

VIEWPOINT

MELROSE WEMYSS ASSOCIATES LTD

Thank you for reading our newsletter, if you would like to discuss any of the articles further, please do not hesitate to contact us



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When your current mortgage deal comes to an end you might be tempted to do nothing and simply move on to your lender's Standard Variable Rate (SVR). However, by doing so you could risk your mortgage rate more than doubling.

SVR tend to be higher than the rates offered by other types of mortgage like tracker. In January 2019, the average SVR was 4.9%, compared to 2.52% for a two-year fixed-rate mortgage. Over the life of the mortgage this can mean paying thousands more interest than you need to.

Remortgaging to a better deal

Finding a new mortgage deal is a lot easier than getting your first mortgage. You don't have the stress of finding a home, working with estate agents, negotiating contracts or worrying about onward chains.

When it comes to remortgaging you could choose to stay with your current lender, and they might offer you something tempting to stay with them, but you don't have to. Switching to a new lender may seem like hassle you don't need, but it's worth the effort as it could mean you get a better rate.

Whether you're staying with your current lender or moving to a new one, just as with your initial deal it can pay to get advice to help find the most suitable mortgage for your needs. That's where we come in.

The value of our advice

We'll look at your current deal and work out if there are any exit fees or early repayment charges. We'll discuss your needs and future plans; whether you want to pay off your mortgage early or you're looking for lower monthly repayments.

We'll check any changes in circumstances and how they impact your financial plans; have you started a new job or reduced your hours to care for a new baby?

What's more, We'll complete your mortgage application and take care of the legwork for you. As part of Openwork Ltd, one of the UK's largest financial adviser networks, we can access competitive rates from most of the UK's best-known lenders.

You may be able to save money if you switch to a new deal. Don't leave it too late and end up paying more than you have to. Contact us today to discuss your remortgage.

Are you at the end of your deal?

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

It's time to think about life insurance

If you have dependents – people who rely on you financially – then you should have life insurance. In fact, if you have dependents and don't have life insurance, you are exposing them to grave financial risk. And who would want to do that?

Life insurance tends not to feature on 'to do' lists because it makes us confront uncomfortable questions, such as what would happen to our loved ones if we were to die unexpectedly in the next few years.

However, we all carry a deep responsibility to ensure those we leave behind at least have sufficient funds to carry on with life if we're no longer around. That means putting plans in place to address unpleasant possibilities.

Types of life insurance

There are two main types of life insurance. The one most people need is 'term' insurance. This pays out if the policyholder dies within a stated period – the 'term'.

The other type – 'whole of life' insurance – pays out on your death, whenever that occurs. This is more of an investment vehicle than a financial protection plan and is typically used for estate planning.

Dealing with debt

Term insurance pays out money that can be used to clear debts such as a mortgage, lifting a huge financial burden and enabling your loved ones to stay in the family home.

It can also provide for day-to-day living expenses – everything from groceries to utility bills, and from school and university fees to family holidays.

Key points

GET ENOUGH COVER

Buy sufficient insurance to take care of your family until the youngest is financially self-sufficient.

YOU BOTH NEED IT

If you're in a couple, you both need cover, even if one of you stays at home. The proceeds can pay for services such as childcare and keeping up the house.

BUY SEPARATE POLICIES

Joint life insurance covers you both under one policy, but separate policies are more flexible and provide greater protection, although they cost a bit more.

WORK COVER ISN'T ENOUGH

Many firms offer 'death in service' life insurance. However, once you've worked out how much cover you need, you'll probably realise this isn't enough and you'll need a policy of your own.

THE SOONER THE BETTER

The older you are, the more expensive life insurance is, so bite the bullet and buy young.

PUT YOUR POLICY 'IN TRUST'

Doing so places the proceeds outside your estate so it can be paid to your beneficiaries without any delay associated with probate. It also keeps the money from the clutches of the tax man.

REVIEW REGULARLY

Monitor your life insurance coverage to make sure it keeps pace with your circumstances. Events such as marriage, the birth of children and moving home might prompt you to increase the amount of insurance you have.

