. Explain the effect of charges on an illustration while keeping return assumptions separate. For ongoing advice, establish the review service, contact arrangements and cancellation terms. General fee examples are not a quotation for your service. Ask for the actual fees and the work included in writing.

Decision boundary: Charges reduce returns, and paying an ongoing fee does not itself guarantee better performance. Ask the adviser: What is the full cost in pounds, and exactly what work does the ongoing fee cover?

Sources: M10, F02

## When should I rebalance an investment portfolio?

Compare current asset exposures with the approach originally agreed and ask whether that approach still suits the goal. New contributions or planned withdrawals may help adjust exposures without selling as much. Consider dealing costs and potential tax outside an ISA or pension. Record the reason for any trade so a risk review does not become unstructured market speculation.

Decision boundary: Frequent trading can increase costs and create tax liabilities without improving suitability. Ask the adviser: Is this change restoring the agreed risk level or attempting to predict the market?

Sources: F03, F02, G10

## Your preparation checklist

- Resolve near-term obligations before declaring investment capital.

- Translate possible loss into its effect on the actual goal.
- Ask for underlying exposures and all-in costs.
- Record the purpose and cost of any later rebalance.

## Next steps

A suitable process may conclude that only part of the lump sum should be considered for investment. There is no prescribed allocation here. Charges, risk and access remain relevant even where a tax wrapper is available.

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## Sources and further reading

### **F02: Financial Conduct Authority - Investment risk and return**

<https://www.fca.org.uk/investsmart/risk-returns>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **F03: Financial Conduct Authority - Diversification limitations**

<https://www.fca.org.uk/investsmart/diversification>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **M09: MoneyHelper / Money and Pensions Service - Emergency savings - how much is enough?**

<https://www.moneyhelper.org.uk/en/savings/types-of-savings/emergency-savings-how-much-is-enough>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **M03: MoneyHelper / Money and Pensions Service - Take money from your pension when you need it: pension drawdown explained**

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/what-is-flexible-retirement-income-pension-drawdown>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **M10: MoneyHelper / Money and Pensions Service - How much does a financial adviser cost?**

<https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/guide-to-financial-adviser-fees>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

### **G10: HMRC / GOV.UK - Individual Savings Accounts (ISAs)**

<https://www.gov.uk/individual-savings-accounts>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

## **Discuss your questions**

For a discussion of your circumstances, contact Castle Stonebridge on 01246 308249 or visit <https://castlestonebridge.co.uk>. Any personal recommendation requires an individual assessment.