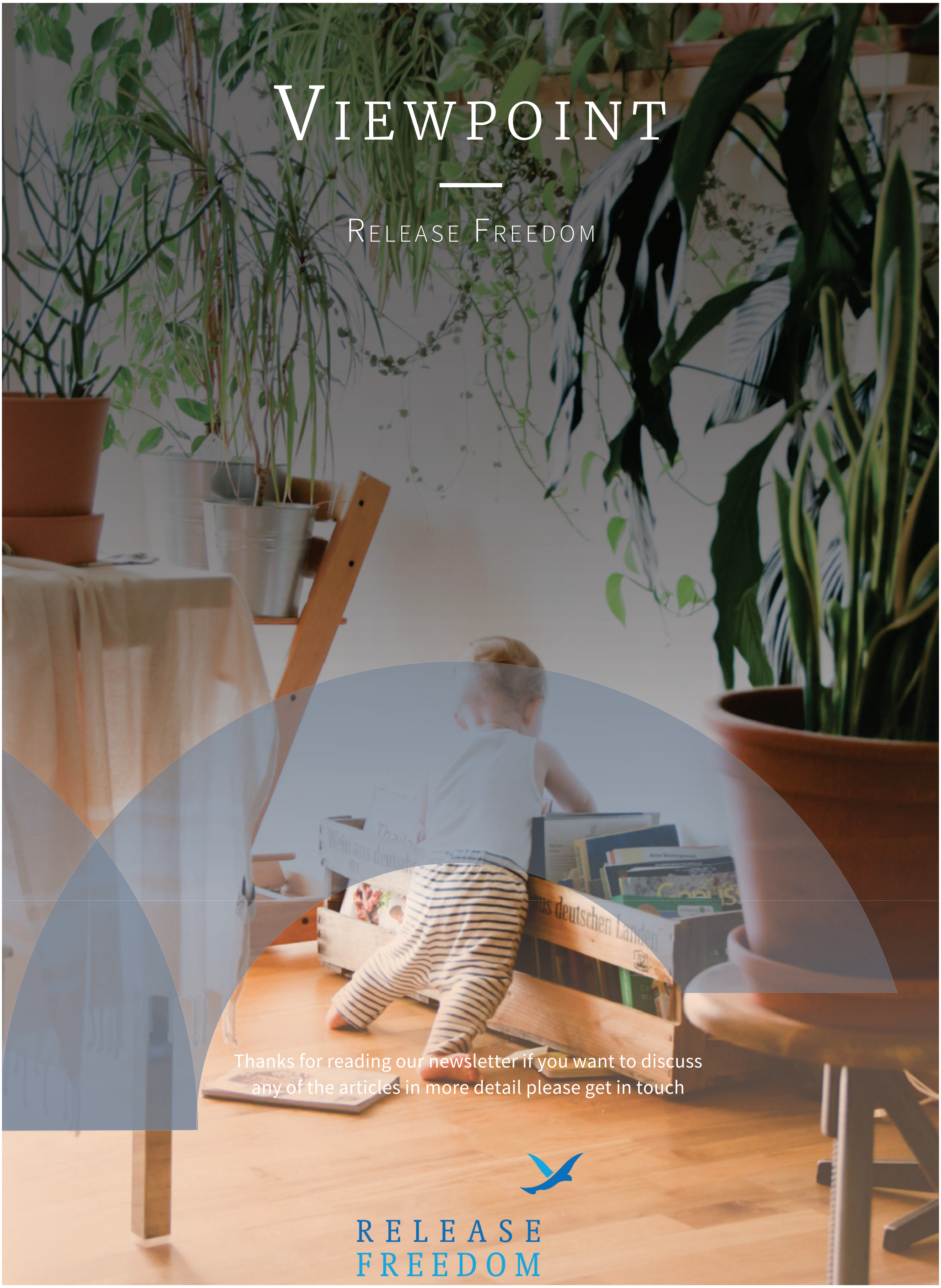
Viewpoint

Release Freedom



Thanks for reading our newsletter if you want to discuss any of the articles in more detail please get in touch

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Cohabiting couples should make a Will

When Tom and Pete bought their first property together, things couldn't have been going better. They both had good jobs, were pulling in decent salaries and were excited about spending the rest of their lives together.

They chatted about making a Will a few times, but somehow life always got in the way. Until one day, 10 years later, Pete got a call that would change his life forever. Knocked down by a car while crossing the road, Tom had tragically passed away.

The intestacy trap

Grieving for the loss of his partner, Pete then found out that, due to the UK's intestacy laws, he wasn't entitled to inherit any of Tom's property, financial assets or belongings, unless they were jointly owned. Despite Pete knowing that Tom had loved him and would want him to inherit, the absence of a Will meant that none of that mattered.

