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VIEWPOINT

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Get on the property ladder with the Help to Buy scheme

All you need to know about upcoming changes to the government's Help to Buy equity loan scheme.

If you're looking to buy your first home, you probably already know about the government's Help to Buy equity loan scheme. It's proved popular since launch in 2013, with almost 300,000 properties bought as part of the initiative so far. But some aspects of the scheme are changing later this year, and it's important you understand whether you'll still be eligible for help.

Are you eligible?

The new Help to Buy equity loan rules apply from April 2021 to March 2023. To qualify, you must:

— be a first-time buyer in England;

— have a deposit worth at least 5% of the property you're looking to buy;

— borrow a minimum of 5% and up to a maximum of 20% (40% in London) of the full purchase price of a new-build home from the government; and

— buy the property from a homebuilder registered with the scheme.

What are the price caps?

The price of your home can't exceed the maximum figure outlined by the government. These limits vary depending on where you're looking to buy.

Region	Maximum property price
North East	£186,100
North West	£224,400
Yorkshire and the Humber	£228,100
East Midlands	£261,900
West Midlands	£255,600
East of England	£407,400
London	£600,000
South East	£437,600
South West	£349,000

What if the value of my home changes?

The amount you have to pay back is based on the market value of the property when you choose to repay. If the market value of your home rises, so does the amount you owe on your equity loan – if it falls, the amount you owe also falls.

Rest assured we are here to help if you have any questions about Help to Buy mortgages

How does it work?

The total cost of buying your home will be covered by the government equity loan as well as your deposit and mortgage. The percentage you borrow from the government is based on the market value of your home when you buy it.

For example, if the property is worth £200,000, you might ask the government for a 20% equity loan (£40,000) to add to your 5% deposit (£10,000) and 75% mortgage (£150,000).

The loan is interest free for the first five years, and from the sixth year you'll be charged interest at 1.75% each month. This rate increases every year after that in line with the consumer price index, plus 2%. You'll continue to pay interest until you've fully repaid the loan.

You can repay all or part of the equity loan at any time, but a part payment must be a least 10% of what your home is worth at the time.

You'll need to pay the equity loan back in full if you:

— reach the end of the equity loan term

— pay off your mortgage

— sell your home

— do not follow the terms set out in the equity loan contract

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

Mortgage rates are now at record low levels, following two Bank of England rate cuts in March to bring the base rate down to 0.1%.

Borrowers on a tracker, discounted or variable rate mortgage may have already benefited from this rate drop, but those borrowers whose mortgage deal is nearing its end, or those currently on an uncompetitive standard variable rate (SVR), should review their situation as there are some very competitive products on the market, with potential savings to be had.

Remortgaging explained

A remortgage is where you take out a new mortgage on a property you already own - either to replace your existing mortgage, or to borrow more money against your property. You should consider remortgaging if:

- Your current deal is about to end
- You are looking for a better rate
- You want to overpay, but can't do this on your current mortgage
- You want to borrow more
- Your home has increased in value and your loan-to-value ratio means you can get a better deal.

Lenders have adapted

Due to uncertainty, many lenders initially reacted to the coronavirus crisis by restricting the products available, (particularly to those borrowers with a high loan-to value ratio) and remortgage applications faced operational constraints such as an inability to do physical valuations. However, optimism has started to return, with lenders reintroducing a wider range of products and adjusting their processes to overcome problems, for example by using automated 'drive-by' valuations.

Don't delay

In such a fast-changing environment, those who are considering remortgaging over the next few months would be well advised to assess their options now. Remortgaging can take around eight weeks, so it's best to set the wheels in motion sooner rather than later.

