VIEWPOINT

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INFINITY
financial advice

The value of mortgage advice

With so many mortgage lenders offering their products on the high street and online, it can be tempting to cut out the middleman and 'go direct'.

But when you're making such a huge financial commitment, the guidance you can get from a qualified mortgage adviser can be invaluable.

Here are five ways we can make a difference to your mortgage search:

1. We know what a good deal looks like

It's easy to underestimate the costs involved when buying a property or remortgaging. An attractive rate may appear good value, but this could change once you factor in things like fees and loan conditions.

We will compare a wide range of lenders and thousands of mortgages on your behalf; looking beyond the headline rate so that you understand how the length and type of loan will affect how much you pay over the longer term. We'll highlight any additional costs you should be aware of (like administration fees, booking fees and valuation costs).

2. We know the market

If your mortgage needs or circumstances are 'out of the ordinary', you may find it more difficult to find a mortgage. We can save you time and hassle and help you find a suitable lender.

3. We can do the hard work for you

Selecting the right mortgage is just the start. We will work with you to complete all of the necessary application forms, liaise on your behalf with solicitors, valuers and surveyors, and help make the process as smooth as possible.

4. We are professionally qualified

Unlike many branch and telephone-based mortgage sellers in banks and building societies, we are able to advise you on a broad range of lenders and products. This means you benefit from genuine choice coupled with quality advice.

5. We look beyond the mortgage

We consider the bigger picture when it comes to advising you on your mortgage. For example, we can help you safeguard your home by recommending products that can financially protect you and your family, should the unexpected happen. We can also recommend providers that can help with other elements of the home-buying process, including solicitors and surveyors.

And, if you want us to, we can stay in touch with you into the future, to ensure your mortgage and protection arrangements remain appropriate for your needs.

Conveyancing is not regulated by the Financial Conduct Authority.

Whether you're looking for a mortgage on your first home or dream home, we can help.

OW0445 Exp. 19/12/17

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

Our fee for this service is £149 in relation to property purchases and/or £99 in relation to property re-mortgages

Buying for the first time?

For first-time buyers, getting onto the property ladder may seem a daunting process, but there's more help available than you might think.

With supply and demand at an imbalance, the average UK house price has been pushed beyond the reach of many first-time buyers. August data from Land Registry shows an annual price increase of 8.4%, taking the value of the average UK property to £218,964. When you consider that first-time buyers would typically put down around 20% against their first home, it's no wonder finding a sufficient deposit is becoming increasingly difficult – especially if you are currently renting.

Help is at hand

A report from Which? shows that just over half of first-time buyers (52%) had to rely on financial support from a parent or family member in order to purchase their home. This 'bank of mum and dad' has been a useful financial foot-up for many.

If you're not able to put down a large deposit you may be able to find a mortgage rate of 90% or 95% – provided you can meet the lender's affordability criteria.

Government help

Although the Help to Buy: mortgage guarantee scheme came to an end in December 2016, the Help to Buy: Equity Loan is still available. Here, the Government lends you up to 20% of the cost of your home, so you'll only need a 5% cash deposit and a 75% mortgage to make up the rest. Equity loans are available to first-time buyers as well as homeowners looking to move, provided it's for a new-build worth less than £600,000.

The Help to Buy: ISA will help you boost your savings by 25%. For every £200 you save you receive a government bonus of £50. The maximum government bonus you can receive is £3,000.

Sound mortgage advice can take the complexities out of the home-buying process and maximise your chances of getting an affordable mortgage.

If you need help getting onto the property ladder please get in touch.

OW0479 Exp. 06/06/17

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What makes a good Buy to Let investment?

With property prices continuing to rise, Buy to Let can be an attractive way to invest. But whether buying your first Buy to Let property, or adding to your portfolio, it's important to consider what's involved.

