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ESSENTIALLY MORTGAGES

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MAKE 2017 THE YEAR YOU PROTECT THE PEOPLE AND THINGS THAT MATTER MOST

NEW TAX RULES ON BUY-TO- LET SET TO BITE

LIFE INSURANCE MYTHS DISPELLED

TOP TIPS ON HOW TO SAVE A DEPOSIT FOR YOUR FIRST HOME

WHY SURVEYS ARE VITAL WHEN BUYING PROPERTY

WOMEN WORKERS FOREGOING INSURANCE PROTECTION

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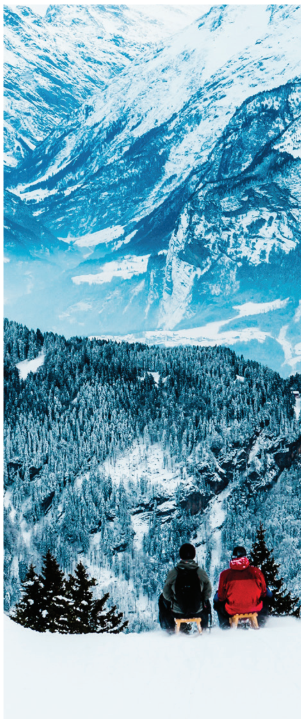


MAKE 2017 THE YEAR YOU PROTECT THE PEOPLE AND THINGS THAT MATTER MOST

Taking out the right protection policies for your needs may not be at the top of your list of New Year resolutions, but arguably it should be. These policies 'do what it says on the tin'; they offer protection against a wide variety of unexpected events that every year happen to thousands of families up and down the country.

Having a policy in place means that if disaster strikes, there is a financial payout available to help make things better. There's a wide variety of policies available in the marketplace and on your own it can be difficult to choose the right type of cover for you and your family.

That's why it can really help to discuss with us which policy, or policies, would be best for your needs. We're on hand to help you choose the most appropriate cover based on our research into what's on offer from a range of insurers. We can save you hours of internet searching and calls to insurance companies for quotes. As advisers, we make the process far less stressful and time-consuming.

Where to begin

Life cover is one of the most important financial products around, and one of the best ways of leaving loved ones provided for financially. Life insurance doesn't just pay a lump sum on death, or the diagnosis of a critical illness, it can help provide an income for families hit by an accident, sickness or unemployment, help parents pass their wealth on to future generations and can have a major role to play in inheritance tax planning too. It can often be a good idea to take out a policy that covers more than one risk, for instance life insurance combined with critical illness cover.

Cover for your home is vital too. You may need to have buildings insurance as a condition of your mortgage, and you should certainly think about contents insurance for all your possessions. That way if you're a victim of burglary, fire or flood then you'll have a sum of money to replace lost or damaged items. With the average three-bedroom home estimated to have £55,000[1] of contents, it really makes sense to be properly insured.

[1]Association of British Insurers, 2016

LIFE COVER IS ONE OF THE MOST IMPORTANT FINANCIAL PRODUCTS AROUND, AND ONE OF THE BEST WAYS OF LEAVING LOVED ONES PROVIDED FOR FINANCIALLY.

WHY SURVEYS ARE VITAL WHEN BUYING PROPERTY

Having a survey carried out on a home before you commit to buying it makes good sense and can save you stress and money in repair bills. Surveys can throw up defects that could be very costly to put right, especially in older properties.

A survey provides reassurance and can help you decide whether to proceed with your purchase. If the surveyor reports problems that need to be remedied, you could still decide to go ahead, using the survey findings to negotiate on the purchase price.

A mortgage valuation isn't the same as a structural survey. A mortgage valuation is undertaken by your lender to assess if the property is sufficient security for their loan. Whilst it will give you a rough idea as to whether the asking price is fair, it won't tell you about the state of the property or show up any underlying faults.

Types of survey available
The Royal Institution of Chartered Surveyors (RICS) has devised three main types of survey:

- Condition Report – the most basic form of survey, and is suitable for new-build and conventional homes in good condition
- Home Buyer Report – the next level up, this will identify structural problems such as subsidence or damp and other common faults
- Building Survey – this is the most comprehensive survey and provides a full inspection and gives professional advice on any repairs that may be required and the likely costs involved.

In Scotland, sellers are required to have a Home Report available for would-be purchasers. This must be carried out by a RICS-qualified surveyor. New-build, converted homes, or properties purchased under Right to Buy don't have to have a Home Report. However, purchasers should still consider having a survey carried out.

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

WHAT'S IN YOUR WARDROBE?

Research has revealed that women turning 30 are likely to be the proud owners of 212 pieces of clothing, shoes, handbags and accessories worth on average an eye-watering £7,658[1].

