



Mortgage Winter Newsletter 2020

Independent Financial Advisers and Wealth Managers since 1999

Welcome to 2020 and your first Newsletter of the new decade! Financial Advice Centre Ltd has kicked off the new year with a spring in our step and many new plans in the pipeline.

We are keeping the format of the newsletter the same as the last few issues as this has proven popular and the right balance of information for the quarter.

In this issue we kick off the year with lots of interesting content:

- **New year, new mortgage:** It's a busy time of year for mortgages, so if you're considering your options, we've done some of thinking for you.
- **End of tax year financial checklist:** Our financial advice team have pulled together a quick reference check list to prompt you to think about the end of the tax year.
- **20k for 2020:** Involvement with our four chosen charities continues and some of our fundraising activity news is also included.
- **LinkedIn:** We are posting interesting information including videos and press clippings here you might find interesting. If you use LinkedIn – make sure you **follow us**.

Jonny Arr, the latest member to join our team from a professional rugby career with Worcester Warriors has launched his new blog. His honest and insightful look into life 'After the Final Whistle' has proven very popular with rugby and other sports fans as well as those interested to follow his journey into financial services. In the next blog, due out soon, he talks about his experience of trust in his career so far. If you haven't already, **subscribe** to get these monthly insights from Jonny.

We look forward to working alongside you this year as well as keeping you up to date with monthly news and relevant market updates. Previous issues of all our publications are also available on our **website**.

Please don't hesitate to contact us with any questions or feedback on **office@face-uk.com** or 01905 731 864.



George Roberts,
Mortgage Director

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Keep up to date with the latest news and stories from Jonny, direct to your inbox - **subscribe here**.

*For questions and advice
get in contact today...*

Financial Advice Centre Ltd
7 Sansome Place
Worcester WR1 1UG

T 01905 731 864
E office@face-uk.com
www.face-uk.com



Your Mortgage Advisor Discusses



George Roberts

New year, new mortgage?

Welcome to 2020. A New Year brings with it excitement, optimism and a fresh confidence to achieve new goals. Financial wellbeing is often one of the top resolutions set at this time of year and for Homeowners throughout the country, the key to this success could be closer to home than they think...

Mortgage rates have plunged in the past few months and are currently at their lowest point in four years. For borrowers, this could be the time to strike to knock years off the mortgage term or save thousands in interest.

Remortgaging: unlocking the benefits

Remortgaging means switching your existing mortgage to a new deal and lender whilst living in the same home. The most common reason to think about remortgaging is to cut the cost of a mortgage and to reassess finances. This can be particularly advantageous whilst interest rates are low.

Saving on mortgage repayments could be the key to unlocking your financial goals for 2020 as freeing up cash could help the funding of other projects, purchases or life experiences. Similar advantages are achievable for those who "overpay" on a current mortgage. Taking a lower rate whilst maintaining the same monthly repayment could see years shaved off the term allowing financial freedom sooner.

Get 'remortgage ready':

As a remortgage is an application for a new mortgage loan, new lenders have an obligation to lend fairly and responsibly, they will therefore underwrite your application and value your home. A solicitor will also be needed to oversee any change of lender on the title deeds. Good news – the legal costs and valuation costs are covered by any new lender.

Get in financial shape:

Building up a picture of your own financial health prior to applying for a new mortgage will speed up the application process, and likelihood of approval. Here are some handy tips to get remortgage ready:

- 1. Organise your expenditure:** A new lender will typically want to review three months previous payslips and three months previous bank statements. It is an opportune time, before a mortgage application, to review your own spending habits. An income and expenditure chart could be a useful way to declutter and restructure your household outgoings.
- 2. Know the value of your home:** An up to date valuation of the property is vital in determining what deals may be available when you come to remortgage. It is advisable to seek the opinion of local property experts to obtain a market value.
- 3. Check your credit rating:** It is possible that your credit rating has changed since you last applied for a mortgage. A good credit score is vital towards a successful application. You can review your credit score online and most lenders use Experian or Equifax as point of reference when assessing a mortgage application.
- 4. Your existing mortgage deal:** You could be tied into a deal with your existing lender and have to pay a penalty known as an early repayment charge (ERC) to switch. If this is the case, we would calculate if the overall saving made it worth paying the charge. It is vital you understand the position with your current lender prior to a new application.

FREE mortgage advice until 29 February

It's an expensive time of year, so we want to make things easier. Refer your friends to our mortgage team and they will pay £0 for purchases, buy to let and remortgages service until 29 February.

For more information on rates and advice for remortgaging please contact the mortgage department. Wishing you a healthy and prosperous new year.