Advice is essential

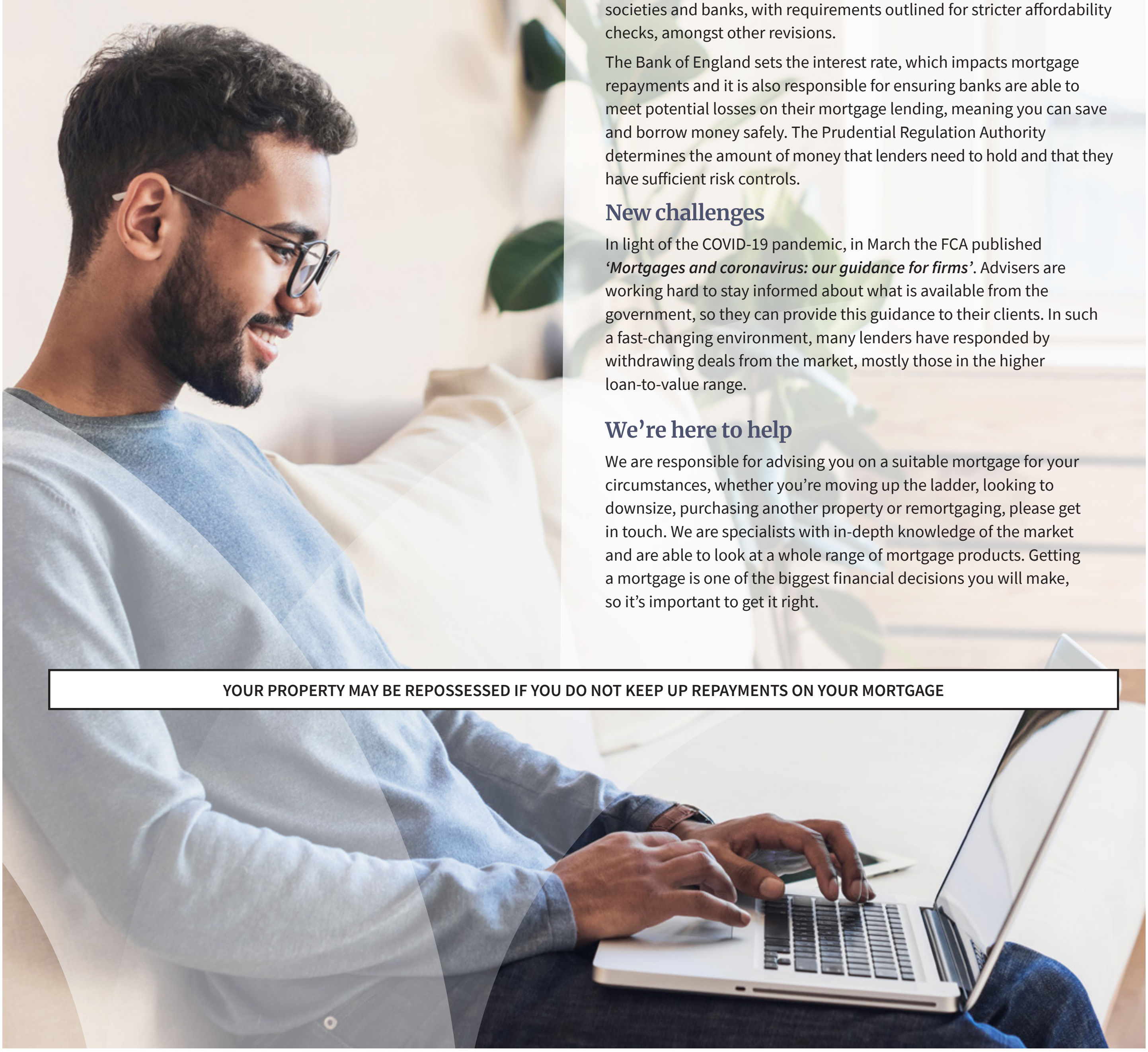
There are pros and cons to remortgaging and it won't be right for everyone. The market is more complex right now and getting good advice is vital. We have expert insight and knowledge of the market. As well giving you advice on whether a remortgage is suitable, we will explain the costs, outline potential implications and guide you through the mechanics of remortgaging.

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

OW2761 Exp. 02/06/2021

How does the mortgage market work?

There are times in our lives when we can all use some help and guidance. Buying a home is one of those major steps that is much easier to take if you are well-informed and get some good advice. Whether you are a first-time buyer or someone who has moved before, things change, so it's useful to understand the mortgage market.



Each year, thousands of consumers finance the purchase of their homes with a mortgage or re-finance existing mortgages. With mortgage debt accounting for over 80% of total UK household liabilities, finding a suitable mortgage is an important financial decision. Most mortgages in the UK are provided by building societies, banks and specialised mortgage corporations. There are currently around 200 different financial institutions offering mortgages in Britain. The mortgage market is very competitive, with a wide range of products and rates available, making it challenging to understand what is on offer.

Change in the market

The mortgage market is continually evolving to meet the needs of a changing customer base, with new developments in intergenerational lending, lending into and in retirement, buy-to-let mortgages and support for first-time buyers. Over the last 15 years the UK mortgage market has journeyed through some key changes and seen many new regulatory requirements, as a result of the Mortgage Market Review and the implementation of the Mortgage Credit Directive.

