FINANCIAL VIEWPOINT

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Time for a Fresh Look at Your Finances – Where Should You Start?

Any time can be the right time to take stock of your finances. Whether you're setting new goals, preparing for a life change, or simply want to feel more in control, reviewing your financial position can help you move forward with confidence.

Maybe you're thinking about getting onto the property ladder, protecting your family's health and financial wellbeing, or thinking about plans for retirement, the right advice can help you on the path to identifying new opportunities and achieving your goals.

With so much to consider, good advice has arguably never been so important. So where should you start?

Where should you prioritise?

- **Mortgages:** Whether you're looking to buy or remortgage, a mortgage adviser has access to a wide variety of mortgage options as well as an extensive panel of lenders to identify the right product that suits your individual needs.
- **Protection:** With a mortgage often being our biggest financial commitment, the right protection is important should you become ill or unable to work, helping to safeguard yourself and your family.
- **Retirement planning:** Making those retirement dreams become a reality, ensuring you can maintain the lifestyle you desire after you finish work.
- **Wealth management:** Helping your money work for you through financial planning and a clear investment strategy.
- **Tax planning, including inheritance tax:** A financial planner can build a strategy to help minimise your tax liabilities efficiently and in a way that is fully above board.
- **Estate planning including wills and Lasting Power of Attorney:** Organising all your affairs and assets to make sure loved ones are supported and your wishes are carried out if you become incapacitated or you pass away.
- **Private Medical Insurance (PMI)*:** With continued pressure on our health service increasing the length of wait times, PMI helps you and your family access private healthcare quicker.
- **Home Insurance and conveyancing:** Home insurance is essential in safeguarding your home should the worst happen. Just as important are quality conveyancers who will manage the legal process of transferring ownership when you decide it's time to sell.

Finding a good recommendation

Whether some or all of the above are relevant to you right now, it can feel quite daunting to start the process of seeking advice. That is especially true if you're expecting to speak to eight different companies about each individual topic.

One of our greatest strengths, is we are part of The Openwork Partnership, which is one of the biggest financial advice groups in the country. This means that at whichever point you enter; whether it's discussing mortgages, protection, pensions or investments, your individual adviser is supported by thousands of others who will be able to help answer any other needs you may have.

Not only is it great to have a good recommendation, it also means you can access expert advice in every area and build a comprehensive plan that covers all aspects of your financial plan. Best of all, you have the peace of mind and convenience of dealing with one expert network.

Get in touch today

A holistic approach such as this ensures that all your bases are covered and helps minimise the risk of any potential gaps or missed opportunities.

So whether you have a priority or a clear goal in mind, advisers are able to work together and with the bigger picture in mind to help you identify every opportunity and make good progress towards your financial goals.

*Private Medical Insurance is available via a referral service to a specialist.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

THE VALUE OF INVESTMENTS AND ANY INCOME FROM THEM CAN FALL AS WELL AS RISE AND YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

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Shared ownership: your guide to homebuying on a budget

Let's explore shared ownership and see if it's right for you.

What is shared ownership?

Shared ownership is a scheme set up by the Government to make it easier for people to buy their home. Instead of purchasing a property upfront, you can buy a share of it and pay rent to a landlord on the rest.

In England, the initial share of a property you can purchase is typically between 25% and 75% of its value, although for some homes it can be as low as 10%. You only need to pay the deposit on (and have a mortgage for) the share of the property you're buying.

The share you don't own is owned by a landlord, usually a housing association. You'll need to pay them rent on the share of the property they own, as well as any service charges.

You can usually increase your share in the property at any time, buying more of it from the landlord in increments until you own all of it – this is called 'staircasing'. The greater your share of a property, the less you'll have to pay in rent.

There are similar schemes available in Scotland, Wales and Northern Ireland, each with slightly different rules to the scheme in England:

- **Shared ownership in Scotland:** This scheme is aimed at first-time buyers and other priority groups. You can buy a 25-75% share of a property and pay an occupancy charge on the rest. See more on the **Scottish Government website**.
- **Shared ownership in Wales**: This scheme works similarly to those in England and Scotland, but your total income must be less than £60,000. See more on the **Welsh Government website**.
- **Co-ownership in Northern Ireland**: You can buy a 50-90% share of a property worth no more than £195,000 and pay rent on the rest. See more on the **NI Government website**.

