Viewpoint

threshold FINANCIAL SERVICES

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Is now the right time to fix?
If you're considering changing your mortgage, a fixed-term deal might be right up your street.

Need help to buy?
Low interest rates and rising inflation make saving for a deposit that much harder.

Changing rooms
How to give your house kerbside appeal.

Are you thinking of downsizing?
Almost half of empty nesters have no plans to downsize, even though it could free up equity.

It happened to him
A real-life case study shows just how critical illness cover can make a difference.

With protection comes choice
The pay out from an insurance policy can do more than just cover your basic outgoings.

Going, going, gone to the auction!
There's a lot to be said about a property auction - as long as you know what you're doing.

Is now the right time to fix?

August 2018 saw the Bank of England raise interest rates to levels unseen since March 2009, from 0.5 per cent to 0.75 per cent, which may cause a number of lenders to increase their mortgage rates.

If you're on a Standard Variable Rate (SVR) or Tracker mortgage you might start to question whether now is the right time to fix your mortgage rate.

When will interest rates change?

With the UK experiencing high inflation opinions are split on how the Bank of England will react, making it very difficult to predict when interest rates might change.

Should I consider moving to a fixed rate mortgage?

The attraction with a fixed rate mortgage is the certainty it gives to your monthly mortgage repayments over a set period. This is useful if you're on a budget because it gives you peace of mind that if the interest rate goes up, your repayments will stay the same for the period of the fixed rate.

Whatever type of deal you're on, it's a good idea to take any increase in the base rate as an opportunity to review your current mortgage, particularly as lenders will be launching deals to entice new, and retain existing, customers. As the base rate and mortgage rate are often closely linked, many experts believe now is an ideal time to get a new deal, especially if you're currently on a high SVR.

If you are considering changing your mortgage deal, make sure you're clear on any fees and charges that may be due when remortgaging, as these can reduce any potential savings made. Some lenders have exit fees and early repayment charges as high as 5 per cent, so if you're coming to the end of your term, check that you're not switching out during the penalty period.

When looking for a new mortgage deal, it's sensible to start reviewing your options between three and six months before your mortgage deal is due to end.

If you're not sure whether moving to a fixed rate is right for you, please get in touch.

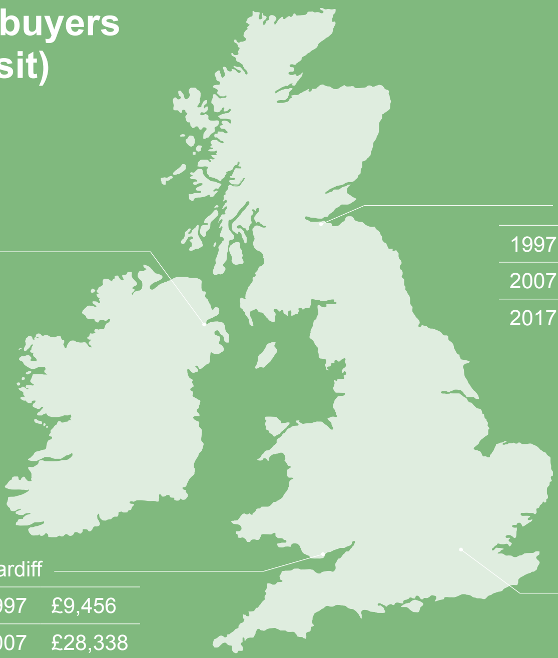
Your home may be repossessed if you do not keep up repayments on your mortgage.

Need help to buy?

2018 began with a surprising pick-up in house price growth, up 0.6% month-on-month with January seeing a ten-month high increase of 3.2 per cent. Even with the wider economy and Brexit developments, the housing market activity is only expected to slow a modest amount.

If you'd like advice on buying your first home, we'd love to help.