Who does what?

The professional conduct of mortgage providers is regulated by the Financial Conduct Authority (FCA). There are strict rules and guidelines, to protect the consumer. Regulations set out in the FCA Mortgage Market Review (2014) aim to crack down on poor lending services by building societies and banks, with requirements outlined for stricter affordability checks, amongst other revisions.

The Bank of England sets the interest rate, which impacts mortgage repayments and it is also responsible for ensuring banks are able to meet potential losses on their mortgage lending, meaning you can save and borrow money safely. The Prudential Regulation Authority determines the amount of money that lenders need to hold and that they have sufficient risk controls.

New challenges

In light of the COVID-19 pandemic, in March the FCA published ***'Mortgages and coronavirus: our guidance for firms'***. Advisers are working hard to stay informed about what is available from the government, so they can provide this guidance to their clients. In such a fast-changing environment, many lenders have responded by withdrawing deals from the market, mostly those in the higher loan-to-value range.

We're here to help

We are responsible for advising you on a suitable mortgage for your circumstances, whether you're moving up the ladder, looking to downsize, purchasing another property or remortgaging, please get in touch. We are specialists with in-depth knowledge of the market and are able to look at a whole range of mortgage products. Getting a mortgage is one of the biggest financial decisions you will make, so it's important to get it right.

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

OW2765 Exp. 02/06/2021

Check your existing income protection policy

Insurance brokers have reported an increase in enquiries about income protection cover since the pandemic outbreak, with people concerned about becoming ill and being unable to continue working, or worried about losing their jobs.

Income protection explained

Income protection policies provide a monthly payment (payable after a waiting period) to help replace your income if you are unable to work because of an accident, illness or involuntary redundancy. Short-term income protection policies will pay out for a fixed amount of time (typically six months or a year), whereas long-term income protection policies are designed to replace your income (up to a maximum of around 60% before tax) until retirement age, death or for a specified period of time.

Am I covered for COVID-19 under my existing policy?

Policyholders who took their policies out before the outbreak should be covered under the existing terms and conditions, for both short-term and long-term income protection.

Fortunately, most people who get the virus have mild symptoms or recover quickly, usually within a few weeks. Because most income protection policies have a waiting period before money is paid out and also a minimum claim period of 30 days, you are unlikely to be able to claim under the sickness element of your policy.

However, if you are an existing policyholder who had unemployment cover included in the policy and you are made redundant, you should be able to make a claim for enforced redundancy.

Can I take out a new income protection policy now?

It is still possible for new customers to purchase accident and sickness cover, although you should be aware that pre-existing medical conditions will be excluded and insurers may have changed their terms for new customers.

However, the situation is not the same for unemployment cover, with brokers reporting that cover is unavailable for new customers, both as a standalone policy and under ASU (Accident Sickness and Unemployment) policies.

Managing existing policies

The good news is that you can renew your short-term and long-term income protection policies, although the terms may change at renewal.

Furthermore, some insurers are offering three-month payment breaks for those who are unable to pay their premiums at the moment.

Here to help

It's important to remember that all protection cover should be bought for the short, medium and long term and should be tailor made to suit your own circumstances, rather than just opting for the cheapest premium.

As with all insurance policies, conditions and exclusions will apply.

Life insurance

Mind the Gap

With policies like home insurance or car insurance, we're all in the habit of reviewing our cover annually. With a life insurance policy potentially lasting for 20 or 30 years, it goes without saying that over that time, your lifestyle and therefore your cover requirements can change, sometimes substantially. Whenever you mark life's important milestones, it makes good financial sense to reassess your protection needs.

Overlooking the need to revisit your protection policies over time could mean that your family wouldn't have enough money to pay the mortgage or meet household bills if you were to die. A review is an opportunity, not only to assess your current cover needs, but also to consider newer plans that might be more appropriate to your circumstances and potentially more cost-effective.

Updating your cover as your life changes

Major life events can signal that your cover might need updating. If you've moved to a new house and taken on a bigger mortgage, you will need to review the sum assured (cover provided by the policy) to ensure that there won't be a shortfall in the event of a claim.

Starting a family can be an overwhelming experience and it's understandable that parents don't automatically think about their life insurance needs at this exciting time. However, at this stage family expenditure is likely to increase and it's often the time when parents should think about additional types of insurance cover.