It is important to take professional advice before making any decision relating to your personal finances.

Managing mortgage stress – we're here for you

Whether you're a first-time buyer, a second-stepper or further up the housing ladder, buying a home is always a big move and can feel a bit like a roller coaster ride at the best of times. Now there is the added complications and worries that the COVID-19 pandemic may have caused for people's lives, finances and general wellbeing. Here are some tips that can help you navigate the home moving process as smoothly as possible.

Smooth sailing

Taking advice will save you time, money and stress. We are on your side, we know the industry and the most appropriate lenders, to be able to recommend the most suitable mortgage for you and we can offer useful advice on all aspects of the house buying process. More now than ever, the value of professional advice is immeasurable. As the mortgage market changes, it's our job to keep our finger on the pulse. We'll be able to help you get a decision in principle from a lender, which will give a seller the confidence that you are a serious purchaser.

Expert navigation

We can help you familiarise yourself with all the stages involved in getting a mortgage. We'll explain important things like how affordability checks work, what paperwork you'll need to provide to a lender in support of your application, and what costs and fees you should budget for. You will need to have saved a deposit - in most cases the bigger the deposit you can put down, the lower your interest rate is likely to be.

Check out your finances in advance

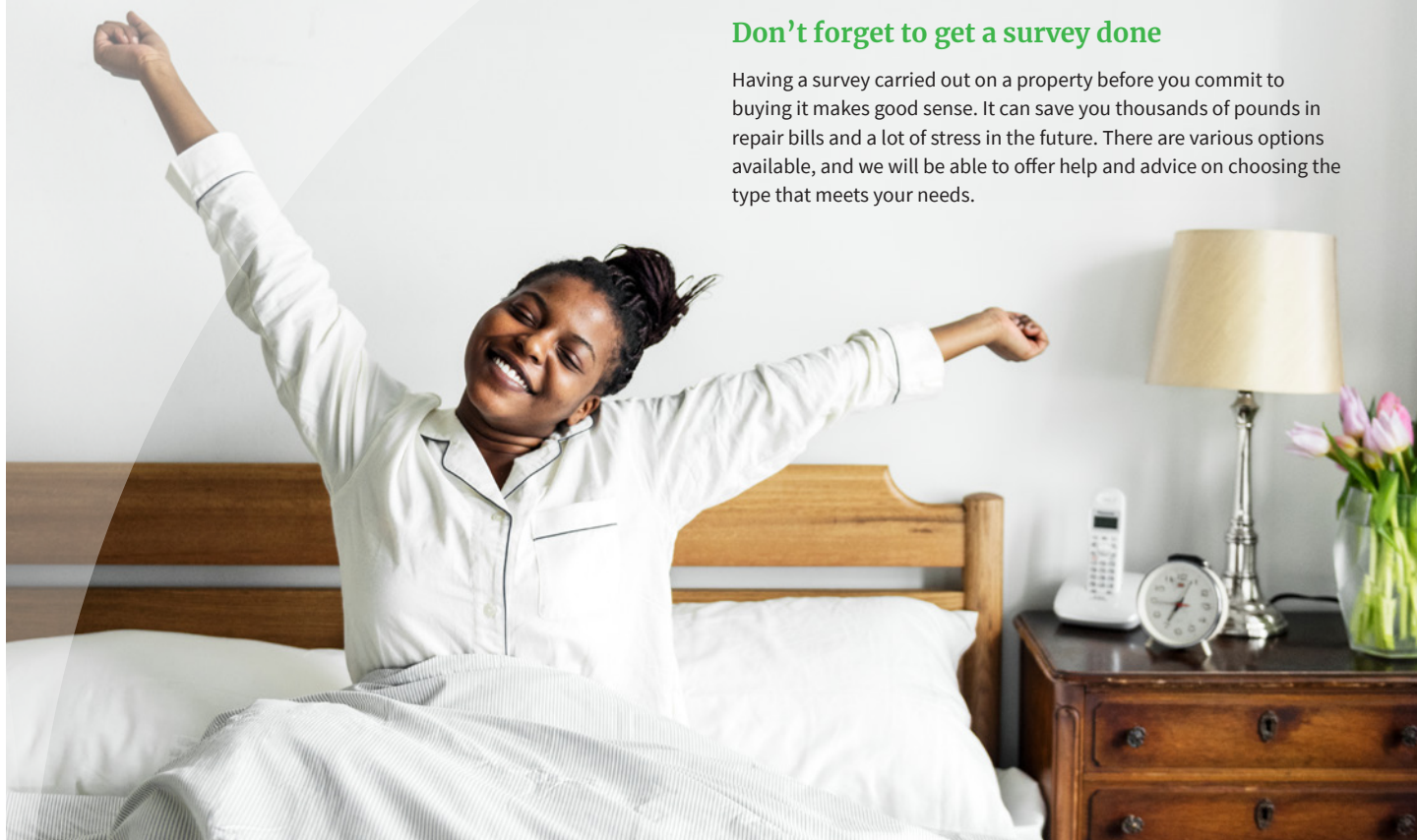
Start by taking a look at your income and outgoings; any lender considering your mortgage application will expect you to be on top of all your bills and be comfortably able to afford your monthly mortgage payments. It makes sense to cut back on things like unused subscriptions and watch how much you spend on things like eating out. Lenders will want to see a healthy credit score - a higher score usually means you are a lower risk; the more points you score the better the chances that you'll be offered better interest rates. Being under time pressure can increase your stress levels, so it pays to have your finances in order before you start looking for a property and a mortgage.