Who is shared ownership for?

Shared ownership can be a great way for people who might not be able to afford to buy straight away to get on the property ladder. In England, you qualify for the scheme if your household income is £80,000 a year or less (£90,000 in London) and you can't afford to buy a home that meets your needs.

Other conditions usually apply too. For example, you may need to be a first-time buyer or be forming a new household (for example due to a relationship breakdown). You can check the full eligibility criteria on the **Government website**.

Advantages to shared ownership

Buying under shared ownership means the upfront costs are lower because you only need to cover the deposit (and get a mortgage for) a share of the property rather than the entire value. You may also find it easier to get a mortgage because you'll be borrowing a smaller sum from a lender.

The scheme allows you to buy your home gradually, making it easier for you to work towards home ownership if you're on a budget. You can usually buy shares of 10% or more at a time, purchasing over a period that works for you until you reach 100% ownership.

Shared ownership also typically offers more security than traditional renting. If you pay your rent and mortgage repayments on time, you can usually remain in your home for the entire length of the leasehold if you choose.

Things to watch out for

Shared ownership properties in England are always leasehold, meaning you own the property but not the land it's built on. You'll usually have to pay service charges on these properties, and you may need to extend a shorter lease to avoid problems in the future, which can be expensive.

The cost of staircasing can also be significant. You'll have to pay for the property to be valued every time you buy more shares, and the price of these shares will be affected by the housing market. If house prices in your area go up, you'll pay more.

Selling can also be complicated if you own less than 100% of your home. You must formally notify the landlord of your intention to sell, and they usually have the right to first refusal. This means they can try to sell their share in the property to another owner, which can take several weeks. If they can't sell their share, you may end up being responsible for selling it on the open market (and paying for any associated fees).

We can help you navigate shared ownership

We're here to help you understand shared ownership and determine if it's the right option for you. We can explain how it works, discuss your circumstances, break down the costs and explore alternative home ownership options to help you decide if shared ownership is right for you.

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5 steps to create a budget

The average British family used to be 2.4 children, these days it's 1.7 children (and half a dog). Whether your idea of a family is two adults and two children, or just you and a dog, creating a family budget is an essential step towards managing your finances effectively.

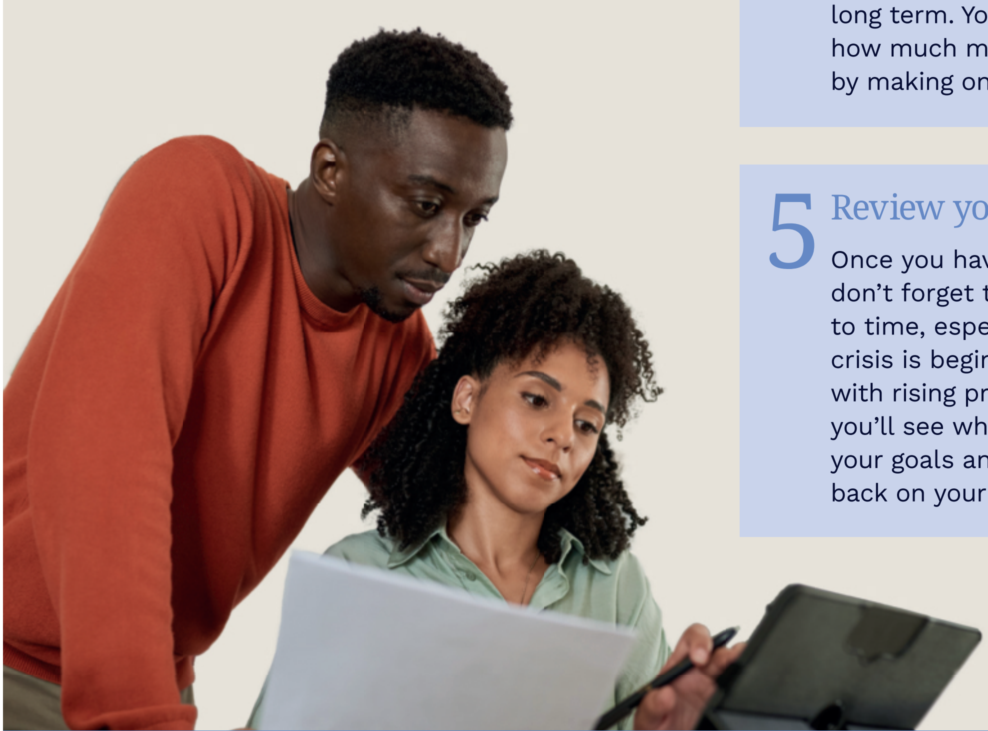
By gathering information about your income and expenses, categorising your expenses, setting financial goals, determining your disposable income, and creating a budget plan, you can take control of your finances and achieve your financial goal.