Of course, it's not just women, the study found that men own on average £8,868 worth of stylish belongings, including 182 items of clothing, designer shoes and watches.

Protecting your contents
When it comes to insuring your home contents, it's easy to overlook items that are stowed away in wardrobes and cupboards and it can be quite a surprise to add up their value. If you don't include your clothes when applying for insurance cover, you could risk being underinsured. Being underinsured would mean that your insurer might restrict the amount they would pay out if you needed to make a claim.

When choosing a policy, if you want to make sure your clothes are adequately insured then you should consider taking out new for old cover. We can offer advice and help you find the most suitable and cost-effective policy for your needs.

[1]More Than, 2016

TOP TIPS ON HOW TO SAVE A DEPOSIT FOR YOUR FIRST HOME

When thinking about buying a property, one of the first hurdles people encounter is how to save the often-substantial sum needed to ensure they can get a mortgage.

With the average property in the UK now costing over £215,000[1] you could be looking at a deposit of over £20,000, possibly £30,000 or even more to get a good mortgage deal. So how do you build up a sum like that?

Create a budget and stick to it

When you apply for a mortgage, you will need to show a potential lender that your finances are in good order. Take a long hard look at bank and credit card statements and see where you can cut out unnecessary expenditure. Yes, going without regular trips to the coffee shop and making your own packed lunch can seem a bit frugal, but keep in mind what your goal is, and remind yourself that even small savings will add up. Remember too, contactless payment cards are a great invention, but they do make it easy to lose track of your spending.

Go for government schemes

From April 2017, savers will be able to take advantage of the new addition to the Individual Savings Account (ISA) range, the Lifetime ISA. This account is designed to help first-time buyers and its big attraction is that the government will add a generous bonus of 25%. You can save up to £4,000 a year either as a lump sum or by putting cash in when you can.

To qualify to open a LISA, you must be aged between 18 and 40, and any savings put in before you reach your 50th birthday will attract the government bonus at the end of the tax year.

Keep in with friends and family

Talk to mum, dad, grandma or grandad and share your plans. More and more families are helping younger members by passing on cash when it's needed most.

If you're currently paying extortionate amounts of rent, you could consider finding somewhere less expensive or moving into shared accommodation. You could even think about moving back home for a while to save even faster.

Get good advice

Talking to us can help you get the right savings plans in place, and when the time comes get the mortgage deal that's right for you.

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

[1]Land Registry, UK House Price Index, Oct 2016

WHEN YOU APPLY FOR A MORTGAGE, YOU WILL NEED TO SHOW A POTENTIAL LENDER THAT YOUR FINANCES ARE IN GOOD ORDER. TAKE A LONG HARD LOOK AT BANK AND CREDIT CARD STATEMENTS AND SEE WHERE YOU CAN CUT OUT UNNECESSARY EXPENDITURE.

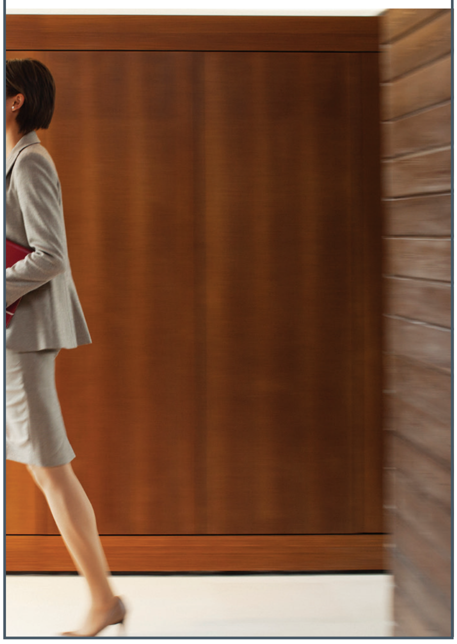
WOMEN WORKERS FOREGOING INSURANCE PROTECTION

According to recent research[1], it's not just the gender pay gap that women workers have to contend with. Many are also likely to be putting themselves at risk when it comes to having adequate insurance cover in place.

New findings from a major insurer show that more than half of women in the UK have no life insurance or critical illness cover. The survey also found that 28% of respondents were worried about what would happen to their family if they were too ill to work or worse, if they died.

When asked why, women responded that cost was a barrier to them taking out insurance. This is particularly sad, as premiums are often a lot less than people imagine. The monthly cost of putting a policy in place can often equate to as little as the price of, say, a trip to the cinema for two with snacks!

[1]Aegon, More than 13 million women in the UK lack a financial safety net, 2016



BE A SCAMSMART INVESTOR

For many people, their pension pot represents a major asset. Pension scams can cost people their life savings, and with little time left to rebuild their pension savings, can leave them facing a bleak retirement.

