



'Help to Buy 2' launches early

The second part of the government's Help to Buy scheme launched some three months ahead of schedule in October 2013.

The scheme allows buyers with deposits as small as 5% to take out a mortgage, with the government guaranteeing any borrowing above 80% of the property value.

Which lenders are involved?

The government guarantee makes higher 'loan to value' lending (ie. loans covering a higher proportion of the property value) more attractive to lenders. A number of lenders, including government-backed Lloyds Banking Group, Virgin Money, Royal Bank of Scotland and Aldermore, are already up and running with the scheme.

The signs are positive, with over 2,300 loans applied for within the scheme's first few weeks, and the first cases completed during November. Barclays, Woolwich and Santander have also come forward to say they will be taking part in Help to Buy 2. This should mean more competitive deals become available to borrowers in the coming weeks and months.

Please get in touch for advice on your next property move.

Key details

The second phase of Help to Buy will help people:

- buy a newly-built or existing property with a deposit of only 5% of the purchase price
- who are existing homeowners or first time buyers
- purchase properties with a value of up to £600,000

Is it the best deal out there?

A number of lenders have publicly stated they have no current plans to enter the market, including many of the UK's largest building societies. They view the costs being charged by the government for their guarantee as too high, and have chosen to continue funding their own lending as before.

Pleasingly, these lenders' decision to 'go it alone' is not preventing them from supporting borrowers. A number have already launched new, competitive deals at higher 'loan to value' rates, with some requiring only 5–10% deposits. This is particularly good news if you are a first time or next time buyer – but also great news if you're looking to move up the property ladder but have limited funds for a deposit.

Finding the right deal

Regardless of your circumstances, if you're considering your next property move, be sure to shop around and take professional advice when selecting your mortgage deal. The varying approaches being taken by lenders around Help to Buy 2 mean that the right deal for you may actually be with a lender that isn't participating in the scheme.

For arranging a mortgage a fee of £250.00 is payable on application.

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

Will your policy pay out?

Many people choose not to buy a protection policy, such as critical illness cover, because they believe it's unlikely to pay out.

But in reality, the proportion of protection claims paid by some insurers stands at around 93%. So why is there such a gap between perception and reality among consumers?

Payout rate at over 93%

Around 20 years ago, an estimated 30% of protection claims were declined by insurers – a figure that perhaps informs many people's mistrust of the wider industry.

Since then, things have changed significantly, thanks largely to industry initiatives. Insurers, along with the Association of British Insurers, have worked to raise awareness of the risks of non-disclosure (failure to tell the insurer important information about your medical or family history), to ensure more claims can be paid out. They've also developed clearer questions and definitions on application forms.

The resulting improvement in payout rates is quite staggering. The total proportion of critical illness claims paid in the first half of 2013 by leading insurer Zurich was 93.8%. In 2012, insurer Legal & General paid out on 93.1% of claims – a figure equivalent to £209m.

Common reasons for declined payouts

Of the 744 claims paid by Zurich in 2012, only a tiny proportion were not paid:

- 15 claims were declined because the client didn't inform the provider about important medical or health information when they took out the policy
- 66 claims were declined as the condition claimed for didn't meet the definition within the plan
- two claims were declined as the client tried to claim for conditions that were excluded from their plan

What does a successful claim look like?

No one likes to consider the possibility of being diagnosed with a critical illness, but sadly you never can be sure what the future holds. The examples below detail some of the claims paid by Zurich during 2012.



Examples of critical illness claims paid in 2012 – Male¹

Age	Occupation	Reason for claim	Claim	Time plan held before claim
41	Company Director	Cancer	£1,057,534	5 years
52	Managing Director	Cancer	£300,000	2 years
40	Electrician	Multiple Sclerosis	£127,600	2 years
34	Banking Manager	Stroke	£140,000	2 months
59	Financial Adviser	Coronary Artery Bypass Surgery	£45,365	23 years
42	Auditor	Benign Brain Tumour	£20,000	18 years



Examples of critical illness claims paid in 2012 – Female¹

Age	Occupation	Reason for claim	Claim	Time plan held before claim
42	Compliance Officer	Breast Cancer	£400,000	4 years
56	Hair Stylist	Cancer	£260,250	14 years
39	Book Shop Manager	Stroke	£93,500	4 years
51	Secretary	Multiple Sclerosis	£43,084	5 years
47	Administrator	Cancer	£49,621	7 months
48	Housewife	Heart Attack	£33,142	2 years

This shows only too clearly how critical illness can strike at any time during someone's lifetime. With claims payout rates having improved so significantly in the past two decades, it makes sense to be protected for your own sake - and that of your loved ones.

