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ESSENTIALLY MORTGAGES

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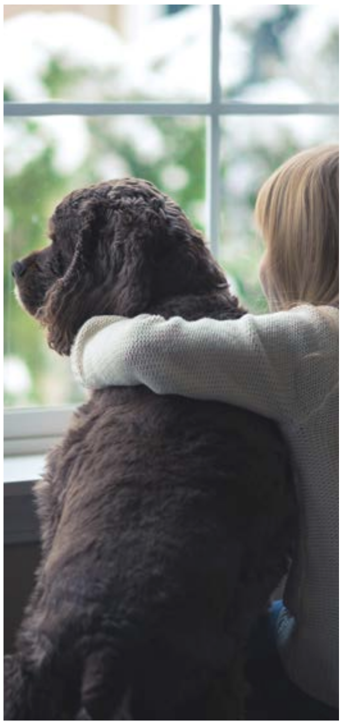


THE UK HOUSING MARKET
WHERE ARE WE NOW?

Right now, many people are understandably asking themselves what Brexit might mean for the housing market. The Royal Institution of Chartered Surveyors (RICS) has predicted that the market will stagnate during 2019, and it expects the number of properties changing hands to fall back to around 1.5m, a drop of 5% on the figure for 2018.

Brexit slowing the market

It seems likely that house buyers and sellers will push the pause button as Brexit looms. However, that's not the only factor affecting the market. Affordability is also key. RICS reports that house prices now represent the highest multiple of earnings since records began.

Stamp Duty and its Scottish counterpart, Land and Buildings Transaction Tax, and Welsh equivalent, Land Transaction Tax, have also played a role in shaping the dynamics of the market, especially given the higher rates payable on second homes and buy-to-let properties.

Lower prices in the south

Whilst the London property market has been struggling for some time, by contrast, the Scottish market has fared much better with average house prices in Scotland hitting their highest ever level.

Figures for October[1] show that annual house price growth in the UK as a whole slowed to its weakest levels in five years. Average house prices increased by 2.7% in the year to October, down from 3% in September 2018.

Data from property website Rightmove[2] showed that asking prices for properties were on average 3.2% or £9,719 lower between October and December last year. This has led to those vendors who aren't desperate to move holding back in the hope that prices will recover, leading to a reduction in the number of properties marketed.

First-time buyers are faring better. Home ownership rates amongst 25 to 34-year-olds have risen by 3% since they hit 25% in 2016. However, home ownership is still half that of the 1980s when half of this age group owned their own home.

The outlook

Commentators aren't predicting a market crash, as the UK is still suffering a housing deficit which is expected to help maintain price levels. Whilst Brexit has undeniably brought with it a lot of economic pessimism, many believe that if the uncertainty lifts in the months ahead and employment continues to rise, there is scope for housing market activity to pick up later in the year.

[1]ONS, Dec 2018
[2]Rightmove, Dec 2018

HOUSE PRICES NOW REPRESENT THE HIGHEST MULTIPLE OF EARNINGS SINCE RECORDS BEGAN

HOW TO AVOID BUYING A MONEY PIT

It's important not to let your heart rule your head when buying a home. It's easy to overlook a few potential problems, when you've found a property that seems to be ticking all the right boxes.

Getting a structural survey carried out by a professional surveyor is an important step. They will take an objective view of the property and report on any problems that might be expensive to fix.

A thorough inspection

Surveyors will methodically run through a list of important points and compile a report. They will be on the lookout for structural problems such as signs of subsidence, water damage or damp. Getting boilers and central heating systems checked out too makes sense, as replacing these can be a major expense.

If the survey shows that work needs to be done on the property, you'll be provided with an approximate figure for the cost of repairs. If you still want to go ahead, you can use your surveyor's report as a bargaining tool to seek a reduction in the purchase price.

CRITICAL ILLNESS COSTS THE ECONOMY **£15BN** A YEAR

Being diagnosed with a critical illness can be devastating news. It means that people often have to take time off work to recover, and this can have a heavy financial impact through loss of earnings, and the added worry of struggling to pay monthly bills like the mortgage.

A new survey[3] shows that critical illness, including cancer, MS, strokes and coronary heart disease costs the UK economy over £15bn a year as people withdraw from the workplace.