Deposits for first time buyers (based on a 20% deposit)



Edinburgh

1997	£10,302
2007	£28,824
2017	£37,661

Belfast

1997	£8,047
2007	£32,908
2017	£25,810

Cardiff

1997	£9,456
2007	£28,338
2017	£34,400

London

1997	£12,892
2007	£52,543
2017	£84,840

*House prices are around 40% lower in Northern Ireland than in 2007

This is great news for those already enjoying the benefits of home-ownership, but if you're looking to buy your first home the rising house prices mean you're going to need a bigger deposit.

In fact, deposits have increased 220% in the past two decades in Belfast and a staggering 558% in London, to an average of over £80,000. This means a typical buyer would take around eight years to save for a deposit rising to around ten years in London, based on saving 15% of take home pay.

Help for those struggling to save

Low interest rates, the squeeze on wages and rising inflation have all made it more challenging than ever to save for that all-important deposit. At the same time stricter affordability requirements can mean those in the market for their first home may have to save a larger deposit to begin with.

Even with predictions of modest growth in the housing marketing in 2018/19 this still means that house prices and therefore deposits will increase.

Help is at hand

The good news is there are options out there for those who struggle to save such a large amount.

Help to Buy: Shared Ownership is available to first-time buyers, those who used to own a home but can't afford to buy one now, or existing shared owners looking to move. The scheme gives you the chance to buy a share of between 25% and 75% of the home's value, and you then pay rent on the remaining share.

Help to Buy: Equity Loans are available to first time buyers as well as homeowners looking to move. The home you want to buy must be a new build costing £600,000 or less. The Government will lend you up to 20% of the cost of the home, so you'll only need a 5% cash deposit and a 75% mortgage to make up the rest.

A home for £1?

Perhaps we might also start to see more initiatives like the one that began in Liverpool back in 2013, where empty, boarded-up houses are offered to sale to first-time buyers who live or work in Liverpool for just £1. If you have the money and resources to do the work required to make the property habitable (and within a certain timeframe) this is certainly an innovative way of bringing rundown areas back to life.

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OW1308 Exp. 31/12.18

Changing rooms

When it comes to selling your house first impressions count, and that starts with kerbside appeal.

Whatever your reason for selling up, please get in touch and we can help you with your mortgage and protection needs.

Viewings
Before your prospective buyer is due to arrive, make sure you've opened curtains and blinds as far as possible to let the natural light in. Turn on lamps if needed to create nice, soft lighting. Open the windows to get fresh air in and put the heating on if it feels cold. Make it as easy as possible for visitors to easily imagine themselves living in your house.

A great first, and lasting, impression doesn't have to cost much. With a bit of time, effort and elbow grease, you can smarten up your home's outside appearance so that potential buyers are keen to step beyond the front door.

Start with free
Before spending any money, have a look around your property to see what improvements you can make that won't cost a penny.

If you have a garden, plants, or hedges, make sure they're mown/clipped, and any dead leaves cleared away. Clean your windows, including sills, and your exterior doors. If you can, jet wash your patio, decking and path areas and clean up any external garden furniture.

Spend a little to make a big difference
Check any external wooden doors and treat them to a lick of paint if there are signs of wear and tear. Use the same paint colour on your garden gate or fencing, so that you can show some thought has gone into the outside space. Hanging baskets or attractive plant pots can also make a difference to the entrance of a home and don't have to cost much.

Continue the feel-good factor inside
Now you've got your potential buyer safely through the front door you'll want to make sure they are as impressed with the inside as they were with the outside and this starts with good old-fashioned cleaning. If you have spare cash you could get a cleaning firm in, or you might prefer to roll up your sleeves and get stuck in.

Work systematical, room by room, checking that curtains hang straight, any blinds are clean, and nets washed as you go. It's also a perfect opportunity to declutter, so box up any items you can do without until you move into your new home.

Vacuum every inch of the floor, moving furniture so you can get to dust-collecting areas. Make sure your kitchen and bathroom are sparkling and uncluttered (you know buyers will be nosing in cupboards) and dress the latter with a new bath mat and towels.