Being a landlord

As well as the obvious duties of finding tenants and making sure they pay their rent on time, there are also a number of legal requirements that you need to meet as a landlord. For instance, you'll need to use a deposit protection scheme, have the right Energy Performance Certificates and arrange annual safety checks and certificates for the utility supplies. You'll also need to keep the property well maintained and respond to requests from your tenants if and when an issue arises.

Managing your finances

Then there's the question of managing your commitment to the mortgage lender. Interest rates may be low now, but if you're on a tracker mortgage and rates go up, could your income stand the rise? What if you have a gap in tenants and the rent dries up temporarily?

In the short term, landlords can still deduct mortgage interest from their rental income before calculating how much tax they should pay. However, from April, tax relief on Buy to Let mortgage interest will gradually be reduced. The restrictions will be phased in over four years, resulting in tax relief only being available at the basic rate of income tax (currently 20%) from April 2020. This could impact on any profit you're expecting to make on your investment so it's important to take it into account now.

Research before you buy

In terms of the property itself, have you thought about the location you're buying in? Take the time to look around the area you're considering. Is it up and coming or going down and out? If you're looking to rent to a young family, do the local schools have a good reputation? Does it have good commuter links for young professionals? It may sound obvious, but it's a good idea to put yourself in the shoes of your potential tenants and ask yourself what they would want. Their requirements may be quite different to yours.

Work out all the costs

Buy to Let lenders may require the rent you charge to cover up to 145% of the mortgage repayments, with many now requiring 25% deposits, or even larger. Once you know your mortgage rate and the monthly rent you're going to charge, you should also factor in maintenance costs.

And with stamp duty 3% higher than on a residential property, make sure you cover all the costs involved in buying your investment property – especially in view of the diminishing tax relief.

Protect your investment

It's important to protect your property, its contents, and your ability to keep up with your mortgage repayments should the unexpected happen and there are a range of different insurance products designed to meet these requirements:

- Buildings insurance
- Contents insurance
- Landlord's insurance
- Life insurance
- Mortgage payment protection insurance (MPPI)
- Critical illness insurance
- Income protection

Which product is right for you will depend on your individual circumstances, so it's important to get professional advice as part of the process.

Taking the plunge?

Like any investment, there are no guarantees with Buy to Let. But, despite tax changes and potential mortgage rate rises, strong demand from tenants and rising property prices mean many investors are still tempted to take the plunge.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Some Buy to Let mortgages are not regulated by the Financial Conduct Authority.

If you'd like to find out more about Buy to Let investments, please get in touch.

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OW0482 Exp. 07/06/17

Automatic enrolment and you

Auto-enrolment is a Government initiative where all workers will be automatically enrolled into a workplace pension.

New figures show that by 2020 over 10 million people are expected to be newly saving or saving more as a result of automatic enrolment. This means that an additional £17 billion a year is projected to be saved into workplace pensions by 2019/20.

By 2018, all employers will have been required to enrol their eligible workers into a workplace pension scheme if they are not already in one. So far, over 6.7 million people have been automatically enrolled into a workplace pension by more than 250,000 employers.

Employers' duties

Three quarters of the total working population are now estimated to meet the age and earnings criteria for automatic enrolment ie. that:

- you're not already in one
- you're aged between 22 and State Pension age
- you earn more than £10,000 a year (£833 a month, £192 a week)
- you work in the UK

Employers must enrol and make a contribution for all staff who meet the criteria. You can choose to opt out of the scheme, but your employer is obliged to enrol you back in automatically every three years. You can opt out again if you still don't think it's for you, but you should think carefully before you do – especially if you don't have any other pension savings.

Paying in

How much you'll save will depend on your salary and the specific scheme you've been signed up to. By 2018 the minimum contributions will rise to the equivalent of 8% of a worker's earnings – this will be made up of a 4% employee contribution, 3% from the employer and 1% from tax relief. You can however choose to increase your own contribution for a bigger final pot when you are ready to retire.

If you'd like expert advice on your retirement choices, please get in touch.

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