The Financial Advice Team Discusses | part 1



Piers Mepsted

End of tax year financial checklist

Those investing or with pensions invested will have seen some very positive returns as worldwide markets. However, an absence of tax-planning can mean you pay more tax on those gains than is necessary. There is still time before the end of this tax year, 5th April 2020, to take advantage of these tax allowances.

We have outlined the allowances below, but to discuss your specific circumstances, please get in touch now. This will also ensure anything that needs to be done is organised in time for the April deadline.

Personal Allowance

You can earn £12,500 in tax year 2019/20 before you pay any income tax. Most people know there is a tax-free band but are paid through their employment and don't need to think too much about it. However, if you have retired and draw income from a personal pension then you may want to ensure you have taken the full £12,500 in total income (including State pension).

Marriage Allowance

If one partner in a marriage or Civil Partnership earns below £12,500 per year and the other earns below £50,000 per year then it is possible to transfer up to 10% of the lower earner's Personal Allowance (of £12,500). This transfer can be done for the previous tax year so get it done before the tax year-end in order to take advantage.

Pension Annual Allowance

Each year every individual UK tax resident under the age of 75 can contribute to a pension and receive tax relief. There are various rules concerning the amount you can contribute however, you should always use the allowance if possible – please contact us to discuss.

ISA Allowance

We all have an annual allowance of £20,000 which can be put into an ISA. This allowance cannot be carried forward into the next tax year, so if you have not utilised it, please get in touch to ensure it is completed by 5th April.

Capital Gains Tax (CGT) Allowance

The capital gains tax allowance is £12,000 for 2019/20. This allowance is often overlooked but can give significant benefits if you have investments and assets outside of Pensions or ISAs. You may want to consider realising some of the gains on non-ISA and non-Pension investments, in order to make use of this allowance. As with ISAs, CGT cannot be carried forward and must be used in each tax year.

The Financial Advice Team Discusses | part 2

There are a few other schemes promoted by HMRC, designed to encourage individuals to invest in the UK economy, with the incentive being a reduced tax bill.

Venture Capital Trust (VCT)

A VCT is a listed company in which you invest. Upon investment, you will receive a tax rebate of up to 30% of your investment from HMRC up to the level of income tax you paid in that tax year. The maximum you can invest in any one year is £200,000 and you must hold that investment for at least five years in order to benefit from the Income Tax relief. Dividends paid from a VCT are tax-free. Although the risks of a VCT investment need to be considered carefully, this is an effective way to reduce your tax bill.

Enterprise Investment Scheme (EIS)

The EIS is designed to help smaller, higher-risk companies raise finance by offering tax relief on new shares in those companies that qualify. For the investor, it's a tax-efficient way to invest in small companies – up to £1,000,000 per year with Income Tax relief of 30% (again, restricted to a maximum of the value of income tax you pay). The minimum holding period is three years. EIS's have other tax advantages - they are exempt from CGT, you can obtain loss relief against other investments if your EIS makes a loss, and you can defer CGT on other investments if you invest the gain in an EIS.

What makes it even more attractive is the 'carry back' facility where investments can be applied to the preceding tax year i.e. the investment is treated as if it is made in the previous tax-year and you get relief on the previous years' Income Tax.

This is a very brief overview of some of the tax planning options available. To find out more please get in touch to discuss your alternatives and help you plan for a tax-efficient future.

2020 Tax Allowances Summary

Allowance	Value / Amount	Notes
Earnings Personal Allowance	£12,500	Value you can earn before paying tax
Marriage Allowance	Up to 10% of Personal Allowance	Value you can transfer to your spouse / civil partner
Pension Annual Allowance	Lower of £40,000 or annual earnings	Amount which can be paid into your pension per annum
ISA Allowance	£20,000	Amount which can be paid into your ISA per year
Capital Gains Tax (CGT) Allowance	£12,000	Amount of capital gains charged at 0%
Venture Capital Trust Allowance	£200,000	Maximum annual investment into a VCT
Enterprise Investment Scheme Allowance	£1,000,000	Maximum annual investment into an EIS



Case Study | Income Protection

Many people believe they may be entitled to receive some financial help from their employer or through the state benefit system should something happen to them. However, in reality, 43% of UK employers would reduce pay to statutory sick pay after two weeks.

Making sure you understand what your employer offers in terms of sick pay is very important as is knowing what happens if you are self-employed.

With a dedicated Mortgage and Financial Advice Team on site, clients can not only benefit from independent mortgage advice but also discuss and protect income should the need arise.