Work with a good estate agent

It's worth taking the time to get to know a reputable estate agent. Explain your circumstances to them so that they can pass on relevant information to sellers. First-time buyers with a mortgage offer in place are in a strong position as they can proceed more quickly than another buyer who has yet to sell their property.

Don't forget to get a survey done

Having a survey carried out on a property before you commit to buying it makes good sense. It can save you thousands of pounds in repair bills and a lot of stress in the future. There are various options available, and we will be able to offer help and advice on choosing the type that meets your needs.



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

The insurance policy that could prove critical

Some people might be put off buying a critical illness policy because they believe it's unlikely to pay out, despite the proportion of *claims paid by insurers standing at just over 92%*.

So why is there such a gap between perception and reality among consumers?

There have been well-publicised stories in the past where a policyholder has had a claim refused because their circumstances didn't meet the insurer's terms and conditions. But in reality, the number of critical illness claims declined are actually a tiny minority compared to the total paid out. Take a look at these numbers from 2017 from some of the UK's leading insurers:

Insurer	% of critical illness claims paid
Aviva	93%
Zurich	95%
Vitality	92%
Legal and General	92%
LV=	89%

Reasons why an insurer may not pay a claim:

- The policyholder didn't inform the provider about important medical or health information when they took out the policy
- The condition claimed for didn't meet the definition within the plan
- The policyholder tried to claim for conditions that were excluded from their plan

Separating fact from fiction

A critical illness policy pays out a tax free lump sum on diagnosis for any of the specified serious illnesses – around 100, including cancer, heart attack or stroke. There are additional benefits available with these policies which can be life-changing when called upon.

The cover might seem costly; a policy from Aviva for a 35-year-old non-smoker needing £200,000 cover over 25 years would cost £64 a month and it gets more as you get older but the value of this type of protection makes it absolutely worth considering. In fact, the Association of British Insurers reported that a total of 96% of critical illness claims made for cancer were paid out across the industry, demonstrating the positive impact these products can have during the worst of times.

The insurance market can be complex and confusing. Price comparison sites can make it easier to search and compare critical illness policies, but there's such a large choice and variety of products and you might end up paying for something that doesn't quite fit your circumstances.

Don't leave it to chance, seek professional, face-to-face advice from someone who will get to know your circumstances, your family history and your likely protection requirements and recommend critical illness cover that's right for you.

If you'd like to know more about how we can help you arrange serious or critical illness cover, or you'd like a better understanding of the options available, please get in touch.