Thankfully, Pete and Tom had owned their property as joint tenants, meaning Tom's share automatically passed to Pete according to the rights of survivorship. However, without children or any surviving parents or siblings, the remainder of Tom's assets ended up being passed on to a distant uncle with whom Tom didn't have any contact.

Now, Pete faces a battle to pay his bills and mortgages without Tom's savings and investments, life insurance policy and even the car that Tom owned but they both used.

How a Will could have helped

Had Tom got around to writing a Will, he would have been able to specify exactly who would receive what from his estate, including his savings, investments, car and other belongings. In addition to writing a Will, Tom could have made his wishes known, by nominating beneficiaries to his pension and writing life policies under trust. By taking these steps, Pete would have been given the extra financial support he now so desperately needs.

As it stands, Pete still has the legal right to claim against Tom's estate as they had been cohabiting for more than two years - but this will be a costly and time-consuming process and a positive outcome isn't guaranteed. If Tom had a Will, this added stress could have been avoided.

Don't put it off

With cohabiting couple families growing faster than married couple and lone parent families, it's clear that more people are choosing not to get married, just like Tom and Pete. However, there's a catch. Cohabiting couples have none of the legal protections afforded by marriage, meaning that a Will is one way to ensure your partner inherits according to your wishes. Despite this, research shows three in five UK adults do not have one.

Let us help

Don't let what happened to Pete, happen to you. Speak to a solicitor or Will writing expert to make sure your loved ones are protected.

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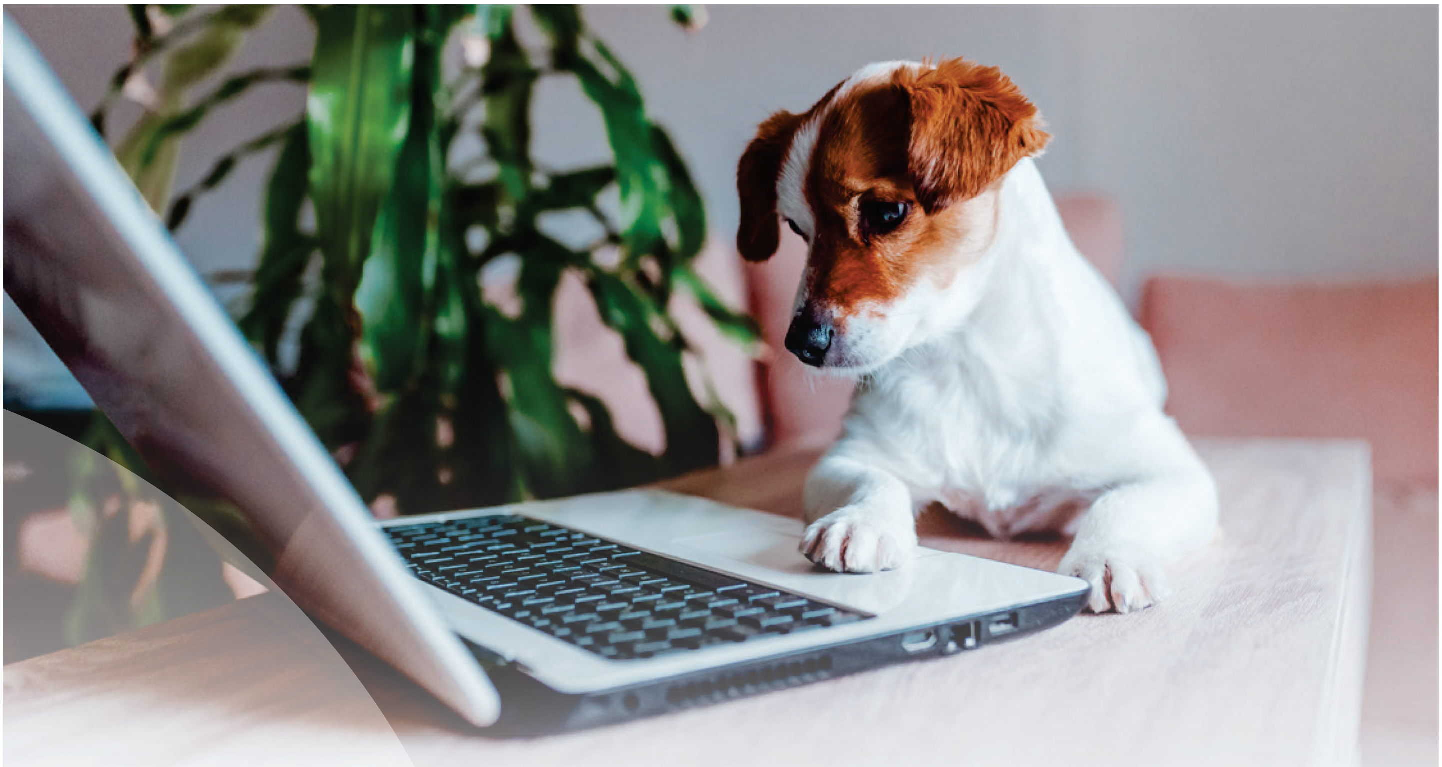
Will writing is not regulated by the Financial Conduct Authority

