

# LFA MONEY TALK

THE PERSONAL FINANCE NEWSLETTER PUBLISHED BY LIGHTHOUSE FINANCIAL ADVICE IN PARTNERSHIP WITH UNISON



**Last year was an immensely challenging year for most people on so many levels, so taking steps to prioritise your wellbeing should be your prime consideration as we navigate out of the long, dark winter months.**

More time spent at home has knocked many people's confidence; interestingly new research has identified that people

who receive financial advice feel more confident and financially resilient when compared to those who haven't taken advice<sup>1</sup>. Furthermore, the benefits felt are not just financial.

### A haven of calm

In addition to the expected financial benefits, professional financial advice was found to improve emotional wellbeing by helping people to feel better about

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themselves and their finances. The research found that there were emotional and psychological benefits from having access to trusted expertise, which makes people feel more confident about the future, in control of their financial plans and more likely to achieve greater peace of mind as a result.

### Supporting your wellbeing – a role we take seriously

We understand that by providing trusted financial advice to help protect your financial security, we can play a role in supporting your wellbeing as well. Please get in touch.

<sup>1</sup>Royal London, 2020

### LOCKDOWN.... AGAIN

On Monday 4th January, the UK Prime Minister announced yet another national lockdown due to rising Covid-19 cases and the growing number of daily deaths throughout the UK. Sadly, this is something we are all too familiar with.

Unfortunately, these lockdowns fire a massive blow to the UK economy with more people being furloughed and redundancies on the way. All of us will have to play our part and stay indoors

for the foreseeable future, and if that affects your job, then your income may well be taking a hit. This can understandably prove a very stressful and challenging time, as concerns about financial security come to the fore.

Here at Lighthouse Financial Advice we are highly experienced in providing support and advice to members in redundancy situations. UNISON members are entitled to a complimentary initial consultation with one of our professional financial advisers to explain your options clearly and help you

make key decisions to lessen the impact. We also regularly run redundancy seminars for members in their workplace – although these will be held online whilst the Covid-19 pandemic continues. If you have any queries about how to set up a seminar, or would like to attend one, please feel free to get in touch.

In these uncertain times, it's essential to get professional advice to ensure you get the most out of your financial situation. That's why we're here – so please get in touch.

## HELPING MEMBERS OF UNISON SECURE THEIR FINANCIAL FUTURE

Each year we run hundreds of seminars on topics ranging from redundancy to retirement that give members of UNISON practical help with securing their financial future. To find out about arranging a seminar or surgery for members of UNISON at your place of work please contact one of our regional representatives. Please note, due to the Covid-19 pandemic, all seminars and surgeries will be delivered remotely as webinars or telephone surgeries. Whether you are contacting us for an initial conversation or arranging a seminar/surgery, please could you quote this code **UNSESENews2101** either in your email or notify a member of our team over the phone.

\*published on the UNISON page of the Lighthouse Website - <https://www.lighthousegroup.plc.uk/affinity/unison/>

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# HELP TO BUY SCHEME EXTENDED

**Building delays caused by the pandemic were threatening to affect the plans of thousands of first-time buyers and home movers in England before the government announced an extension to the Help to Buy equity loan scheme.**

## Deadlines explained

Previously, the building deadline for new homes was 31 December 2020. This has been extended by two months, giving builders until 28 February 2021 to complete construction. The final date for legal completion of purchase will remain at 31 March 2021, although those who had a property reserved before 30 June 2020 and have experienced 'severe' build delays, could potentially extend completion to 31 May 2021 (reviewed on a case-by-case basis).



## History

Since<sup>1</sup> the scheme started on 1 April 2013, a total of 272,852 properties have been bought through the scheme in England, with around 82% of these purchases made by first-time buyers.

## Help to Buy is changing

The new government Help to Buy scheme, which replaces the current scheme in England, is still scheduled to come into effect

on 1 April 2021, running until March 2023, with no plans for further extensions. Regional property price caps ranging from £186,100 in the North East to £600,000 in London are included in the new Help to Buy scheme and it will be restricted to first-time buyers only.

Similar schemes operate in Scotland, Northern Ireland and Wales.