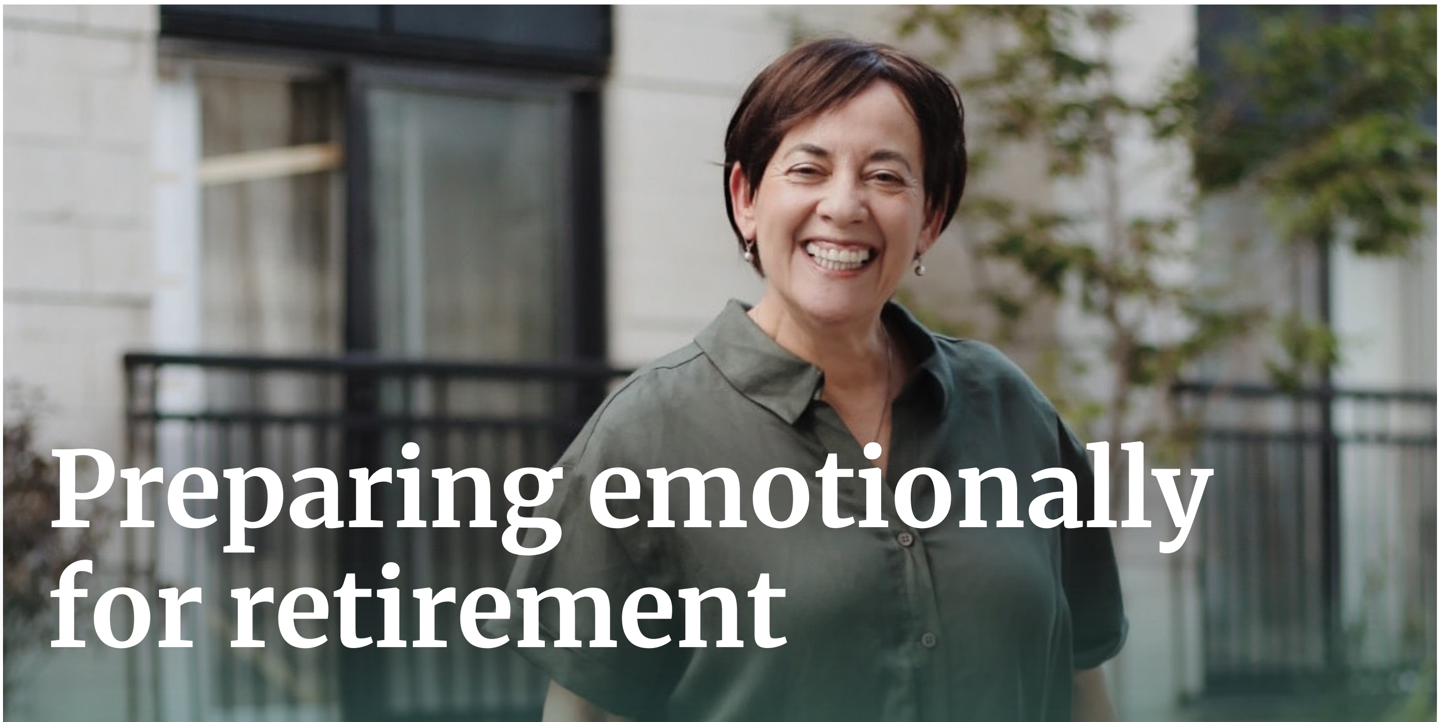
Protection policies can provide not only a lump sum on death or the diagnosis of a critical illness, but also an income for families impacted by an accident, sickness and unemployment. They can also help parents pass their wealth on to future generations and play a major role in Inheritance Tax planning too.

Keeping your needs covered

Insurance is one of the most important financial products anyone can take out and one of the best ways of ensuring your family is provided for financially, if one of life's unexpected and unwelcome events should happen.

As with all insurance policies, conditions and exclusions will apply.

OW2804 Exp. 22/06/2021



Preparing emotionally for retirement

You've retired from work, you've waved a cheerful goodbye to your colleagues and you're ready for the rest and relaxation you so rightly deserve. It's exciting! For a couple of weeks. Then the doubt sets in.

What will you do with your life, you might find yourself asking? How will you fill the long daytime hours? How will you manage without the comfort of your routine? Where will you find your purpose, if not from work?

Planning – it's not just financial

Whenever we talk about retirement, it's all about the pension. If you have enough in your pension pot when you retire, you're all set, right?