Three in five UK adults do not have a Will

OW3035 Exp. 03/12/2021



Get to know your SVR

As a nation, we aren't great with our financial acronyms and terminology. Life is busy and our heads are often full of important things to get done to make it through the week, without having to worry whether we know our LTV from our ERC!

Incase you were wondering....

LTV
Loan-to-value

ERC
Early repayment charge

SVR
Standard variable rate

You're certainly not alone if you're feeling financially flustered. Recent research has found that more than a fifth of British adults are confused by everyday financial terms.

Worth taking the time to review your mortgage

When you do find some time to settle down on the sofa with a cuppa or a glass of wine in hand, if you are a mortgage holder, it could be a good time to become familiar with one important acronym worth knowing - SVR or Standard Variable Rate.

You may find that you are automatically switched to an SVR when your existing mortgage deal, whether that be a tracker, fixed rate or discounted mortgage, comes to an end. Unfortunately, this could mean you're paying over the odds, perhaps without even realising.

SVR rarely offer the most competitive rates and the SVR interest rate is usually linked to a percentage above the bank's base rate, meaning the rate can rise and fall, which makes you more vulnerable to potential interest rate rises in the future.

Take advantage of record low mortgage rates

After two Bank of England base rate cuts earlier this year, mortgage rates have remained at record low levels, so it makes sense to see if you can save money by switching to a better rate.

Good advice that cuts through the jargon

In a complex environment, getting good, clear advice can really pay – so get in touch and we'll guide you through the process, without using jargon.

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 your adviser can help you find a deal three or six months before your lock-in period finishes.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR ANY OTHER DEBT SECURED ON IT.

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The Bank of... Granny and Grandad?

For many younger people struggling to get a foot on the property ladder, the Bank of Mum and Dad is the only option. With rent taking a huge chunk out of their income and the requirement for increasingly onerous deposits, two in five renters do not believe they will ever be in a position to buy a property, despite a desire to own a place of their own. That's where Bank of Mum and Dad come in, as well as ever more frequently, the Bank of Granny and Grandad.

Among the UK's largest lenders

If the Bank of Mum and Dad was a high street lender, it would have been the UK's 10th largest in 2019. Collectively, parents paid out £6.3bn to give their children the final push towards homeownership. What's more, the average amount lent per transaction shot up by £6,000 to hit a generous £24,1002.

Knock-on effect on retirement prospects

The Bank of Mum and Dad phenomenon is not without its consequences however. With prospective retirees facing spiralling living costs and potential care fees, their generosity is directly impacting their future. According to a report from Legal & General, 15% of over-55s are accepting a lower standard of living after funding their child's property purchase. While many are hitting their pensions savings to scrape the cash together.

Granny and Grandad lend a hand

In 2019, nearly a third of 18 to 34-year-olds received financial help from their grandparents to get a foot on the ladder. Coming as they do from a generation where homeownership was much easier to achieve and pensions easier to save for, they are more likely to have spare money available than their own children, who are already feeling the strain of saving enough to fund their later life. On average, grandparents lend £7,400 to their grandchildren (roughly a third of the average 10% deposit). And 23% of lucky homeowners on the receiving end of this assistance don't ever expect to repay it!

Don't compromise your future

We all want the best for our children, but there are ways of helping them out that don't involve putting your financial security at risk. While the Bank of Granny and Grandad is certainly alleviating the pressure on parents, it's not wise to rely solely on their support. There are a range of government schemes available to prospective homebuyers which can help them buy a property without a significant cash boost from family members. The Help to Buy: Equity Loan, the Help to Buy: Shared Ownership scheme and the Lifetime ISA (LISA) can all help boost your child's ability to buy their first home.

Other investment options

There are more ways to assist your children financially than just helping them buy a property – especially if you get started early. There are a wide variety of savings and investment options that allow you to start providing for your child's future at an early age, putting them in a better financial situation in adulthood.

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

OW2490 Exp. 12/02/21