<sup>1</sup>Gov.UK, 2020

## CHILD TRUST FUNDS COME OF AGE

**Is your child reaching the age of 18? If so, they could be amongst a huge swathe of teenagers set to cash in on their Child Trust Funds for the first time. Set up by the Labour government in 2002, the scheme aimed to encourage parents to save for their children's future, with the money only accessible at the age of 18.**

Under the scheme, the government contributed £250 when a child was born and an additional £250 when they were seven years old (£500 for lower-income families). Although the programme was phased out in 2011, the first of the Child Trust Fund (CTF) generation have reached adulthood and are able to access their savings pots,

which could now be worth over £1,000 – or tens of thousands in some cases where parents have made maximum additional contributions.

### What happens now?

In advance of the child's 18th birthday, your CTF provider should contact you before the account matures, to outline your options. These may (depending on the provider) include withdrawal, transfer to an adult ISA in their name or transfer to an equivalent account which retains its tax-free status, so savers can continue to benefit from the interest while they decide what to do with it.

### Many don't know they have one

Of the 6.3m children with a CTF waiting for them, nearly a third (1.8m) may not even know they have an account, according to

HMRC estimates<sup>2</sup>. So, how can you find out if your child has one? Well, all you need is their National Insurance number and you can fill in a form to find out where the account is located. Just visit: [www.gov.uk/child-trust-funds/find-a-childtrust-fund](http://www.gov.uk/child-trust-funds/find-a-childtrust-fund).

### In the driving seat

There are many potential homes for the maturing CTF money. The most important thing is not to panic, to have a plan and properly take the time to think about what you want to do with the money long-term. If you would like advice on how to make the most of your potential windfall, we're here to help – just get in touch, we can talk through your options with you.

<sup>2</sup>HMRC, 2020

## Book a review of your finances

To book a no obligation initial consultation, which will take place by phone.

Call **08000 85 85 90** or email [appointments@lighthousefa.co.uk](mailto:appointments@lighthousefa.co.uk)

or contact your usual Lighthouse Financial Adviser. Whether you are contacting us for an initial conversation or arranging a seminar/surgery, please could you quote this code **UNSENews2101** either in your email or notify a member of our team over the phone.

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# YOUR MORTGAGE MATTERS – DON'T PUT YOUR HEAD IN THE SAND

**Recent estimates suggest that as many as one million borrowers have lapsed or will lapse onto their lender's expensive default mortgage rate this year. It makes sound financial sense to make sure you are on the most competitive deal for your circumstances.**

## **Inertia doesn't pay**

If your current tracker, fixed rate, or discount mortgage deal has ended, or will end this year, you may find you're automatically switched onto your lender's Standard Variable Rate (SVR) and could be paying way over the odds, perhaps without even realising. SVRs do not normally offer the

most competitive rates and with SVRs usually linked to a percentage above the bank's base rate, the rate can rise and fall, making anyone on an SVR vulnerable to interest rate rises in future.

## **Take advantage of record low mortgage rates**

After two Bank of England rate cuts brought the Base Rate down to 0.1% earlier last year, mortgage rates have remained at record low levels, so it makes sense to shop around to see if you can get a better, more cost-effective mortgage deal.

## **Don't delay**

It can take a couple of months to complete the remortgage process, so it makes sense to act sooner rather than later. Don't worry if you're currently locked into a mortgage deal that has exit charges; you don't have to wait until it has come to an end, as we can help you find a deal before your lock-in period finishes.

## **Good advice pays**

Remortgaging won't be right for everyone, but we can advise you on whether it's a suitable option for you, explaining the costs and any potential implications along the way. In a complex environment, getting good advice can really pay – so get in touch and we'll guide you through the process.



## STAYING FINANCIALLY FIT IN THE NEW NORM

**Many of us have seen challenging and unexpected changes to our circumstances over the last few months and it's possible that your financial plans no longer match your lifestyle and needs. Here are some points to remember to help keep you financially fit.**

### **Review your budget**

Regularly review your income and outgoings, particularly if your circumstances have changed. You may have found yourself in a fortunate position to be able to save more, due to reduced outgoings. Any expensive debt should be cleared as a priority.