Our client:

We arranged a new mortgage for an existing client of Financial Advice Centre. Our client was the daughter of a longstanding client, a First Time Buyer, aged 32 and a self-employed dentist. The mortgage application process was straightforward however, our client was aware she would be solely responsible for covering all the monthly outgoings and mortgage repayments from her own income - regardless of the circumstances.

Our client is a highly qualified professional with years of training and experience requiring full use of her hands and fingers to do her job!

The problem:

Our client was self-employed so if she was off work due to an accident or illness she would not get paid. The client had some accessible savings that could cover her for a few months in an emergency, but if it was a long term illness then paying her mortgage each month would be difficult.

As she has a very specific job, it was very important to obtain a cover that offered her 'own occupation'. This means that in the event of an accident or illness the cover will continue to pay whilst you cannot do your job. A number of Income Protection plans cover you for 'any occupation' which means if you are able to retrain or do another job the benefit would be reduced or not paid at all.

In addition, our client wanted any benefits received to be payable up to her retirement age of 68 (she is now age 32) and opted for an 8 week waiting period, which means that the client would not receive benefits until 8 weeks after claim (other waiting periods are available such as 4, 13, 26 & 52 weeks).

The solution:

With our Mortgage Team we researched the market and recommended a provider that would provide benefits of up to 60% of her income tax free on a monthly basis. This meant she would receive £3,200 per month up to the age 68 in the event of a claim.

The premium was £63.30 per month with an option to index her benefits against inflation if required. If she had wanted to make sure the benefit increased with inflation this could have been added to the plan. This would have meant the premium would increase each year.

All that was required by the insurer to activate her policy was a fully completed application form including medical details. We worked with the client to complete these correctly.

Conclusion:

Our client now has peace of mind that in the event of something happening to her hands her income will be protected providing her with funds to cover all her bills, living expenses and mortgage payments.

To find out more about how income protection plans can help you then please contact our Mortgage Team on 01905 723 058.

Please note this is an example, and that everyone's situation and circumstances are different and you should seek advice linked to your personal situation and have recommendations based on this by contacting your Financial Adviser.

Case Study | Income Protection

Quick guide to income protection:

What is income protection?

If you can't work because of illness, injury or disability, Income Protection will cover your salary, help you recover and settle back into work by providing a monthly tax-free income to help pay your bills, your mortgage or even medical costs as you recover.

There are often a variety of choices when it comes to taking out Income Protection but as a rule you can protect up to 60% of your earnings. This payment is fully tax free.

For example, if you earn £5,000 per month gross, you would receive 60% on of the this income therefore giving you a monthly income of £3,000 per month tax free. An income of £5,000 per month gross would normally give you a net income of £3,611 so even though you can only get up to 60% after tax this is more like 80% of your net income.

Do you really need it?

Your income should be one of the first things you protect, helping to ensure your monthly outgoings are covered.

Some quick facts to consider:

- **£528.00** - What the average family spends every week on things like housing, transport and food.
- **Up to £109.00** - The State Employment and Support Allowance that may be paid per week.
- **4 years** - The average length of an Income Protection claim.



Jonny Arr's latest blog: The Power of Trust

I know a thing or two about trust.

I've come from a profession where trust is often placed at the centre of everything.

The best performances and the greatest of victories on the rugby field are all born from teammates with relationships entirely trusting of each other. Teammates that are selfless, bound by a unique affinity, ultimately prepared to put their own safety in the hands of one another and on the line for the benefit of their team.

I take this trust as inherent. So what I have found interesting, is entering a profession where the industry regulator is putting a spotlight on the trust between adviser and client.

[Read more...](#)

Low interest rates supporting affordability:

Mortgage Solutions

Committed to mortgage intermediaries

MARKETWATCH

'If clients are stretching their budget it has to be affordable now and in the future' – Marketwatch

by: Shekina Tuahene

30/10/2019 • 1



In the 11 years since the financial crash, house price growth has outstripped wage growth. However, that seemed to ease in April when data from the Rightmove Property Index showed the average wage outgrew house price inflation for the first time.

[Read more...](#)

Our company values drive how we grow:

Mortgage Solutions

Committed to mortgage intermediaries

MARKETWATCH

It's important to retain company values when looking to expand – Marketwatch

by: Shekina Tuahene

08/01/2020 • 0



A new year tends to encourage many to reflect and think of ways to better themselves in the future, and business affairs are no exception.

[Read more...](#)

20K for 2020

WORCESTER SNOEZELN NEWS – JANUARY 2020

The Snoezelen Centre continues to be well-used by the many people with learning disabilities and additional needs who visit for multi-sensory leisure therapy each week – and our art, music and Activity Wednesday and Friday Club sessions are doing well too.

The Centre – with its sensory rooms and hydro-pool – can be booked for birthday parties on Saturday and Sunday afternoons, subject to availability.