If you have any money to spend you could buy loose covers and throws to hide a sofa that's seen better days, and upgrade your soft furnishings (you'll take these with you when you move). Internal doors may need varnishing or painting and you might want to replace old fashioned light switches, or at least give them a good clean.

OW1475 Exp. 26.6.19

Are you thinking of downsizing?

According to a survey by Lloyds Bank, 45 per cent of empty nesters have no plans to downsize, despite the potential windfall moving to a smaller place could create.

If your kids have flown the nest and you're thinking of downsizing, we can explore your options and discuss changes to your financial plan that can help to make more of your new circumstances.

For these empty nesters then, life seems pretty comfortable, but their new-found wellbeing could be at risk if a study by the London School of Economics (LSE) is anything to go by.

Boomerang offspring

The LSE study is based on findings from people over 50 from 17 European countries taken between 2007 and 2015. It suggests the boomerang population is growing because of the increasing costs of housing and rising job insecurity causing kids to return 'home' as adults.

About a quarter of young adults in the UK now live with their parents, and in many cases, will be a source of emotional and practical support for their parents. But it's clear from the study that some empty nesters view the return of their kids as hampering the exciting new stage of life they had just started to enjoy; creating stress and conflict in the family home and making downsizing seem a more attractive option.

The benefits of downsizing

It could be a more attractive option too when you consider a potential windfall of up to £110,000 for the 55 per cent in Lloyds Bank's survey who did choose to downsize. This is typically the equity released from moving to a smaller property and something that makes a nice lump sum to top up the pension pot or indulge in a long-dreamed-of holiday of a lifetime.

And if you are thinking of downsizing, you don't necessarily have to compromise on space. You could find a cheaper property that's as big as your previous home by:

- Finding a property in a less expensive location
- Avoiding a property in the catchment area of a sought-after school
- Buying a 'fixer upper' to work on in retirement
- Looking for property at auction

OW1477 Exp. 18.7.19

It happened to him

Don't let the 'it won't happen to me' approach affect your decision on whether or not to take out critical illness cover.

David thought he was a fit, healthy, middle-aged man, with a good exercise regime and diet. He was a keen runner, and had even completed the New York marathon. It was only when he experienced angina-like symptoms that he went to his GP.

He was diagnosed with hereditary coronary heart disease.

David was shocked at this diagnosis – and even more so when his surgeon informed him he had already had a heart attack. The surgeon suggested that David's seemingly normal response to running had disguised the symptoms of angina.

Luckily, David had critical illness insurance cover in place and after receiving the diagnosis, David got in touch with his policy provider who provided useful information and guidance on how to make a claim. The process was straightforward and the provider kept in touch with David right up until the cheque was banked.

David is self-employed and chose to stop work while he received treatment for his heart condition. Having the financial payout from his policy meant that he could concentrate on recovery and make sure his family didn't have the additional burden of paying the bills while he wasn't working. He now works part time and enjoys more time at home with his family.

David has always been a firm believer in having cover in place for the unexpected, and in his case it has been worth every penny.

Based on a real-life case study. The names have been changed to protect the privacy of individuals.

Don't leave it to chance, get in touch with us today and we can review protection arrangements for you and your family.

Critical illness cover is often underestimated when it comes to taking out protection insurance as many people think it's an expensive monthly outgoing when the chances are "it's not going to happen to me". But with statistics like this, it's a mindset more of us should think about changing:

15,464

Critical Illness claims were made in 2016

1 in 17 **1 in 13**

More than a fifth of all cancer deaths are from lung cancer, and it's estimated 1 in 13 men and 1 in 17 women will be diagnosed with this in their lifetime

100,000

Around 100,000 people in the UK have Multiple Sclerosis, with most people diagnosed between ages 20 and late 60s

OW1291 Exp. 31/12/18

With protection comes choice

How many times have you heard the phrase “It won’t happen to me” when it comes to the chances of suffering a serious illness? Unfortunately, given that 1 in 2 people born after 1960 in the UK will be diagnosed with some form of cancer during their lifetime we should perhaps adopt the lottery approach and assume “it could be you”.