Protection policies

Critical illnesses can have a major financial impact on a family's lifestyle and even their ability to stay in their own home. It's at a time like this that critical illness insurance can play a positive role, providing much-needed support for individuals and their families by paying out a lump sum to help cover important outgoings.

A payout from a policy can help in paying off the mortgage or provide funds for things like home alterations or extra nursing or medical care. Having cover in place means that the individual doesn't have to worry about money and can focus on their recovery.

[3]Legal & General, Nov 2018

DOWNSIZING – A CHECKLIST OF POINTS TO CONSIDER

It's traditionally viewed as a step that people take once their family has flown the nest, or when the task of maintaining, repairing and heating a large home becomes too onerous.

Deciding to downsize is always a big decision, and one that requires a lot of careful thought. A recent study found that 35% of adults aged 65 and over would consider downsizing – representing 4.1m pensioners[4].

Doing the sums
It makes sense to look at the cost of your proposed move carefully to be sure that it works financially. Downsizing can cut the time you spend on cleaning, maintenance and gardening, and your gas, electricity and council tax bills could be lower, but you'll also need to factor in expenses such as Stamp Duty (LBTT/LTT in Scotland/ Wales) and legal costs associated with your purchase. Plus, if you opt for a leasehold flat you are likely to pay service charges and ground rent.

As there's always a demand for retirement properties such as cottages and bungalows, a smaller property may have a high price tag, especially if it's located in a desirable area.

Community connections
Unsurprisingly, many people who downsize do so to be nearer other family members. By contrast, others look for a complete change of scenery in a different part of the country, giving them the chance to explore new places and make new friends. Whatever your situation, you need to think about your family, friends and community, and weigh up what you'd be gaining and losing in social terms by making your move.

If you have an established network of contacts, such as doctors and dentists and other support services, then you'll need to think about re-establishing this in a new location.

Ask yourself important questions
When you find a place you want to move to, it's worth asking yourself a few searching questions:

- Can you see yourself living here for the foreseeable future?
- Is there enough space for family and friends to visit?
- Is the garden the right size?
- Are the shops close enough if you're unable to drive?
- Is there a doctor's surgery within walking distance?

[4]McCarthy & Stone, Aug 2018

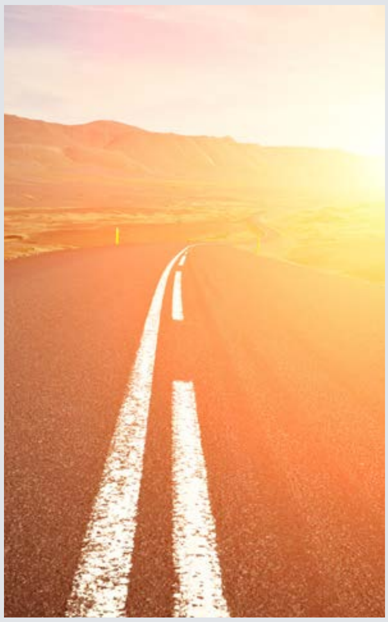
THE 'B WORD' AND YOUR FINANCES

It's hard for anyone to predict right now what will happen next in the long saga of Brexit negotiations. Many experts believe we can expect continued volatility in financial markets for some time to come, especially whilst political uncertainty remains unresolved. Whether the next few months will see a no-deal exit, another referendum or a general election remains unclear as we go to press.

Unsurprisingly, many people are questioning what all this means for their money and what if anything they should they do right now. If you have a mortgage, and want more certainty about your monthly payments, then a fixed-rate deal might work best for you.

Saving money and having an emergency fund that equates to three to six months' worth of expenses is sound advice, whatever the state of the economy and markets.

The advice for investors is to avoid kneejerk reactions and to stay focused on the longer-term prospects of their portfolio. Keeping investments diversified always is a smart strategy; no-one wants to have all their eggs in one basket.



ARE YOU AND YOUR FAMILY PROPERLY PROTECTED IN 2019?

We'd all like to think that our loved ones are properly protected for the future. Do you have life cover? If you have people around you who depend on you financially, you should really think about taking out a protection policy. After all, no-one would want to leave those they love dealing with money worries as well as coping with grief if they weren't able to provide for them.

Taking important steps like arranging a proper protection plan alongside your mortgage will give valuable peace of mind that, if anything were to happen, there would be a payout from a policy to pay off the outstanding balance of the loan.