Many retirees simply aren't prepared for how significantly their life will change, and many, while not missing work per se, will certainly miss the sense of purpose it offered. And, with life expectancy on the rise, it's daunting to contemplate the next 20 to 30 years without any of the structure around which you're used to organising your life.

'Reinvent' yourself

A European study funded by the Erasmus program argues that we should start preparing for retirement as early as 50. Suddenly stopping work after spending a lifetime focused on your career, it argues, can be the catalyst for depression and other mental health issues. That's why we need to 'reinvent' ourselves in our 50s by discovering new passions and interests, improving our mental and physical health, and generally forging a life for ourselves outside of work in the run-up to retirement.

So, what steps can you take to prepare for a happy retirement?

Happy, healthy, whole

Retired or not, you'll still want and need similar things in life: a sense of purpose, social interaction and activities that interest and stimulate you. With this in mind, here are our tips for preparing for a fulfilling retirement:

Wind down in stages – rather than going from full-time to retired overnight, why not try reducing your hours first, giving you the fulfilment of work combined with the free time to pursue other interests?

Exercise your body – and your mind – experts have long extolled the virtues of exercise for our physical and mental health. Getting into the habit now could really help your emotional state when you retire.

Be a social butterfly – in addition to solitary hobbies and interests, joining groups and clubs can help you develop social networks outside of the workplace.

Get a furry friend – as well as keeping you company indoors, a pet (such as a dog) will give you an incentive to get outside in the fresh air.

Don't neglect your pension – while preparing emotionally is a big part of retirement, the money still has to be there to allow you to live life to the fullest.

Would equity release be right for you? A way of supplementing your retirement income using the value tied up in your home, although not right for everyone, we can help you explore your options.

We do the finances, you do the rest

That's why we're here! We can help you sort out the financial stuff to provide you with the resources to spend your retirement free from money worries, so you can concentrate on enjoying your later years. Why not give us a call?

You will need to take legal advice before releasing equity from your home as Lifetime Mortgages and Home Reversion plans are not right for everyone. This is a referral service.

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

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

Investment Update

A positive outlook

The economic recovery is gathering momentum as the pandemic recedes and successful vaccination programmes continue to roll out on both sides of the Atlantic.

April saw the continuation of progress made in March, as a more settled month in the investment markets, with equities performing well and bonds showing stability and positive returns. The International Monetary Fund (IMF) increased its forecast for growth in 2021 to 6%, citing stimulus bills in richer countries helping economies bounce back from the Covid-19 pandemic. Equities in the US and UK performed well – no doubt helped by progress made in vaccination rollouts and their economies beginning to open up again.

US stimulus measures

The US experienced a stronger first quarter than experts predicted, with the banking sector in particular exceeding expectations, and a rise in consumer prices. This was helped by increased activity in areas like retail investing, aided by the Biden administration's stimulus measures to regenerate the economy. The next target to help fuel the recovery is an infrastructure spending plan, which aims to strengthen ailing sectors like transport, roads and the electric grid.

Boost for the UK stock market

With the reopening of non-essential shops and services in the UK, the number of job vacancies picked up in April. Along with a successful vaccination programme, this gave a boost to the stock market. The spending plans for workers and businesses outlined in the government's latest Budget also helped soften the blow of the pandemic. The market's bias towards economically sensitive sectors, including finance, energy and hospitality, and a relatively small tech sector, means it should continue to rise as the economic recovery picks up.

In Europe, the recovery has got off to a slower start, due in part to the delay of the vaccine rollout, which has dented investor confidence. But there was some encouraging activity in April, with Europe performing better than expected and the Stoxx Europe 600 Index hitting an all-time high.

Oil prices rise

In April, the International Energy Agency amended its forecast for the growth in oil demand, following faster economic recoveries in the American and Chinese markets than expected. The market for oil itself saw a rise in price, pushing up inflation as well the price of gold. Gold as a commodity is attractive to investors as a safe place to invest during times of unrest in the markets and rising inflation. The markets in April saw a continuation of the trend from previous months, with a general shift away from technology stocks (which saw good profits from the stay-at-home economy) to more cyclical companies – such as banks, airlines and industrial firms, which benefited from reopening economies. After such a long period of inactivity and stagnation due to the global pandemic, things are now moving unusually fast in the world economy and financial markets. artwork itself was composed as a single, unique and encrypted image file – the first sale of its kind by Christie's, with bidding opening at $100. The eventual anonymous buyer paid for the work in Ether, a cryptocurrency.