If you’d like to talk to us about critical illness cover and income protection as part of a protection portfolio, please get in touch.

Did you know?

The **average age** of a critical illness policy claimant is **47**, and **54** for a terminal illness claimant. - *Legal & General Claims Department 2017, based on critical illness and terminal illness claims paid in 2016*

If you have a mortgage, or people who rely on your income, you should have some sort of protection cover in place in the event that you have to stop work. We can advise you on a range of policies designed to either pay out a lump sum, or provide a temporary regular income.

Critical Illness cover

Following a successful claim, receiving a lump sum on diagnosis of a specified critical illness can give you precious breathing space; space that allows you and your family to overcome the initial shock and begin a potentially gruelling treatment regimen without the added strain of mounting debt.

But it’s not just your finances that a critical illness pay out could help with. What if you wanted to pay for treatment that’s not available on the NHS, or you needed to make structural changes to your home as a result of your illness? And after the treatment, wouldn’t it be lovely to take the family away so that you could all relax and spend some quality time together?

Income protection

According to research from Macmillan Cancer Support, four out of five cancer patients face a monthly expense of £570 a month as a result of their illness, due to the impact of reduced earnings and additional expense including hospital visits and higher utility bills. When you consider that the average weekly household spend in the UK in 2017 was £554.20, it’s clear that even a relatively short time off work could have an immediate impact.

Income Protection can replace part of your income if you’re unable to work for a long time due to illness or disability. This can help you keep up your regular outgoings such as rent or mortgage payments and the usual household bills and expenses. Some plans have the facility to add unemployment cover and some offer additional benefits like counselling services which can ease the burden during a potentially difficult and stressful time.

Will your policy pay out?

If you're put off buying protection because you don't think it will pay out when you need it, think again. According to the Association of British Insurers **£4.7bn** was paid out on protection claims in 2016, the equivalent of **97%** of all protection claims received during the year.

Going, going, gone to the auction!

If you think property auctions are only for professional property developers or investors think again. They can be a great place to pick up a family home.

To find out more about your mortgage options please get in touch.

In 2017, some £3,190 million worth of UK residential property was sold at auction, accounting for 21,024 properties. Even though this is just a drop in the ocean compared to the 99,800 residential properties bought through regular channels in December 2017 alone, buying at auction gives you the chance to pick up your dream home (or a fixer-upper) at a good price and makes the buying process much quicker.

Homes under the hammer

Before you take your place in an auction it's important to decide on your price limit. You should base this on the price that similar properties in the same area have recently sold for – and of course your own budget. Remember to factor in any additional costs, like mortgage fees and any stamp duty that may be due.

If you're not a cash buyer it's wise to get a mortgage decision in principle before you raise your hand, as winning bids are legally binding as soon as the gavel goes down. If you win, you have to pay a 10% deposit on the day and you usually have a further 28 days to pay the remaining 90%.

Know what you're bidding for before you bid!

Before you bid on a property in auction you should go and view it – the same way as you would if you were buying through an estate agent. You should also take the opportunity to employ a Surveyor or similar to carry out a Homebuyers Report or Full Structural Survey. You won't get the cost of the survey back if you're out-bid in the auction but that's preferable to ending up with a large investment in something that requires a lot more work – and money – than you bargained for.

Your home may be repossessed if you do not keep up repayments on your mortgage.

If you're thinking of buying your home under the hammer:

You could find a great deal, whether it's an undervalued home with planning permission or a renovation project, there are plenty of bargains to be found at property auctions.

28 DAYS

It's quick; the entire process should be complete within 28 days of the auction

It's transparent, so you won't have to worry about being gazumped, things falling through because of an issue further down the chain or a seller pulling out - and you won't have to take an estate agent's word on the other bids.

You must have money ready to pay the deposit on the day and the remaining amount within the allotted time.

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