Thinking about how you and your family would manage in the event of a serious illness, injury, unemployment or death may not be very cheerful, but it can help you plan appropriately. The great thing about protection policies is that they can be tailored to meet a variety of needs and time horizons. Choosing the appropriate policy, or combination of policies, to provide the right level and type of protection needn't be a daunting task. We will be able to help you assess your needs and recommend the best and most cost-effective plan for your specific circumstances.

Reviewing your existing cover
If you have a protection plan in place but haven't looked at it in a while, this could be a good time for a review. This can be especially important if you've had additions to your family, taken out a bigger mortgage, or have a new job or a change of lifestyle.

NEW-BUILD v PERIOD PROPERTIES

One of the first decisions you need to take when looking for a property is what type to buy. New properties can come with guarantees, light airy rooms, modern fitted appliances and can be energy-efficient and cheaper to run. Older properties can arguably have more character, be more spacious, and often have larger gardens. Depending on their age, they can be more expensive to maintain, and may not be as well insulated as newer properties.

WHATEVER TYPE OF PROPERTY, NEW OR OLD, GETTING A SURVEY DONE IS VITAL

Something new
Many people are drawn to new-build homes because they like the idea of being the first owners and prefer somewhere that doesn't require renovating. However, there can be teething problems.

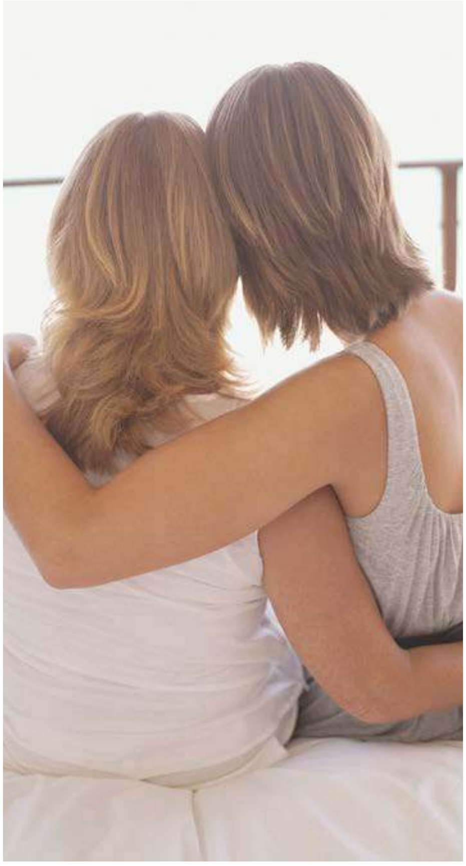
Thanks to the government's Help to Buy scheme, it is much easier, particularly for first-time buyers, to get funding to buy a new home. Some developments provide a choice of fixtures and fittings, so buyers can customise their property to their own taste. If a property is registered with the National House Building Council, it will have a 10-year warranty and protection scheme.

New-build properties have the advantage of no onward chains and can come with part-exchange deals that can speed up the moving process.

Something old
Older properties tend to come with added extras like their own ready-made community and amenities. They can be cheaper than equivalent new-builds, offer the added charm of period details, and look and feel more individual.

They can offer more scope for extensions and loft conversions, meaning that they can grow with the family. Whatever type of property, new or old, getting a survey done is vital, as it will highlight any defects that could be costly to put right once you've moved in.

HOW THE BANK OF MUM AND DAD CAN HELP FIRST-TIME BUYERS



Nowadays, the only way many young people can afford a home of their own is by turning to the Bank of Mum and Dad for some additional financial help. The challenge facing parents prepared to lend or gift money to their children is to decide quite how best to do so.

Although it's understandable that parents want to help their offspring, it's important that they think about the long-term implications of giving money away, and don't compromise their own financial security. Taking financial advice will help them consider their options.

A gift or a loan

Some parents give their children money to help them buy a property, others prefer to make them a loan. With a loan, it's worth drawing up a contract that stipulates what the repayment terms are to be. This will help prevent future arguments as to whether the money was a loan or a gift, and means the parents know when their cash should be returned. If a parent loans their child money and the child pays interest to the parent, then this is treated as income for tax purposes.