Following the recent surge in fraudulent cold calling, the government has launched a consultation over the banning of pension cold calling. Research by the Money Advice Service suggests that there could be as many as eight scam calls made every second.

The Chancellor, Philip Hammond, is also considering giving pension firms greater powers to block suspicious transfers when they fear that clients have been targeted by fraudsters and are about to move their money into unsafe investments. The outcome of the consultation may include the recommendation to ban any cold calling in relation to pension products and develop greater powers for providers to block suspicious fund transfers.

The extent of the problem

It's estimated that around 11m pensioners are the targets of unscrupulous cold callers every year; however, the true extent of pension fraud is unknown. It can take time before people realise that the investment they have been sold is worthless and that they have been scammed.

Scammers are constantly coming up with new ways of duping people, so whilst a ban on cold calling won't be foolproof, it will make people more fraud-aware and criminalise those who make the calls. Pension providers have suggested that the consultation should also cover frauds perpetrated via emails and texts.

The consultation process is underway and the results are eagerly awaited.

With this in mind, the Financial Conduct Authority (FCA) offers some advice on how to be a ScamSmart investor:

1. Reject any unsolicited contact about investment opportunities
Use the benchmark – if it sounds too good to be true, then it probably is.

2. Check the FCA Warning List
And the Financial Services Register to determine if those asking for your money are legitimate.

3. Get impartial advice
Seek advice from someone unconnected to the firm that has approached you.

The value of pensions and the income they produce can fall as well as rise. You may get back less than you invested.

LIFE INSURANCE MYTHS DISPELLED

Each year thousands of families in the UK benefit from the payouts made by life companies; sadly, many more suffer financial hardship as the result of the death of a breadwinner.

Most of us have heard about the benefits of life insurance, but many people still put off taking out a policy, believing in some of the myths that have long been perpetuated. The fact is, loved ones left behind if you were to die would need taking care of financially, and life insurance is one of the best ways of preparing for the worst-case scenario.

Myth: Premiums are too expensive

Many people are surprised to learn that it is less expensive than they'd first thought. Plus, it's a small price to pay when you consider that having no insurance would cost your family considerably more and could result in them struggling financially.

Myth: If you're not working, you don't need cover

If you're a stay-at-home parent, just think of all the tasks you do on behalf of your family. Everything from cleaning and cooking, to childcare and beyond, might have to be paid for if you weren't there to provide it.

Myth: It will mean having a medical

No, you are unlikely to need a medical. Most insurers only require one if you've had major health problems in the past. Plus, it's also a myth that you'll need to release your medical files or undergo yearly check-ups to keep your policy in place.

Myth: if I were to die, the policy could take ages to pay out

No, it shouldn't, especially if the policy is written in trust. If you thought you had to be incredibly rich to need to set up a trust, you'll be pleased to know where only life insurance is involved this is a simple formality now widely used to help pass money on swiftly and efficiently to loved ones on death.

This form of trust is a legal arrangement that helps ensure that the payout from your life policy goes to whoever you choose to receive it, meaning you can control where your money goes. In addition, the payment wouldn't have to wait until probate, the legal document required to administer your estate, has been granted. Obtaining probate can be a lengthy and time-consuming process. However, if a policy is written in trust, the proceeds can be paid out once a death certificate has been obtained.

MANY PEOPLE ARE SURPRISED TO LEARN THAT IT IS LESS EXPENSIVE THAN THEY'D FIRST THOUGHT.

LIFE COMPANIES PAYING OUT MORE THAN EVER BEFORE

Figures from the Association of British Insurers (ABI) show that a staggering £10m[1] is paid out every day in the UK in insurance claims. This money, which helps thousands of people each year cope with their financial needs at a difficult time, is paid on death, serious illness or injury, and comes from life insurance policies, critical illness cover and income protection policies.

ABI figures for 2015 show that 97.2% of claims were paid, and when they aren't this is usually due to the claim being for a condition that isn't covered by the policy, or because the policyholder failed to disclose important information when they applied for insurance cover.

Protection policies don't just relieve financial stress, they can also offer important practical support. For example, income protection insurance can help people back into work following illness or injury.

[1]Association of British Insurers, Record amount paid out in vital protection insurance claims, 2016

NEW TAX RULES ON BUY-TO-LET SET TO BITE

With interest rates remaining low, investors could be forgiven for looking for alternative ways to get a return on their money. Property prices were rising and offered the prospect of good rental returns. Against this background, the rise of the buy-to-let landlord became a phenomenon of our times.