To discuss your protection needs, please get in touch.



Prepare and protect this winter

We have recently seen storms tear across the UK and forecasters predict we could be crippled by a 'record-breaking and historical' big freeze.

Homeowners are being warned that the impending cold snap is likely to cause hundreds of millions of pounds' worth of damage¹, and are being urged to take urgent action to protect their homes.

Have you made the vital checks?

Home checks and improvements are rarely considered top priority (or particularly appealing) at this time of year. Add to the fact that many of us tell ourselves 'it won't happen to me', and you may be putting your home at unnecessary risk for the sake of a few chilly hours outdoors.

However, whilst claiming on your home insurance will help with the financial impact of correcting damage to your home, it cannot compensate for the inconvenience and stress caused. Spending an afternoon making sure you have your insurance details to hand, checking your property and making a plan to guard your home against bad weather can go a long way towards avoiding the misery that damage to your home can bring.

Top winter tips

- Leave your central heating running at a constant temperature, not on a timer. If possible, leave it running in all rooms.
- If you know you're going to be away, either leave the heating on or drain your water and heating systems. Remember to leave your insurance details with a friend or neighbour. If you have a property that is unoccupied, drain the system.
- Check the lagging on your pipes and water tank, and pay a visit to the loft if you have one. If you have enough constant heating in the house, it will prevent the water tank from freezing. The most likely effect of the sub-zero temperatures in the home will be frozen pipes and water tanks.
- Check your home's level of flood risk at the Environment Agency website (www.environment-agency.gov.uk) by registering for its free flood warning service. If you believe your home is at risk of flooding, prepare by buying and installing flood products in advance.

¹ www.dailymail.co.uk/news/article-206588/UK-braced-Arctic-weather.html

Please get in touch if you would like us to review your Home Insurance policy

There's more than one reason for making a Will

If you've ever been through a Fact Find with your adviser, you may have wondered why you were asked if you had made a Will.

Most people know that having a Will in place enables you to nominate who should receive items of monetary or sentimental value, such as jewellery, property or furniture, in the event of your death. It is also vital in helping you minimise the Inheritance Tax (IHT) payable by your estate.

But above all, a valid Will avoids the potential pitfalls of dying intestate which, in the case of partners who are not legally married or in a civil partnership, could be catastrophic. In such circumstances, the surviving partner has no automatic right to the other's inheritance.

Couples with young children

Where couples have young children, a Will is the best way of clarifying who should look after them should the parents die.

If any of your children are mentally or physically disabled, it is essential that you make a Will. This enables you to appoint trustees to assist in administering the money and other assets left to the child or children, ensuring any means-tested benefits to which they are entitled are not jeopardised.

Business owners

If you are self-employed, in business partnership with others or a major shareholder in a limited company, it is also worth considering how your business assets would be dealt with in the event of your death, without adversely impacting your family or the business itself.

Again, taking professional advice can not only minimise the taxes paid, but also ensure you make best use of all available allowances.

Tax planning

It may not be possible to avoid paying tax altogether, but good planning can reduce – or at the very least defer – the payment of capital taxes, if structured with tax-efficiency in mind.

Getting help

Any Will must be drawn up accurately, avoiding ambiguities, and executed correctly for it to be valid and effective. As such it is always worthwhile using experienced professionals to take your instructions and to draw up the Will itself.

A proper consultation with a Will writing expert will allow you to explore how to reflect your wishes in the most tax-efficient way.

Interest rates on hold – but for how long?



With the economy showing significant signs of recovery, some experts are predicting interest rates may rise much earlier than previously anticipated.

Bank of England governor Mark Carney has said that the Bank will not increase interest rates – which fell to an historic low of 0.5% in March 2009 – until unemployment falls to 7%. In December 2013 unemployment stood at 7.4% (based on August to October figures), down from 7.7% in the previous three-month period (May to July).

The Bank's most optimistic forecast of when it believes unemployment could fall to 7% is by the end of 2014, two years ahead of the 2016 prediction it gave just a few months ago.

This estimate, combined with the recent withdrawal of the Funding for Lending Scheme for residential mortgages, has prompted some financial experts to suggest rates could be raised during 2015.

If your mortgage deal is coming to an end in the next 12 months, be sure to get in touch with us to discuss your options.

If you would like to find out more about how to arrange a Will, please contact us.

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Kingsland Financial
13-15 High Street
Tettenhall
Wolverhampton
WV6 8QS

01902 747744 or 07974 320452
simon@kingslandfinancial.co.uk
www.kingslandfinancial.co.uk

Kingsland financial
Going that extra mile