1 Top tips to avoid being scammed

Make a list of all your average monthly outgoings, then compare it to your current income and see if you spend more than you earn. If there is money left over every month, then it's easier for you to add this to savings. If you earn less than you spend, try to cut back on your expenses slightly.

2 Set realistic goals

Set yourself short and long-term financial goals. Short-term goals should take around one to three years to achieve and might include things like setting up an emergency savings fund or paying credit card debt. Long-term goals, such as saving for retirement or your child's education, may take decades to reach.



3 Follow the 50/30/20 rule

Once you've identified your monthly income and expenditures, it's worth using the 50/30/20 rule. This is a technique where you divide your income into three categories. 50% of your budget covers any essentials like rent and bills, 30% covers variable costs like eating out and shopping and 20% covers savings and paying off debts.

4 Cut back on nice to haves

We are all guilty of enjoying the finer things in life, but identifying what nice to have items you can cut back on can help you achieve your financial goals quicker. For example, cutting back on eating out may only save you a small amount each month, but can be a huge saving in the long term. You may be surprised by how much money you could accumulate by making one minor adjustment at a time.

5 Review your budget regularly

Once you have created your budget, don't forget to review it from time to time, especially as the cost-of-living crisis is beginning to catch people out with rising prices. By checking it frequently, you'll see whether you need to adjust your goals and where you could still cut back on your expenses.

A first time buyer's guide to mortgage rates

A glance at the news over the last 12 months or so would suggest that mortgage rates are a very hot topic indeed.

For the last 14 years, mortgage rates - the interest rate charged on the money borrowed to purchase a property - have tended to be low, because interest rates, in general, have remained low.

But Liz Truss's mini budget in September 2022 had a significant impact on mortgage rates; many mortgage products were withdrawn in the aftermath of the fiscal event, and interest rates rose very sharply which made monthly mortgage payments much more expensive for homeowners.

The good news is, according to a report from Moneyfacts Group, mortgage rates have come down since peaking in 2023. And while rates do not currently match the lows of the last 14 years, for first-time buyers, it is imperative that they seek the most affordable rate for their circumstances when purchasing a first home.

What are the different types of mortgage?

There are two main types of mortgage rate: fixed rate, where the interest stays the same for a set number of years, usually 2, 5, or 10 years, and variable rate, where the interest rate can change.

Fixed rate mortgages are the most popular option, with 74% of homeowner mortgages taken out on a fixed rate contract according to UK Finance, and 96% of new borrowers choosing this option since 2019.

One reason why they are popular is because it can be easier for borrowers to budget as the monthly payments stay the same until the fixed-term period ends. Also, they will not be affected by interest rate rises during the term of the mortgage. Equally, they also won't be affected if the interest rate falls. However, with stability around monthly payments, many are happy with this potential trade-off.

A variable rate means that the amount you pay each month can go up or down, usually in line with the Bank of England base rate of interest, which means monthly payments are much more unpredictable.

If we are in a period where we could see the base rate cut – or multiple rate cuts - some borrowers may opt for a variable rate mortgage to help reduce their total mortgage payments. However, this comes with an element of risk as interest rates can always fluctuate in both directions.

You may also have heard of a standard variable rate. This is the interest rate a lender charges after the initial fixed rate ends. SVRs are usually higher than other mortgage products and can change at any time. As a result, many borrowers will look to remortgage or transfer to a new product with the same lender to capitalise on another fixed-rate period.

Seek advice to get the right deal

Not sure which option is right for you? We have access to a huge variety of deals available on the market and can help you select the right one to suit your individual circumstances. We will work with you to budget confidently and make sure you have enough money each month to be able to comfortably afford your mortgage payments – along with other living expenses.

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The benefits of starting a pension early

It's never too early to start saving for retirement. In fact, the sooner you start saving, the more time for your money to grow.