### **Strengthen your safety net**

For you and your family, protection policies such as income protection, critical illness cover and life insurance should be considered. If you already have policies in place, we can help

**IF YOU ALREADY HAVE POLICIES IN PLACE,  
WE CAN HELP YOU TO REVIEW THEM TO  
ENSURE THEY STILL OFFER THE MOST SUITABLE  
COVER AT A COMPETITIVE COST**

you to review them to ensure they still offer the most suitable cover at a competitive cost.

### **Look to the future**

It's important not to let short-term events divert you from your plans for the future. Investing for the future remains imperative, no matter what age you are, whether this is via a pension, Individual Savings Account, or elsewhere.

### **Ongoing advice**

If you think your plans may have been affected by changes to your circumstances or you have any other concerns, talk to us. We can help you see the bigger picture, evaluate your options and help keep you on track for the future. We run hundreds of seminars on topics ranging from redundancy to retirement that give members of UNISON practical help with securing their financial future. To find out about arranging a seminar or surgery for members of UNISON at your place of work please contact one of our regional representatives. Please note, due to the Covid-19 pandemic, all seminars and surgeries will be delivered remotely as webinars or telephone surgeries.



## RETIREMENT FOCUS – MORE IMPORTANT NOW THAN EVER (WHATEVER YOUR AGE)

### Have your retirement plans been derailed in the past few months?

If they have, you're certainly not alone, as huge swathes of people have unfortunately suffered the same affliction; in fact, nearly one fifth of those aged 50 or over, believe their retirement will be negatively impacted by the pandemic. Of these, a quarter have not been able to retire due to their finances, a fifth have had to dip into their retirement savings whilst not working and a tenth have retired sooner than expected because of redundancy<sup>1</sup>.

### Hard-hit sectors

Employees in certain industries, already finding it challenging to save into a pension, could be especially hard-hit and face a lifetime of playing catch up with their retirement savings<sup>2</sup>. The public sector will not have been hit as badly as other sectors, but that doesn't mean you shouldn't keep an eye on your pension and retirement goals.

### Not all bad news

Thanks to auto enrolment, over ten million people have saved into a workplace pension, but there are signs the positive Retirement focus – more important now than ever (whatever your age) impact is receding, with nearly half of those aged 22 to 29 still not doing enough to prepare for later life, with many facing retirement poverty. Whatever stage you're at and whatever sector of the economy you work in, it's never too early or too late to get your retirement plan on track.

### Young and old – strategise

If you're younger, don't let any falls in income impact your pension contributions if possible. Small, regular contributions throughout your life can build up and make a difference to the quality of your retirement. If you're older, it's possible you're thinking about postponing retirement or if you lose your job, you might choose to retire earlier than intended. If you still have

a job but your savings have been impacted, an option may be to delay retirement to give yourself more time to prepare.

### Take control

For many people, decisions about their retirement have been driven by the financial impact of the pandemic, rather than personal choice. Don't rush into making life-changing financial decisions; we want you to be in control of your retirement and to have options. Whatever your personal circumstances, we're here for all your financial planning needs.

<sup>1</sup>Co-op, 2020, <sup>2</sup>Scottish Widows, 2020

**EMPLOYEES IN CERTAIN INDUSTRIES, ALREADY FINDING IT CHALLENGING TO SAVE INTO A PENSION, COULD BE ESPECIALLY HARD-HIT AND FACE A LIFETIME OF PLAYING CATCH UP WITH THEIR RETIREMENT SAVINGS**

## We can help

We can help get your finances on track whatever your circumstances. To book a financial review (which can take place by phone) with one of our professional financial advisers. Call **08000 85 85 90** or email **appointments@lighthousefa.co.uk** or contact your usual Lighthouse Financial Adviser. Whether you are contacting us for an initial conversation or arranging a seminar/surgery, please could you quote this code **UNSESN2101** either in your email or notify a member of our team over the phone.

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*The value of your investments, and the income you receive from them, can go down as well as up, so you could get back less than you put in. A pension is a long-term investment and inflation will reduce how much your income is worth over the years. Your eventual income may depend upon the size of the fund at retirement, future interest rates and tax legislation. As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments.*

### Terms and conditions

**Following the initial consultation if you wish to appoint Lighthouse Financial Advice as your financial adviser we will explain and agree any charges with you before undertaking any work on your behalf.**