We couldn't continue to offer all that we do without the generous gifts of donors – and we are very grateful indeed to the Financial Advice Centre for supporting us this year in their 20K for 20 years campaign.

We were delighted to be supported by their team at our Cyclathon in December – it was a fun day with 3 adapted exercise bikes suitable for everyone including wheelchair users at Activity Wednesday. There was a regular exercise bike at Sainsburys too.

Piers along with his daughter, Adam Smith, Kirsten Palmer-Jeffery, Kelly Soley and Angela Whillians kept the wheels turning for over an hour – and with all of us together we kept the bikes going and cycled 226 km/140miles.

Our Members were sponsored and we had donations into a collection at Sainsbury's, with £342 so far raised by the Cyclathon for Snoezelen.

Some big news is that the new Café Snoezelen will be open for our visitors in February. We have recruited our new Café manager, Flory, and she is busy getting everything organised and ready. We're looking forward to the smell of fresh coffee and cake!!



How you can help:

To make a donation to our 20k for 20 years campaign please contact:

Kirsten Palmer-Jeffery
kirsten@face-uk.com



MAGGS DAY CENTRE NEWS

A new extension of Maggs is sent to open in Malvern on 4/2/20. It will be open Tuesdays and Fridays 8-1 in the salvation army hall on Newtown road. It will adopt the same model as Maggs Day Centre Worcester and will be open to rough sleepers and those in need or vulnerably housed. Caring for Communities and People (CCP) will provide a drop in on Friday to provide homeless prevention advice. One of the Maggs outreach team will provide a drop in on a Tuesday.

The project has been in the planning for around 1 year and came about when Mel Kirk, Maggs Chief Executive met with a local resident to discuss what the local community could do in response to the two homeless deaths in Malvern. This resident (the man at the front of the picture) then created Malvern Cares and has assisted in the fundraising for the project.

The project will provide breakfast and lunch, advice and guidance, showers and washing facilities for rough sleepers.

Never one to rest on her laurels, Mel has also started training for a sponsored hike in North Pakistan near K2 in August / September 2020 to raise money for Maggs. She will be creating a blog page with the trials and tribulations of the training sessions prior to the big event and we will let you know the address when it's created. Some of the training sessions are booked already and she is open to any suggestions of other walks that can be done. The longer the better (but no more than 50 miles - that's the 24 hour walk!! And please can they be accessible via public transport. Also if anyone wants to join in on any of the walks please let Maggs know! Those coming up on the next few weeks are listed below:

- | | |
|------|--|
| 1/2 | Malvern to Ledbury |
| 8/2 | Perdiswell then Northwick circular walk then to city 7 miles |
| 15/2 | Walk to Bromsgrove from Worcester 17 miles |
| 16/2 | Walk to Malvern from Worcester 10 miles |
| 22/2 | Walk to Upton from Worcester and back again 14 miles |

The Last Word | part 3



Onside are busy organising a full calendar of fundraising events. A list of upcoming events are below:

- **Pop Up Restaurant Evening (European Theme)** - 7th March

- **Barn Dance** - 27th March

Claines British Legion are hosting our Barn Dance, starting at 7:30pm. Tickets are £10 and include snacks and puddings. Licensed bar on site. Please contact Angela on 01905 27525 / 07814 844 590 to book.

- **Autofest** - 28th June

Autofest is an all make all model and age car show, will feature static displays, super car passenger rides, trade stands, family entertainment, food, drink, music and much more. Autofest is run at Stoke Prior Sports and Country Club and offers car show that has something for everyone, reflecting Onside values and beliefs that everyone has the right to be included. More information is available at mobile.twitter.com/autofesthw

About Financial Advice Centre Limited

Financial Advice Centre Ltd is a team of Worcestershire based Independent Financial Advisers (IFA's) and Wealth Managers. Founded in 1999, the team has grown to become a leading West Midlands based firm recognised for progressive thinking and a refreshing, transparent approach to managing and advising on client funds.

Our team of IFA's have deep technical expertise and offer an innovative approach to financial advice as seen through our proven pedigree of successful strategies in these areas:

- Bespoke Investment Strategies
- Retirement Planning Solutions
- Pension Drawdown and Freedoms
- Wealth Management
- Inheritance Tax Planning
- Mortgages
- Life Assurance and Protection

We are active Advisers with a unique charging structure focussed on building long term relationships and consistently adding value to clients' investment propositions. Our aim is to provide a service that is both forward-thinking and independent to help clients achieve their financial objectives.

Clients choose to work with us because we simplify a complicated financial environment and consistently deliver results in a way that's easy to understand.

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