Starting a pension early is one of the best things you can do for your financial future. By taking advantage of the benefits of early retirement savings, you can ensure that you have a secure financial future and enjoy your retirement years to the fullest.

More time to save

One of the most significant benefits of starting a pension early is the additional time you have to save money. The longer your money is invested, the more time for it to grow, which can help you accumulate a larger retirement fund. Starting early also means that you can take advantage of compound interest, which is interest earned on both the principal and the accumulated interest. Over time, compound interest can significantly increase the value of your pension fund.

Lower monthly contributions

Starting a pension early can also help you keep your monthly contributions lower. Because you have more time to save, you can spread your contributions over a longer period. This can make it easier to budget for your retirement savings and ensure that you are putting away enough money to reach your retirement goals.

Employer contributions

If you are enrolled in a workplace pension scheme many employers offer to match employee pension contributions, (up to a certain percentage). This 'free money' can help you save even more for retirement.

Tax benefits

The government offers tax relief on pension contributions, which means you can put more money into your pension each month. For example, if you're a taxpayer, you can get up to 45% tax relief on your contributions.

Financial security

Starting a pension early can help provide financial security in retirement. By starting to save early, you can build a solid foundation for your retirement years and ensure that you have enough money to cover your expenses. This can help alleviate financial stress and allow you to enjoy your retirement years without worrying about running out of money. Knowing that you have a secure financial future can give you peace of mind and allow you to enjoy your retirement more.

Tips for starting a pension early:

- **Set up a regular contribution**
  The best way to make sure you're saving for retirement is to set up a regular contribution. This could be a fixed amount each month or a percentage of your salary.
- **Increase your contributions as you earn more**
  As your income increases, you can increase your pension contributions to make sure you're on track for a comfortable retirement.
- **Take advantage of tax relief**
  The government offers tax relief on pension contributions, which means you can put more money into your pension each month.
- **Consider employer contributions**
  Many employers offer to match employee pension contributions, which is free money that can help you save even more for retirement.

By giving yourself more time to save, keeping your contributions manageable, taking advantage of tax benefits, and providing financial security in retirement, you can set yourself up for a comfortable and fulfilling retirement. So, if you haven't started saving for retirement yet, now is the time to start!

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Think insurance companies don't pay out? Think again!

Buying a home and taking on a mortgage is often the biggest financial commitment a person will make in their lives. With this in mind, protection polices offer great financial security, not just to protect you, but to protect your family, your income and even the loan itself should the worst happen.

However, a barrier stopping some from taking out financial protection is the view that insurance companies do not pay out or that they will find any excuse not to honour the claim. But is this actually true?

In reality, this is an unfortunate case of fake news and a worrying myth that is preventing some borrowers from having these important financial safeguards in place.

Do insurance companies pay out on protection?

The latest annual figures from the Association of British Insurers (ABI), show the protection industry paid out 98.3% of new claims in 2023, totalling more than £7.3 billion. This is a 14% increase in the total value of claims paid compared to 2022.

Furthermore, individual policies such as life insurance, critical illness and income protection saw a 14% increase in the total value of claims.

How do different protection insurances compare?

- 90.5% of critical illness claims were paid, with the value of claims averaging at £68,354
- 96.7% of life insurance claims were paid, with an average claim value of £80,403
- 81.32% of income protection claims were paid, with an average claim value of £22,270pa

So, with insurance companies paying out more than £20 million per day in 2023, we can definitely say that the myth of insurers not paying out or honouring claims is fake news.

Why would an insurer not pay a claim?

Given the strength of the data, it is hard to know why such a misconception exists. This is especially true as the data from the ABI continues to trend upwards each year.

Of course, there are cases where an insurer is unable to pay out on a claim. As part of its research, the ABI revealed that the main reasons for not honouring a claim is policyholders not accurately disclosing their medical history or habits when they took out the policy, or the claims not meeting the policy definitions.

How can we overcome this? It's really important to be open and honest with your mortgage adviser when discussing financial protection. Whether it's answering lifestyle questions honestly or disclosing pre-existing conditions or health concerns, this allows your adviser to pair you with the right product and provider. It also means the provider can fairly assess your application on accurate information.

Is it too late?