However, the UK continues to experience a chronic housing shortage, and it soon became apparent that this new breed of landlord was in direct competition with first-time buyers for the same entry-level properties, with the added advantage of being able to claim mortgage interest tax relief. So, the government intervened to level the playing field.

The first move was to introduce a surcharge of 3% payable in Stamp Duty Land Tax (SDLT) on purchases of most additional residential properties above £40,000 in value from April 2016.

New tax rules start to bite in April

Currently, those with buy-to-let mortgages can deduct all finance costs (such as mortgage interest, interest on loans taken out to furnish the property, and fees) in arriving at their rental income. From April 2017, this will no longer apply. Instead they will receive a basic rate reduction from their income tax liability for their finance costs.

However, the new rules won't be fully implemented until 2020 as the relief will be gradually tapered down. For example, in tax year 2017–18 the deduction from property income will be restricted to 75% of finance costs, with the remaining being available as a basic-rate reduction.

In addition, the 10% wear-and-tear allowance will go from April, and landlords will only be able to deduct costs they incur.

How landlords are responding

The new rules were unsuccessfully opposed in court in 2016, and so will be implemented. Some landlords may decide to sell their properties and retire from the market. Others are setting up limited companies to put their properties into to avoid the worst effects of the tax changes. Many are expected to raise their rents to cover the rise in their tax bill. Rents are forecast to rise by an average of 3% in 2017[1].

The National Landlords Association[2] has calculated that the buy-to-let tax changes that will come into operation in April will affect one in five landlords, meaning that around 440,000 could, depending on their personal financial circumstances, find themselves paying tax at a higher rate as a result of the profits they make from their rental properties.

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

[1]Kent Reliance, Buy to Let Britain Report, 2016
[2]National Landlords Association, 2016

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MORTGAGES AND INSURANCE – WHY THEY SHOULD GO TOGETHER

Having a mortgage is a huge responsibility, particularly when you consider how much debt you've taken on. It also brings with it a need to take a longer-term view of your finances and think about the potential consequences if unforeseen events were to intervene. This is where life assurance can play a major part in securing the financial future of your family.

No one wants to give the matter too much thought, but there is something very reassuring about knowing that if the worst were to happen, your family would be spared financial hardship. And it's not a decision you should delay; as you get older the premiums will increase in cost.

Getting the cover that's right for you
There's a wide choice of policies available, so it's worth talking to us about the sort of cover that would be right for you.

Whole-of-life policies, as their name suggests, provide cover that lasts a lifetime. This type of policy doesn't normally have an end date, so premiums are paid until you die, at which point the policy pays out (sometimes premiums end at a certain age, say 90, but cover continues until later death).

By contrast, term life insurance policies run for a fixed period – such as 10 or 25 years. This type of cover only pays out if you die during the term of the policy. There are various forms of cover to choose from, including level term insurance, where the cover remains constant throughout the policy period, or decreasing term insurance where the level of cover gradually reduces over the term. The latter is often taken out with a mortgage, as the sum assured reduces in line with the outstanding amount of the loan.

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

ENGLISH OVER-55s OWN PROPERTY WORTH MORE THAN ITALY'S GDP

New research[1] shows that English homeowners aged over 55 hold £1.5 trillion of equity in their homes, a figure that's more than the annual GDP of Italy.

Looking to the future, increasing longevity means that the over-55 population is expected to grow by a third in the next 20 years. So, by 2036 the figure could increase to £1.9 trillion, not including likely house price inflation.

Small wonder then that retirement homebuilders, McCarthy & Stone, find that 34% of people aged 55 to 64 in the UK are looking to downsize to a smaller property for their retirement years. Downsizing can help generate spare funds to bolster retirement income, and smaller purpose-built retirement properties are easier and cheaper to run.

[1] McCarthy & Stone, Generation Stuck, 2016

AUTUMN STATEMENT 2016

THE BOTTOM LINE

- GDP growth forecast for 2017 slashed; 2019-20 budget surplus ruled out
- Tax-free personal allowance to rise to £11,500 in April 2017and to £12,500 by the end of the parliament
- The higher rate threshold will rise to £50,000 by the end of the parliament
- From April 2017, employers and employees using salary sacrifice schemes will pay the same tax as anyone else, with the exception of pension arrangements, childcare, ultra-low emission cars and cycle to work schemes
- Insurance premium tax to rise from 10% to 12% from June 2017
- From April 2017 a new savings bond will be available for 12 months through National Savings and Investments, with an interest rate of around 2.2% and a term of three years, the maximum deposit will be £3,000
- Ban on letting agent fees to tenants, burden falls to landlords of the property
- Triple lock applied to any increase in the State Pension will remain for this parliament