



MORTGAGE & PROTECTION NEWSLETTER

JOHNSON SAVAGE CONSULTANCY LTD

Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.



Crimble, Langley Road, Claverdon, Warwickshire, CV35 8PU
info@jscfinancial.co.uk | www.jscfinancial.co.uk | 01926 843006

Turning 'generation rent' into 'generation buy'

New 95% mortgage scheme to help first-time buyers

Lenders are now offering a government-backed 95% mortgage scheme to help more first-time buyers onto the property ladder.

The government is hoping to turn 'generation rent' into 'generation buy' with the help of a 5% mortgage deposit scheme launched on 19 April.

Following the outbreak of the coronavirus pandemic, many lenders withdrew low-deposit mortgages. In just under a year, the number of 95% mortgages available to first-time buyers fell from 391 to just three. It's hoped the scheme will give lenders the confidence to offer low-deposit mortgages again by taking on some of the risks involved.

What is the 5% deposit scheme?

First announced in this year's Budget, the programme offers first-time buyers or current homeowners the chance to secure a 95% loan-to-value mortgage on homes worth up to £600,000. It's available on both new-build and existing properties.

The government hopes the scheme will provide an affordable route to home ownership by helping people who may be renting but are unable to save for a deposit.

Buyers will still only be able to borrow in proportion to their income, typically a multiple of 4.5. As a result, the scheme will particularly benefit buyers in lower-value housing markets such as northern England and Scotland.

What does loan to value mean?

Loan to value is the percentage of the property value you're loaned as a mortgage – in other words, the proportion you're borrowing. For example, if you have a 95% mortgage on a house worth £200,000, you would put down £10,000 (5%) of your own money as a deposit and borrow the rest (£190,000).

What's the catch?

There are a few conditions that you'll have to meet under the scheme. You'll need to:

- Buy a property to live in – second homes and buy-to-let properties aren't eligible.
- Apply for a repayment (not interest-only) mortgage
- Pass standard affordability checks, including a loan-to-income test and credit score assessment.

It's worth considering the fact that the higher proportion of the property price you borrow, the higher the amount of interest you'll repay on your mortgage. So it might be good to take a step back and figure out if you can save for a little longer and borrow less.

Speak to your financial adviser about how the 5% mortgage deposit scheme could help you get on the property ladder.



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

Is it time to check your contents insurance?



We shopped online more than normal during lockdown, but does your contents insurance cover these new purchases? You might be surprised to find out how much it would cost to replace your possessions if they were damaged or stolen.

During the lockdown, we have worked from home, and we've also shopped from home. Apart from the day-to-day essentials, we are buying gadgets, appliances, clothes and equipment for the kitchen to the home office, and even makeshift home gyms.

These items can add up, so are they covered by your home contents insurance? You might need to review the level of cover in your policy in case anything is damaged or stolen and needs replacing.

What is contents insurance?

Contents insurance covers the cost of replacing possessions in your home – up to a certain amount – if they are stolen, destroyed or damaged.

When you're insuring your home, you'll select the level of contents cover. Some policies allow you to specify high-value items in your home (like jewellery or smart TVs) that normally wouldn't fall under the general contents category because they're worth more than £1,000, for example.

It's a good idea to check your coverage so you're not caught out if something does go wrong. If you take each room at a time and estimate the value of items (making a note of the high-value ones), you'll have a better idea of what your total contents cover should be.

Examples of possessions you could include are:

- Furniture
- TVs
- Laptops and computers
- Games consoles
- Hi-fi equipment
- Home exercise equipment
- Jewellery
- Expensive clothing and accessories
- Kitchen appliances

Don't forget your outdoor space

For those with gardens, the lockdown saw extra spending on tools, garden furniture, fire pits and barbecues. People also took to converting sheds into home offices.

Tally up your outdoor items and include them in your content value. And remember to lock tools and equipment away when not in use, or you risk invalidating a claim if something is stolen from your garden.

Keep receipts and read the small print

Online shopping makes it easier to store receipts in case you do need to make a claim. It's also worth registering new electronics and appliances for free warranties that often come with them. Along with these steps, find out if you are covered if you transport any items outside of your home (like a laptop, for example).

Post-lockdown travel insurance

Many of us are looking forward to travelling again and a lot of bookings have already been made. Travel insurance – even if you're travelling within the UK – is important, so it's a good idea to purchase a policy separate to one you might have with your bank. Look for coverage specific to Covid-19 to make sure you're protected if anything changes.



Your financial adviser can help you navigate the small print in your insurance policy and help you find the best contents cover to protect your belongings.

Now is a good time to review your insurance policies and make sure it covers everything you own. Our expert advisers can help you review your coverage or help you find a new policy that works best for you and your family.

The perks of protection

What support do insurers offer after the event?

Illness and bereavement help.

Many providers give free access to services offering practical and emotional support for those left behind after the death of the policyholder.

Rehabilitation.

Insurers usually offer back-to-work support services, including physiotherapy, careers guidance or advice if you choose to go self-employed. If you're returning to work following a mental health issue, providers will continue to cover counselling sessions for a set period of time.

As well as peace of mind, many insurance providers offer additional benefits that you may not know about.

Whether we're crossing the road or getting on a plane, we encounter risks every day. For many of us, life has felt more uncertain than ever over the past year as we continue to deal with the coronavirus pandemic. Although we can't always control what's happening in our lives, we can plan for the unexpected.

By taking out a protection policy, you can safeguard your family's finances if your situation changes. The main types of protection include:

- Life cover – pays out a lump sum if you die
- Health insurance – pays medical costs at a private hospital or private ward
- Critical illness – pays a tax-free lump sum if you're diagnosed with a major illness
- Home contents and buildings – covers your home's structure (including fixtures and fittings) and contents (furniture)
- Income – pays out if you can't work due to illness or injury

As well as peace of mind, protection policies often come with added extras. We've highlighted examples of some of the perks you could receive when you take out a policy, even if you don't make a claim.

Welcome gifts

When you sign up for a protection policy, some providers offer a welcome gift. For example, health insurers sometimes offer gadgets like an Apple Watch to help you track your activity – with some even offering a discount based on the amount of exercise you do each month.

Discounts

Many health insurers offer discounts on gym memberships and weight-loss programmes to help you embrace a healthier lifestyle. Some also offer you the option of taking a health check to reduce the amount you pay each month.

It's worth noting that when you take out a protection policy, your provider is likely to offer you discounts on other products such as pet or travel insurance.

Additional healthcare options

Some health insurers now cover complementary therapies such as osteopathy and acupuncture, giving you more treatment choices. In addition, counselling services are now included in most health insurance policies and many also give you the option to upgrade your hospital room if you need treatment.

Will writing

Some providers of life insurance give new policyholders the opportunity to draw up a will free of charge.

Cover for children

Many critical illness plans include free cover for dependent children.

Whatever type of protection you're looking for, get in touch and we can help