If you have thought that the myth of insurers not paying out was true, the good news is that it is never too late to put some protection in place. A financial adviser is best placed to run through all the options available and provide choices that suit your individual needs and your budget.

Best of all, your adviser will review with you regularly to make sure those products are still suitable and continuing to meet your needs. This is particularly useful if your situation changes during the life of the policy – such as a new job, your family grows or your health changes. Plus, they can help you make the most of any inclusive services (such as counselling, remote GP services or physiotherapy sessions) or even help make a claim if needed.

While we all may expect to pay our mortgage every month, the truth is that life is unpredictable. Whether it's our health or something else, all could throw a spanner in the works and leave us in a difficult financial position. In those challenging moments, protection insurance can offer a solution and real peace of mind. If you're renting, buying or remortgaging it's never been so important to have that conversation and put that financial safety net in place for you and your family.

Talk to us to explore your protection options and we can tailor a plan that meets your specific needs and circumstances.

Here's how financial protection can offer security for parents

Serious illness can place immense stress on our families. The cost of caring for an unwell child, worry over access to essential services, and the emotional toll of serious illness are all things that no parent wants to think about.

We can't predict what the future will hold for the health of our families, but we can take proactive steps to prepare for the risk that we or our children might become critically unwell.

Appropriate financial protection can be a vital safety net for parents, providing essential cover for children and easing the pressure of caring for them.

Critical illness payouts can help you care for your child

No parent wants to consider the possibility of their child becoming seriously ill, but planning for the worst can offer the greatest peace of mind. Robust and appropriate financial protection can help shore up your finances and allow you to focus on caring for your child.

Critical illness cover pays out a lump sum if you are diagnosed with an illness covered by the policy. Many of these policies include cover for a child of the policyholder, paying out a proportion of the full amount if they become seriously ill. This payout provides a financial safety net, covering your expenses and allowing you to take time away from work to care for your child.

Critical illness cover may also come with other benefits that can offer further support for your family, such as:

- A payout if your child is hospitalised because of an accident.
- Cover for the cost of accommodation so that you can be close to your child if they're in hospital.
- Childcare costs if you're diagnosed with a serious illness that's covered by your policy.

The cost of critical illness cover varies depending on how large you want a potential payout to be, as well as other factors like your age and general health. It's important to note that you'll only be covered as long as you keep paying your premiums.

Children are often automatically included in critical illness cover but this isn't guaranteed. Contact your provider for clarification and be aware that your premiums could rise if you add a child to a policy that doesn't already cover them.

Cover for a child typically starts from the first few weeks after birth and lasts until they're 18, or 21 if they're in full-time education, but this can vary between providers. There may be other restrictions to critical illness cover that you should be aware of – some policies will only allow one claim per child whilst others might exclude certain conditions that are present from birth.

It's important to check the details of critical illness cover thoroughly when comparing your option to make sure that you're buying the right cover for your circumstances.

Private medical insurance could help provide better care for your family

You may want to consider taking out private medical insurance to compliment the security that financial protection could offer you. The Guardian reports that the private health insurance market has grown by £385 million in the last year. At the same time, rising wait times and staff shortages are causing public satisfaction with the NHS to slump according to the long-running British Social Attitudes survey.

Private medical insurance can help to put your mind at ease by reducing waiting times for a range of services (like tests and consultations) whilst giving you a wider choice of treatment providers. It could also help to cover the cost of a private room, giving you and your family greater privacy if you need to stay in hospital overnight.

Private health insurance can cover much more than just physical illness. Some providers offer access to counselling and mental health services which are becoming increasingly important for the wellbeing of younger generations – the number of children and young people seeking support for their mental health increased by 25% from 2022 to 2023 according to data from Aviva.

The cost of private health insurance and the level of cover you'll receive are influenced by a range of factors, including who you want the policy to cover, your lifestyle, and family medical history. It's important to take the time to understand how comprehensive your options are and any exclusions that might affect your family.

Talk to us to see how we can help protect your family

Financial protection is just one way that you can prepare for the unexpected. Get in touch if you'd like to know more about financial protection for your family against serious illness.

Please note: Financial protection plans typically have no cash in value at any time and cover will cease at the end of the term. Cover will lapse if premiums are unpaid. Cover is subject to terms and conditions and may have exclusions. Definition of illnesses vary between providers and will be explained in policy documentation.

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