Taking tax into account

A gift of money may have Inheritance Tax implications. Whilst a gift of up to £3,000 in a tax year is exempt from Inheritance Tax, (as is a gift of £5,000 made when a child marries), giving more than that could leave an IHT liability if the donor dies within seven years.

Taking advice before giving or loaning a child money will help ensure that the tax implications of doing so are fully explored.

BUILDINGS AND CONTENTS INSURANCE – FOCUS ON COVER, NOT JUST PRICE

When it comes to buying buildings and contents insurance cover, the range of policies on offer in the market can seem bewildering.

Although using online comparison websites can seem like an attractive, convenient option, people can fall into the trap of buying the wrong policy for their personal circumstances. It can be a false economy if the appeal of a lower premium leaves you without the appropriate cover in an emergency. That's where your adviser's experience and understanding of your circumstances can make a vital difference.

Your adviser can help you to focus on the features you need, not just the price. They will ensure that the cover and terms and conditions meet your specific needs and requirements, from the size of your excess, to additional cover, such as accidental damage and home emergency cover.

THE KEY IS TO FOCUS ON FEATURES, NOT JUST PRICE

TOP TIPS ON BEING MORTGAGE READY

If you're thinking of applying for a mortgage sometime soon, it pays to be as prepared as possible. Simple steps like checking out your credit score, getting on the electoral register so that your name and address can be verified, and ensuring that you make regular repayments on your credit card or other loan, can all help put you in a good position when you make an application.

You'll need ID and proof of address, so make sure your passport and driving licence show your current address, and that you have important financial documents like bank statements, payslips and P60s to hand. If you're self-employed you will need an SA302 form relating to the last two to three years from HMRC, or your full accounts for the same period.

What lenders look for

As you'll probably be borrowing a hefty sum, any potential lender will scrutinise your financial position carefully. Understandably, they will want to see evidence that you can manage your money responsibly and live within your means. They'll need to feel comfortable that if interest rates were to rise, you could still manage your repayments. So, it makes sense to take a critical look at your spending ahead of time, going through your recent bank statements and cancelling any standing orders and direct debits for services you don't really use or need.

Ramp up your savings

As you'll probably be aware, the bigger the deposit you can find, the less you'll have to repay and the better the mortgage deal you're likely to get. So, every penny you can save now is likely to make a difference.

LIFE INSURANCE
SEPARATING FACT FROM FICTION

I get cover at work – I don't need more
The amount you're covered for might not be sufficient for your needs, and if you change jobs, that will change too. Plus, with your own policy the cover can be tailored to your specific needs.

I'm not a breadwinner, so I don't need insurance
The bill for replacing all the services homemakers provide – like cooking, cleaning and childcare – can amount to a hefty sum. If you weren't around to provide these, then your partner could face considerable additional costs. Many people hope their wider family would rally round, but raising a young family is costly, and relatives won't have planned for the added expense.

WE CAN HELP YOU FIND A DEAL THAT FITS YOUR BUDGET

It's too expensive
Not so. Life insurance is far less expensive than many people imagine. We can help you find a deal that fits your budget, and you can always take out additional cover later on.

I don't have kids, so it's not relevant to me
Whilst it's true that there's less need if you don't have a family, how would your partner manage if you weren't around to contribute to the bills?

I'm too young to need cover
Protection policies aren't just for older people, and the younger and fitter you are when you take out a plan, the cheaper the premiums will be. Leave it too long and you could find yourself paying a much higher price.

There's too much choice
It's true there are lots of different types of policy, each designed to provide cover for specific risks. That's where we can help. We can find the right type and level of cover to meet your insurance needs and your budget.

AT 55 YOU'RE NOT TOO OLD FOR A MORTGAGE

True, it might be a bit more difficult, but the good news is that lenders are increasing their age limits as they know that more and more borrowers want to borrow money later in life. Whilst there is no maximum age for applying for a mortgage, most lenders have their own age limits, and will operate an age limit on when the mortgage term ends, but this can be up to age 85.

As with any borrower, whatever their age, having a good credit history and sufficient income to cover mortgage repayments can be deciding factors. If you reach retirement before you've repaid your loan, you won't be receiving a salary but will be receiving a pension. So, lenders will need to be sure you'll be receiving sufficient income to cover your monthly repayments.

Getting financial advice will really help. We know the market well and can recommend the right lender to approach for the type of mortgage you need.